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**RE: SEM-22-036 Enduring Solution to Enable Energy Payments in the Balancing Market for DSUs.**

Wind Energy Ireland (WEI) and Renewable NI (RNI) welcome the opportunity to respond to the SEM Committee consultation SEM-22-036 Enduring Solution to Enable Energy Payments in the Balancing Market for DSUs. WEI is the largest representative body for the Irish wind industry, working to promote wind energy as an essential, economical, and environmentally friendly part of the country's low-carbon energy future. We are Ireland's largest renewable energy organisation with more than 170 members who have come together to plan, build, operate and support the development of the country's chief renewable energy resource. RNI is a collaboration between Wind Energy Ireland and RenewableUK and is the voice of the renewable electricity industry in Northern Ireland. Together we represent a large majority of the renewable industry supply chain on the island.

**Feedback on Consultation**

Having reviewed the consultation paper, WEI and RNI are issuing this letter to SEMC in order to provide an endorsement for the Demand Response Association of Ireland (DRAI) submission to the consultation. Our support of the DRAI position relates to the following key principles:

- The Phase 1 solution which maintains the existing 'interim solution' design is practical and presents a means of fairly remunerating DSUs for dispatch, without the need for extensive systems or rules changes and associated long timeline to implement.
- The socialisation of costs across suppliers via the Imperfections Charge has worked well for the current interim solution and is appropriate for Phase 1 before a means of "perimeter correction" is implemented as part of the enduring solution.
- The proposed arrangements for performance monitoring by the TSOs would build on what is currently in operation. A 12-month review period is sensible and gives the opportunity to incorporate learnings from the TSOs' ongoing monitoring.
- A Generator Performance Incentive (GPI) could be an appropriate route to manage the risk of non-performance of DSUs against dispatch. It is our view that it should be focused on the key metric of

delivery of response following dispatch and the use of QD as a proxy for metered demand response.

- The Phase 2 or ‘enduring solution’ which involves moving from a socialised cost among suppliers (via the Imperfections Charge) to more exact “perimeter correction” of volumes for all parties will involve complex systems and rules changes across wholesale and retail markets.

In addition, we wish to highlight the following general observations in relation to the consultation:

- Ireland’s Climate Action Plan 2021 has highlighted that “Unlocking the flexibility of large electricity demand users will be a key challenge as the electricity system is decarbonised.”
- Demand Response has been highlighted as one of the key providers of future system services and capacity adequacy. (Potential Solutions for Mitigating Technical Challenges Arising from High RES-E Penetration on the Island of Ireland - A Technical Assessment of 2030 Study Outcomes.
- The recent WEI Report - Bridging the Gap - Towards a zero-carbon power grid<sup>1</sup> calls out the need for demand response to help meet the needs of the future power system and to help manage the challenges of oversupply, curtailment, and constraint.

## Conclusion

Wind Energy Ireland and Renewable NI welcome the opportunity to respond to this consultation. It is important that the SEM Committee carefully considers all impacts prior to committing to a decision, and that the effects of any decision on the future decarbonisation of the power system and delivery of 2030 objectives are assessed. WEI and RNI strongly support and endorse the DRAI submission to this consultation and recommend that the SEM Committee considers implementing these positions in the next stage of the process.

Kind Regards,

*Dave Linehan*

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Dave Linehan  
Wind Energy Ireland

*Steven*

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Steven Agnew  
Renewable NI

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<sup>1</sup> <https://windenergyireland.com/images/files/bridging-the-gap-a4-report-final.pdf>