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Emailed to: John French (John.French@uregni.gov.uk)

CC: Colin Broomfield (Colin.Broomfield@uregni.gov.uk)

RE: Ongoing Consultations on SEM Committee papers SEM-21-026 and SEM-21-027

Dear John,

I hope this finds you well. I am writing to you to raise with you concerns relating to the ongoing SEM Committee (SEMC) consultations on SEM-21-026 Dispatch, Redispatch and Compensation Pursuant to Regulation (EU) 2019/943 and SEM-21-027 Proposed Decision on Treatment of New Renewable Units in the SEM.

RenewableNI members have discussed the recently published SEMC papers in detail in the past month and several concerns have come to light based on the arguments put forward by the Regulatory Authorities (RAs) within the papers. Two of the primary concerns are outlined below. We would greatly appreciate the opportunity to discuss these two issues, and other issues, with the CRU at the earliest possible opportunity.

Treatment of constraints as market-based re-dispatch for new generators

SEM-21-027 states that:

“The Regulatory Authorities propose that constraints will be applied to all non-priority dispatch units based on a market-based merit order based on the bids and offers of such units, accounting for operational constraints and system security.”

Given that all future wind and solar generation connecting onto the system will be non-priority dispatch, this statement implies that they will be subject to market-based re-dispatch first to address a network constraint on the power system. It will only be once all market-based re-dispatch options are exhausted that generators with priority dispatch will be constrained down on a pro-rata basis.

This has very significant ramifications for new renewable generation connecting to the grid as the levels of constraint which they will experience is substantially higher than the constraint levels which will be seen by the existing priority dispatch generators on the grid.

Several of our members have commissioned consultants to carry out new constraint analysis since the SEMC papers were published and, in some cases, initial results are highlighting a four-fold increase in constraints. A number of projects may experience an increase in constraints from an initially forecasted range of 5-8% to 25-40%.

This issue is halting the development of several renewable generation projects which were progressing in Northern Ireland (NI). As you will be aware, there is currently no support scheme in place for new renewable generation in NI. As a result, it has been incredibly challenging to develop projects that are financially viable, with no new large scale renewable connections in 2019 or 2020. Although, we are expecting new connections from the end of 2021.

However, if the proposal proceeds in its current format, it will mean that projects due to connect in 2021 and beyond will need to assess again whether proceeding with the project is viable. Extant Corporate Power Purchasing Agreements (CPPAs) will be put at risk and investors and banks will also reconsider their investment in these projects making it difficult to achieve financial close for those projects that do decide to progress.

Furthermore, should the GB Contract for Difference (CfD) scheme be extended to NI, as proposed by the Department for the Economy in their Energy Strategy consultation paper, this would result in significantly higher bid prices from NI projects and in effect make them uncompetitive with projects in GB.

Energy Strategy ambitions, in respect of the power sector, would become unrealistic as these proposals will result in a further set back to a market that is only beginning to recover from the abrupt ending of the Northern Ireland Renewables Obligation (NIRO).

It is important to recognise that many existing generators, who have signed firm access agreements, are still awaiting Associated Transmission Reinforcements (ATR) to become firm, and therefore could be seriously impacted if constraints are applied pro-rata. Consideration should be given to deeming projects as firm, where this is the case, and awarding compensation in full for constraints in line with the requirements of Article 13(7). Generators should not have to carry the risk of increased constraints over a protracted period because of the SO's failure to deliver ATRs on schedule.

We would welcome any clarity which the Utility Regulator can provide on this issue and any proposals the RAs may have in resolving this point in the very immediate future. In particular, it would also be

useful to understand how the RAs expect any amendments to the BCOP/BMPCOP to be implemented if these are part of the solution, and what the process and timeframe for this would be.

Compensation for dispatch down

Article 13 of the Electricity Regulation of the Clean Energy Package provides for compensation for units which are subject to non-market based redispatch to the net value of their lost generation – i.e., including lost financial supports such as REFIT, ROCs, RESS, GoOs, REGOs, or Corporate PPAs top-ups.

The proposals put forward in SEM-21-026 clearly fall substantially short of meeting these requirements, regardless of whether the renewable generator is priority dispatch/non-priority dispatch, firm/non-firm, or REFIT/RESS/ROCs/Corporate PPA supported. They also do not appear to take account of any of the legal baseline issues which were raised in the IWEA and NIRIG response to the SEM-20-028 consultation last year¹.

Furthermore, the proposals put forward by the SEMC also require substantial progress to be made in firm access policy, the integration of non-dispatchable renewable generation into market systems, and substantial changes to the BCOP/BMPCOP, in order for any of the proposals to be effective - none of which are tackled or given timelines for addressing within the SEM-21-026 paper. The SEM-21-027 paper, on page 25, states '*Under this Decision, the BMPCoP will similarly apply to new renewable units in the SEM and this Paper does not propose any changes to its application to any particular unit type*'. Workable solutions to the proposals do not seem possible without changes.

We would welcome the opportunity to discuss this fundamental divergence in viewpoints between RenewableNI members and the Utility Regulator in advance of any wider industry workshop to better understand the RA's reasoning for proposals.

Any clarity which can be provided in the near term, particularly in relation to the treatment of non-priority dispatch generators under constraint situations, would be appreciated.

Yours Sincerely,



¹ IWEA and NIRIG response to the SEM-20-028 consultation: <https://www.semcommittee.com/sites/semc/files/media-files/SEM-20-059%2833%29%20IWEA%20and%20NIRIG%20Response%20to%20SEM-20-028.PDF>



Steven Agnew,

Head of RenewableNI

RenewableNI is the trade association and voice for the renewable electricity industry in Northern Ireland. We represent over 30 businesses, fostering knowledge exchange, sharing best practice and supporting policy development. Engaged in wind, solar, tidal and battery storage, our members make up a large majority of the renewable industry supply chain.

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