Proposed Constraint groups arising from SEM-11-105

28th September 2012

The Irish Wind Energy Association (IWEA) welcomes the opportunity to comment on the Consultation on Proposed Constraint Groups arising from SEM-11-105. This forms an important component of the Wind in the SEM work stream which is of significant importance to the wind industry on the island of Ireland. The decision to implement grandfathering of constraints within constraint groups was welcomed by IWEA in principle, however our previous response noted that more information was required on how this would be implemented. This consultation provides more clarity on the defined constraints groups however the treatment of projects outside of the constraint groups requires more clarification.

The treatment of projects outside constraint groups

IWEA would like to clarify how constraints will be managed for all generators not located in a defined constraint group. SEM-11-105 states that

> *"It should be noted that in all constraint situations outside of a tie-break scenario the TSOs will dispatch down wind generation units in a manner that best relieves the constraint, whilst minimising the dispatching down of wind generation"*

It is our understanding that all constraints will have a limited number of generators associated which can effectively contribute to alleviate the issue. It is essential that there is a clear process as to how these generators will be treated, e.g. will the application of constraints be on a pro rata basis for projects that contribute to alleviating the constraint? Information on this process needs to be explicitly stated and is essential to provide transparency to the market and to enable market participants to carry out modelling and analysis of projects in order to gain a better understanding of revenue impacts. IWEA requests that the process is published along with worked examples of how the process will work in practice.

Reporting

IWEA has requested that more clarity be provided in relation to the treatment of constraints outside of constraint groups. It is also essential that a reporting mechanism be put in place to ensure that the correct procedures are being followed to ensure consistency and transparency. It is important for market participants to be able to see that the correct procedures are being followed and that all market participants are being treated equally. In real time, system operators will apply constraints to effectively manage the issue at hand, but generators must be confident that the principals are applied fairly including the treatment of plant which is not controllable (but should be controllable).

IWEA calls on the CER to independently verify that fair treatment of generators is taking place in the application of constraint where required.

Reporting of constraints will also serve to highlight the key constraints that are on the system, for which investment can have the most immediate impact.

Under the RES-E Directive there is an outstanding obligation for the Member State to report on curtailment of renewable energy. In this context, a report could be generated on both constraint and curtailment of renewable energy. IWEA notes that this report should be done regularly, for example on a monthly or quarterly basis.

Proposed Constraints Groups

IWEA welcomes the publication of the proposed constraints groups in Donegal and the South West as this provides more clarity for the industry and investors as to which projects will be included in the constraints groups and how they will be treated. Some specific comments in relation to the constraint groups which are outlined below:

Northern Ireland

In SEM-11-105 it was decided that the treatment of constraints would be on a grandfathered basis and highlighted that one of these areas was likely to be in the west of Northern Ireland. The consultation paper outlines that the determination of a constraint group in Northern Ireland was not straightforward due to the uncertainty around network development and the management of the connection queue and granting of firm access. The Constraint Groups consultation document also notes that "with an absence of certainty about the timing of both generation build, and particularly new network investment, such studies are dependent upon the assumptions employed" but goes on to conclude that no constraint group was identified. It is however unclear what assumptions were made to reach that conclusion. It would be helpful if the assumptions on network build and maximum generation that were used in the Security Constrained Optimal Power flow analysis for Northern Ireland could be confirmed in a format similar to that used in figures 4, 5, 6, 7, 8 and 9 in the Constraint Groups consultation document. IWEA notes that no consideration was given to the connection of offshore projects coming onstream by the end of 2020 and these would be likely to have an impact on the constraint levels in Northern Ireland.

Section 4.3 of the proposed decision paper states that "no tie-break constraint group may be seen in Northern Ireland". Clarification is required that this is an enduring position as per SEM-11-105 which states that "*the SEMC has decided to fix the maximum size of the constraint groups (i.e. fixed by geographic size/electrical boundary – nodes) in Year 1*". Confirmation is requested that no new constraint groups will be identified at a later date.

SPS Schemes

The consultation paper notes that "the use of SPS within the Northern Ireland network, particularly in its Western region, is sufficient to limit the appearance of significant transmission constraints that constitute a tie-break situation in the near term. Therefore it is the System Operators' assessment that no constraint group is required in Northern Ireland at this time."

IWEA notes that consideration should be given to more widespread use of SPS. Although the Constraint Groups consultation is not about SPS it is noted SPS have a similar function and effect as the TSO dispatch actions on the proposed constraint groups. It is reasonable to expect that the principles applicable to SPS e.g. treatment of compensation for generators with firm or non-firm access should be aligned to SEM rules. In Northern Ireland, quite a number of wind farms SPS were established under individual connection agreements and it is not certain if they closely followed the SEM principles. For instance, if a generator that is subject to an SPS attains full firm access but continues to be constrained by the SPS operation due to subsequent generation connected at the same node (but which does not have an SPS), will the generator be given compensation under SEM rules? It is especially important that windfarms with SPS and subsequently get 100% firm access should get compensation if the SPS is used. They should not be discriminated against as compared to other windfarms with firm access but no SPS. We recommend that there be a separate consultation to formalise arrangements for SPS and ensure than they are clear and aligned to SEM rules. This would also facilitate the orderly development of SPS in future, if required ahead of deep network reinforcement.

Constraint Reports

It is vital that the modeling used for the Constraint Reports as closely as possible reflects the proposed decision and that this is also followed through operationally. It is vital that projects outside of the constraint groups receive a constraint report that reflects the rule set applied to them which will be different to that applied in constraint groups. In the absence of reliable projection information there is a high potential for financing issues or even project failure. It is vital that what happens operationally (and how it is modeled) are coordinated otherwise the whole area of constraint management will become even more of a black box with a lot of risk volatility for all stakeholders and knock-on uncertainty in the market.

IWEA Requests

- A clear set of rules to be used in the effective management of constraints outside of constraint groups.
- Worked examples to provide clarity on the process to be used to constrain generators both inside and outside of defined constraint groups.
- A monitoring and reporting structure to be set up to offer transparency of actual constraint management.
- Confirmation that no new constraint groups will be defined.
- Clarification is required on the timelines for EMS systems and changes required to ensure policy will be applied equitably and transparently.

Conclusion

While the treatment of constraints is of importance to the wind industry and this consultation goes some way towards clarifying the process for generators, it is vital to remember that coordinated,

cost efficient and timely development of the energy infrastructure on the island is required to resolve the ultimate cause of constraint and curtailment. The decision to implement grandfathering of constraints within constraint groups was welcomed by IWEA in principle, however more information is required on how this would be implemented. This consultation provides more clarity on the constraints groups however the treatment of projects outside of the constraint groups requires more clarification. In particular, IWEA requests that the process for the treatment of constraints outside the constraints groups is published, and that there is regular reporting of constraint events to provide transparency to the industry.