



IWEA response to the Consultation on the Process for the Calculation of Outturn Availability

15 March 2013

The Irish Wind Energy Association (IWEA) welcomes the opportunity to respond to the Consultation on the Process for the Calculation of Outturn Availability and has a number of comments in relation to the consultation as outlined below under the relevant section headings.

Introduction

As outlined in our previous submission in June 2011, IWEA believes that the questions posed in this consultation should be dealt with by the Regulatory Authorities. IWEA has concerns over the role the TSOs are playing in relation to this consultation and believes that there should be separation between market payments for generator availability and system maintenance issues.

IWEA believes that it is not appropriate for the TSO to develop a final position based on the “degree to which the final proposal is consistent with existing policies and the underlying principles of these policies.” These policies were not transparent and not approved by the regulator and are not in keeping with the principles of an unconstrained market. Clarity is also required as to the legal status of the proposed policy as a ‘bridging document’ between the Grid Code and the T&SC.

3.1 Definition of Connection Assets

Connection Assets are not defined in the Grid Code, nor the Connection Agreement and are not part of a generator site. The consultation paper defines Connection Assets as transmission assets that exist “between the connection point and the meshed all-island transmission system”. Availability in Ireland is defined as the measure of Active Power a Generation Unit is capable of delivery to the Connection Point. Anything beyond the Connection Point should have no bearing on generator Availability or Outturn Availability. The SEM is an unconstrained market. Generators are Available provided they are capable of delivering Active Power to their Connection Point. Connection Assets are part of the Transmission System and should be no different to any other transmission assets. Therefore, maintenance work on Connection assets should not affect Generator Availability for the purposes of the market.

4.0 Temporary Connections

A temporary connection will inevitably have less grid infrastructure requirements and may therefore be less intrusive on the surrounding area. We believe, where possible, temporary connections should be incentivised as these generators provide additional generation competition, and often renewable penetration contributing to targets, and therefore should not have Outturn Availability set to zero if transmission outages are required. A generator connecting on a temporary basis is already going to be subjected to higher constraints as a result of its inferior connection method.

4.3 Non-Firm or Partially-Firm Units

The designation of firm access or non-firm access is in respect of the deep connection works for a generator unit and has nothing to do with the Connection Assets. The suggestion that this designation should have any impact on the decision arising from this consultation paper is wholly inappropriate.

4.4 Option 2: Outturn availability is set to the technical availability of the generation unit for all outages

IWEA proposes that “Option 2: Outturn availability is set to the technical availability of the generation unit for all outages” be pursued for the following reasons:

- This option will present the least cost to the consumer. Where a generator that is within-merit is deemed to have an Outturn Availability of 0MW, then more expensive generation will be required to meet demand. This will have the impact of increasing the SMP which is paid to all generators for the duration of the outage. In addition, the risk premium that investors will require will increase, as losses of market incomes can occur over which the generator has no control. The end result will be increased costs for customers.

Where Outturn Availability is equal to the generator’s Availability, the lower SMP will be paid to the generators within merit and a constraint payment will be made to the generator that is unable to export due to maintenance of the transmission assets. Generators will not face increased risk of loss of market payments and therefore investors will not need to increase the return required due to a higher risk premium. This will result in lower costs to customers.

- The duration of planned outages is within the control of the TSOs; generators have no ability to manage this risk. The elimination of capacity payments during transmission outages reduces any incentive for the TSO to work with their contractors to reduce the length of an outage or to schedule the outage during a low capacity-payment period. While the optimum solution would be to keep the outage time as short as possible, selecting Option 2 would ensure that there is fair treatment to generators in respect of delays and overruns of outages. It should be noted that customers are neutral to the distribution of capacity payments to generators, as the capacity pot is fixed.
- The TSOs currently have the responsibility for determining the allocation of the capacity pot and also scheduling transmission outages. The timing of the transmission outages can result in significant differences in market payments for different generators where the same work of the

same duration is undertaken on transmission assets. This is not appropriate as the timings of the scheduled outages could be seen as discriminatory. By selecting Option 2 this would not be as significant an issue, however under Options 1 and 3 this issue would remain.

