

Utility Regulator
Queens House
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Belfast
BT1 6ED

Commission for Energy Regulation
The Exchange
Belgard Square North
Dublin 24

24th January 2017

Dear Commission for Energy Regulation and Utility Regulator,

On behalf of the Confederation of European Waste to Energy Plants (CEWEP) Ireland, we are pleased to respond to the SEM Committee consultation on the Energy Trading Arrangements Trading and Settlement Code Consultation Paper (SEM-16-075).

CEWEP is the umbrella association of the owners / operators of Waste-to-Energy Plants, representing approximately 400 Waste-to-Energy Plants from 18 European countries. Our members make up 86% of the Waste-to-Energy capacity in Europe.

CEWEP Ireland is the Irish branch of CEWEP Europe and has two members. Indaver operates the Meath Waste-to-Energy facility and is proposing to develop similar facilities in Belfast and Cork. Covanta is currently constructing the Dublin Waste-to-Energy facility. By 2020 it is anticipated that members will have a total treatment capacity of over 1,070,000 tonnes per annum residual waste and export more than 90MW electricity and/or heat.

CEWEP has a few specific comments on the drafting of the SEM T&SC. Those that we do have are in the Appendix in the requested format.

We have three comments to make:

1. Curtailment is neither defined in the SEM T&SC changes¹ nor in the proposed Grid Code². The SEM T&SC treats all curtailment equally, i.e. the DEC price is replaced with a curtailment price which has the effect of paying back the value of trades in the day-ahead and intraday market (section F.8). This gives the effect of no compensation for curtailment. We note that SEM-13-010 which sets out the rules for non-compensation for curtailment, however, is more tightly defined than this. Non-compensation for curtailment occurs only in tie-break situations.

¹ <https://www.semcommittee.com/sites/semcommittee.com/files/media-files/SEM-16-075d%20Draft%20TSC%20Part%20B%20-%20Glossary.pdf>

² http://www.sem-o.com/ISEM/General/EirGrid_GridCodeVersion6_FinalVersion_I-SEM_mods%20_redlined_20160909_draft.docx

“The SEM Committee has decided to implement pro rata with the removal of DBC compensation for curtailment by 1 January 2018 as its final decision on the treatment of curtailment in tie-break situations.”

Therefore, the provisions of F.8 of the Code should only apply for curtailment in tie-break situations, and the flagging of said dispatch instructions needs to be so defined in F.2.4.1 with proper definition of curtailment in tie-break situations relating back to SEM-13-010.

2. We would like to see more clarity in the Code as to how it is determined that a generator has “zero marginal costs” in D.4.4.11. The code has no reference to how such determinations are made. CEWEP members, for the avoidance of doubt, are dispatchable, have priority dispatch, and have non-zero marginal costs. We make some suggestions in the appendix to make it clear that the clause of D.4.4.11 does not apply to CEWEP members. We have defined “zero marginal cost” by technology class, but if those technology classes demonstrate that they do have non-zero marginal costs, CEWEP is not against any other objective criterion defining participants with zero marginal costs (as long as that definition does not include CEWEP members).

In general, CEWEP would like to support the ability of “Predictable Price Takers”, insofar as they were terms within the I-SEM, being able to become part of the dispatch balancing pricing stack.

3. CEWEP members along with a few other generators are “predictable price makers”, a term which is replaced solely with references to “Priority Dispatch” and “Dispatchable”. We have reviewed the Trading & Settlement Code and Grid Code to see what rights “Priority Dispatch” yields our members over and above what standard conventional Dispatchable generators receive. In short, within the level of these Codes, no differentiation is evident.

This is our view of how it should work:

- Priority Dispatch plant have a right to submit a technically feasible FPN (or not submit a FPN in the case of wind generation) which deviates materially from their ex ante contracted position. Non-Priority Dispatch Dispatchable and Controllable plant should be obliged on a Reasonable Endeavours / Prudent Utility Practice basis to submit an appropriate technically feasible FPN as close as possible to their ex ante traded position;
- This right for Priority Dispatch generation regarding the FPN should be reflected in Generator Licences;
- **All** Priority Dispatch plant should be exempt from Information Imbalance charges (F.10).

