

TYNAGH ENERGY
L I M I T E D

Karen Shiels
Utility Regulator
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Ref: TEL/JC/19/200

24th October 2019

RE: Response to SEM-19-048

Dear Karen,

Tynagh Energy Limited (TEL) welcome the opportunity to respond to the 2023/24 T-4 Locational Capacity Constraint Areas Consultation (the Consultation).

Introduction:

This consultation appears to be like treating a cold with antibiotics. The consultation provides two reasons for the proposed introduction of the additional LCCA Level 2 area. These are: ‘...such a concentration of generation in the Greater Dublin LCCA may at some point breach circuit capacity limits..’ and (described as ‘further’) ‘there could be a risk of excessive plant exit in the Rest of Ireland, precipitating an operational shortage of resources in that region’. It is clear that the first reason is the primary reason for this consultation. There is a limit to what the network can facilitate in the Dublin area.

TEL agree with the high-level aim of the consultation; if the TSO’s believe that there is a risk to having too much generation in the Dublin area, then this risk needs to be mitigated. However, we question the proposed solution to this. The proposed solution is summarised as:

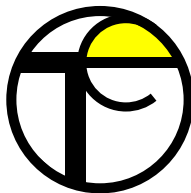
Level 2 Rest of Ireland LCCA min MW = Level 1 Ireland min MW – Dublin Maximum MW

Effectively this will see that in order to create a Dublin maximum, it will create a Rest of Ireland minimum and subtract this from the Level 1 Ireland minimum. This sounds clever. But it doesn’t achieve its real target of capping the generation that can clear in Dublin. If the market clears at below the Auction clearing price then more than the required capacity will clear. It is reasonable that some of this excess may be in Dublin. In which case the maximum constraint will be breached.

While TEL appreciates that the design of the Capacity Market (based on the methodology described in SEM-17-040a) promotes the use of area minimums, there is nothing explicitly stating that there cannot be a maximum. In order to solve the primary problem – that to have too much generation in Dublin could cause network problems-, then the solution is to implement a maximum in the Dublin area and not a minimum for the rest of Ireland.

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Q1. Do you agree in principle with the need for a Level 2 Rest of Ireland LCCA within the T-4 CY2023/24 capacity auction (being proposed by the TSOs in the T-4 CY2023/24 Initial Auction Information Pack and referenced in the RAs T-4 Parameters decision paper published 10 September 2019 (SEM-19-043)? Please provide rationale.

As stated above, TEL question this approach to mitigate against the risk of a high concentration of generation capacity in the Dublin LCCA. The RA's are essentially proposing an indirect solution in the hope it caps the quantity of MW that successfully clear in Dublin. If too much generation in Dublin may cause significant technical issues, then TEL suggest that the RA's consult on a more robust mechanism which directly prevents such issues from arising. Perhaps an approach could be adopted where a modification to the CMC is proposed to allow for a Max MW parameter on LCCA's and then the RA's could subsequently consult on the magnitude of that Max level. While we appreciate that there may be systems issues in this, adding a maximum to a solver should not be overly onerous.

Q2. Do you have any views as to the proposed calculation of the Level 2 Rest of Ireland LCCA minimum MW level?

As stated above, it is not the correct way to solve the primary problem. The calculation itself seems reasonable, but where the cleared capacity exceeds the minimum in Ireland then there may be an excess of generation in Dublin which may cause the TSO issues.

Q3. Do respondents view the addition of a Level 2 Rest of Ireland LCCA as being appropriate within the methodology set out in SEM-17-040a? Please explain.

No, while we appreciate that SEM-17-040a is based on the logic of minimum areas, this solution does not ensure that Dublin is limited to a maximum amount of cleared capacity. It is possible to introduce a modification to the CMC which would allow the use of Area Maximums. This is the appropriate direction of travel.

If you have any questions, please do not hesitate to contact me.

Yours sincerely,

Cormac Daly
Regulation and Business Development Manager