

**Power NI Energy Limited
Power Procurement Business (PPB)**

SEM

Scheduling and Dispatch Parameters

**Consultation Paper
SEM-20-066**

Response by Power NI Energy (PPB)

16 October 2020.



Introduction

PPB welcomes the opportunity to respond to the SEM Committee (SEMC) consultation paper that sets out the TSOs' recommendation for the SEM Scheduling and Dispatch parameters to remain unchanged.

General Comments

PPB agrees with the conclusion and recommendation that the SEM Scheduling and Dispatch parameters, LNAF and SIFF be kept as zero for 2021.

PPB comes to this conclusion on the basis that the TSOs' analysis is insufficient to enable any other informed conclusion and that the operational data from the Balancing Market is still limited, not least as a result of pricing defects that affected the first year of the market.

Comments on the TSOs' analysis

Specific comments in respect of the analysis set out in the TSOs' report (SEM-20-066a) are:

1. The relevance of the Liquidity analysis (on pages 6-8) is questionable as it isn't clear that there is any material correlation between liquidity in ex-ante markets and the need for LNAF and SIFF;
2. The analysis on Non-Energy vs Energy volumes (on pages 9-11) seems to be more fixated on the short-term impact on Dispatch Balancing Costs rather than on the overall efficiency of the markets;
3. The section on early actions (pages 12 -14) appears to show persistent early actions being instructed by the TSOs. The expectation would be that the TSOs would only ever dispatch units at their "last time to instruct", since that is the time that would enable units to synchronise at the required time. One would expect that all dispatch instructions would be issued within minutes of these "last time to instruct" times, i.e. we would have expected them all to be along the zero line on the y-axis in Figure 6;

There is also some confusion as to the purpose of LNAF. The opening paragraph on page 12 indicates it is to "*avoid the propensity for early issuance of instructions to synchronise units*" whereas the actual intent (as set out in the TSOs' 10 May 2017 paper) is to "*minimise the likelihood of early unit commitment decisions by the SOs to start up long notice plant over the use of shorter notice units*". The intent was to favour shorter "last time to instruct" units rather than focusing on how far dispatch notices are given in advance of the "last time to instruct";

4. The impact on scheduler solve times is not clear since the only changes would be that the start costs would be different. It isn't obvious why this would affect the scheduler solve time; and

5. The section on the Impact on Margin (pages 17-18) is unclear. Figure 9 appears to show demand increasing in the right half of the chart where there is a weighting towards shorter notice units. In relation to the concerns raised by the TSOs that by not starting long notice units, they are lost to the TSO and thereby increase the risk to security of supply, the TSOs will still be able to take this into account in their actual dispatch. Any such action would be more transparent and as a result it would enable scrutiny of the TSOs decisions and make them more accountable for their actions.