Without these changes to Section F.10 and the additions to the Generator Licence, the value of Priority Dispatch for Dispatchable plant has no practical effect.

We wish to commend the overall work on the new SEM Energy Trading Arrangements, and we welcome the further information required to evaluate the market in its entirety, including items which are of importance to enable understanding of balancing market price formation:

- Detail of the Indicative Operations Schedule (content, periodicity, its publication, governance);
- Detail of the System Operator Flagging Rules (content, its publication, governance);
- Detail of the Non-Marginal Flagging Rules (content, its publication, governance).

Yours faithfully,

CEWEP

APPENDIX A RESPONSE TEMPLATE

SUMMARY INFORMATION

Respondent's Name	CEWEP
Type of Stakeholder	Priority Dispatch Dispatchable Generators
Contact name (for any queries)	Catherine Joyce O'Caollai
Contact Email Address	catherine.joyce.ocaollai@indaver.ie
Contact Telephone Number	01-6972845

I-SEM TSC COMMENTS

ID	I-SEM TSC Reference	Short Title	Commentary / Explanation	Suggested Drafting Change to the TSC	Relevant Cross-Reference for any impacted section
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ID	I-SEM TSC Reference	Short Title	Commentary / Explanation	Suggested Drafting Change to the TSC	Relevant Cross-Reference for any impacted section
1	F.2.1.4	Curtailment definition	As “curtailment” in the Code is never compensated, it needs to accurately reflect the regulator decision.	Each System Operator shall submit to the Market Operator the Dispatch Instructions in respect of each Generator Unit which is Dispatchable (and which has Priority Dispatch and is not Dispatchable where relevant) and is registered within its Jurisdiction, and may submit an associated Ramp Rate and Curtailment Flag for each Dispatch Instruction.	Glossary
2	Glossary	Definition of Curtailment Flag	See ID#1 above. This is a new Glossary Definition.	Curtailment Flag means a flag set by the System Operator indicating that the Dispatch Instruction to a Generator Unit is a curtailment event of a Priority Dispatch Generator Unit in a tie-break situation, as further defined in Regulatory Authority Decision SEM-13-010.	

ID	I-SEM TSC Reference	Short Title	Commentary / Explanation	Suggested Drafting Change to the TSC	Relevant Cross-Reference for any impacted section
3	New D.4.4.12	Definition of zero marginal costs	<p>There is no guidance in the Code as to how (or who) shall define a Generator Unit to have zero marginal costs. This is a new paragraph.</p> <p>We have defined “zero marginal cost” by technology class, but if those technology classes demonstrate that they do have non-zero marginal costs, CEWEP is not against any other objective criterion defining participants with zero marginal costs (as long as that definition does not include CEWEP members).</p>	<p>D.4.4.12 A Generator Unit that has Priority Dispatch and is Dispatchable shall be deemed by the Market Operator to have zero marginal costs for the purposes section D.4.4.11 if its registered with a Fuel Type that does not require combustion for the Production of Active Power.</p>	

ID	I-SEM TSC Reference	Short Title	Commentary / Explanation	Suggested Drafting Change to the TSC	Relevant Cross-Reference for any impacted section
4	F.10	Information Imbalance Charges should not apply to Dispatchable Price Takers	T&SC should reflect the fact the Priority Dispatch Dispatchable Generator Units have the right to run irrespective of ex ante trades, and should not be (potentially) punished equivalently to non-Priority Generation for FPNs which deviate from ex-ante traded volumes.	<p>F.10.1.1 The following provisions of section F.10 do not apply to any Unit which is:</p> <ul style="list-style-type: none"> (a) An Assetless Unit; (b) A Trading Unit; (c) An Interconnector Error Unit; (d) An Interconnector Residual Capacity Unit; (e) A Unit which has Priority Dispatch, which is not Dispatchable; or (f) A Generator Unit which is not Dispatchable and not Controllable. 	