

IWEA response to the SEMO Consultation on Draft AOLR Contract and Draft AOLR Operating Procedures

7 July 2017

IWEA welcomes this opportunity to respond to the SEMO Consultation on Draft ALR Contract and Draft ALR Operating Procedures.

The Agent of Last Resort (ALR) was introduced at the High-Level Design of I-SEM to act on behalf of generator units, where it was considered that interaction with the ex-ante markets through preparation and submission of orders would present a barrier to their participation in these markets.

IWEA has specific concerns with the proposed ALR structure, including the following, but noting that future responses to the issues raised below could require additional clarification at a later date.

- The ALR requires the generator to register in the market, however, this will remove any De Minimis benefits which a sub 10MW generator is currently entitled.
- To participate in the SEMOPx, the latest day for registration is the 1st December. It is not clear what total costs the generator will incur to be an ALR participant. It would be very useful if these costs were outlined clearly.
- The cost of being a participant has not been quantified. This is expected to be available later in 2017. It is not clear if these costs will be socialised or fully allocated to the ALR participants. IWEA requests further clarity around these costs.
- ALR is only available to specific generators and is not available to suppliers, therefore is not available to *'supplier-lite'* arrangements.
- The generator is still responsible for managing their collateral commitments, clearing bank arrangements and registration in the various SEMOPx markets. This is likely to be a significant burden on these companies. The ALR design relieves very little of the burdens and costs of I-SEM participation for small generators.

During the workshop organised by SEMO, it was proposed that a person would be appointed to liaise and work with the smaller generators. **This is a welcome proposal and the industry asks that this is done without delay.**

IWEA looks forward to further engagement on this issue. Please feel free to contact us if further detail is required on any of the points raised above.