- The timing of these works from one month to another can have a serious impact on generator income due to the variation in capacity payments. Generators should not be disadvantaged in respect of other generators due to the TSOs scheduling of the maintenance works, it is not appropriate that TSO decisions would impact upon generator revenues to this extent. By selecting Option 2 the timing of the outage will not be as significant an issue.
- As outturn availability relates to a participant's availability in the market it should be defined in the Trading and Settlement Code and relate to the principles of the market as opposed to the Grid Code. The technical availability of the Grid does not and should not have an impact on a parties availability in the market. EirGrid's proposal is a fundamental change to the principles of the market and it is not appropriate for this to sit outside the trading and settlement code. It is a fundamental principle of the market that it is an unconstrained market.
- It should be noted that even if Option 2 were implemented that wind generators would still be out of pocket as support schemes lost revenues will not be compensated. Anything less than Option 2 will have even worse impact for wind generators. It remains important that outages are kept to a minimum.

IWEA feels it is important to highlight also that maintenance costs for transmission assets are included in Transmission Use of System charges. This should include any additional charges the TSO faces. Generators should continue to receive market payments if they are unable to export due to maintenance work on the transmission assets. There is no added impact on customers for payment of capacity payments to generators when they cannot export as the capacity pot is fixed.

IWEA opposed Option 1 where Outturn Availability is set to 0MW for all outages as it places all the risk on generators. The TSOs currently have the responsibility for scheduling transmission outages. The duration of planned outages is within the control of the TSOs; generators have no ability to manage this risk. Nor is such an option in anyway appropriate as would also clearly expose the generator to significant disadvantage and to potential discriminatory treatment if applied. Again we would like to reiterate our points as outlined in our previous submission in June 2011, that the questions posed in this consultation should be dealt with by the Regulatory Authorities given the significance and the scope of the proposals.

IWEA believes that Option 3 would be complex to implement and very difficult to maintain the required transparency on. As stated on page 4 of the consultation, the TSOs in deciding the final position will consider the complexity of the solution. Under Option 3 there would be a need for the TSO's to be constantly open to challenges / scrutiny on whether the time being taken for the maintenance outage was too long or whether the timing is appropriate, and this would not lead to efficient outage planning or use of resources. This option would also clearly expose the generator to significant disadvantage and to potential discriminatory treatment.

4.6 De-Energisation of a unit under the Grid Code or Connection Agreement

It would be unreasonable for the TSO to disconnect a generator without a thorough investigation into a non-compliance issue. In advance of disconnection, agreement should be reached with the generator that there is indeed a non-compliance issue. If the non-compliance is persistent then the TSO should instead apply a penalty to the generator for non-compliance.

Disconnection from the transmission system should only arise from an egregious breach of the Grid Code. Such disconnections should take place after an exhaustive investigation into the generator behaviour and with the knowledge and consent of the Regulator. In such a case, provided the investigation has concluded and the Regulator has agreed to the disconnection, the Generator should be considered unavailable and the Grid Code should be modified to reflect this. Outturn Availability is a markets issue and is not a matter for the Grid Code.

Conclusion

IWEA welcomes the opportunity to engage on this consultation and proposes that Option 2 be pursued such that Outturn Availability is equal to the Availability of the generation unit for all outages. Any other approach would be a significant change to the principles of the market, which is based on an 'unconstrained' view of the system. Under Option 2 customers are neutral to the impact of the different options whereas generators would be significantly disadvantaged and exposed to potential discrimination and unmanageable risk if either Option 1 or 3 were applied. Finally, it is not the role of the System Operator's to change the fundamental rules of the market, and as such, changes to network operation and maintenance conditions should only focus on the technical management of the system itself and not affect the market outcome.