

IWEA response to the HAS and OSC Consultation Paper for the Tariff Year 2015/2016.

IWEA welcomes the opportunity to respond to the consultation on HAS and OSC Consultation Paper for the Tariff Year 2015/2016.

Proposals on Tariffs and Charges

The consultation paper outlines the following proposals:

- In this year's Annual Tariff Consultation on the harmonised All-Island Ancillary Services the TSOs are proposing to adjust the rates for an assumed level of inflation. The TSOs' view is that a blended rate of 1% for the forthcoming 2015/16 period is appropriate. No other changes to rates are proposed.
- In this year's Annual Tariff Consultation the TSOs are proposing to retain the OSC rates approved for the 2014-2015 tariff year adjusting for inflation at forecast rate of 1% for the Tariff year 2015-2016. No other changes to rates are proposed.

IWEA supports these proposals at this time.

The Delivery of I-SEM

IWEA acknowledges that changes will be required to the Other System Charges through the I-SEM design and supports that this should be further considered in line with the decisions on the detailed implementation of the market design.

Introduction of new GPIs

IWEA believes that the current use of the controllability categorisation policy for grid code compliance is not appropriate as the penalty of being moved into category (i) for non-compliance, and the associated increased levels of curtailment, is too severe relative to the level of non-compliance. It should be noted that an appropriate incentive/penalty system is already in place to ensure generators prove compliance in a timely manner.

- All wind farms are incentivised commercially to prove controllability in order to lift the MEC capacity caps during turbine commissioning and then to achieve operational readiness certification. Without passing this point a generator cannot become a VPT in the market.
- The MEC bond process then provides an incentive through severe penalty to achieve full grid code compliance as quickly as possible. In bonding regime 2 wind farms are given one year to achieve compliance or risk having the bond drawn down in manner which escalates month by month. This timeline needs to be reviewed in light of length of time required to connect larger wind farms and to carry out testing.

- For older sites on bonding regime 1 the MEC bond is not returned until compliance is achieved. There is no benefit in taking any more time than is necessary to navigate this process.
- Generators cannot receive ancillary service revenue until an ops cert is issued which is another financial incentive in place. This incentive is greater the larger the wind generator.
- Market participants cannot access market payments for constraint/curtailment compensation without the Wind Farm having achieved its operational certificate.

The wind industry supports the need for compliance of the generation fleet. The introduction of GPIs for wind energy could be considered as an alternative to the use of the categorisation policy. An appropriate penalty system should be based on the impact of the non-compliance and not directly linked to curtailment as is the case now. If there is very low curtailment a compliance penalty is actually not applied.

IWEA requests that a detailed discussion and consultation on a potential system be facilitated. It would not be appropriate to introduce GPIs while the existing policy is in place. It is essential that a holistic view is taken in relation to the incentives/penalties being applied to generators to ensure that any penalty introduced is not too severe, and that it appropriately reflects the level of non-performance. Therefore no GPIs should be introduced without adequate consultation on the proposal.

RoCoF GPI

The RA's RoCoF modification to the Grid code decision paper states that the RAs intend to phase the introduction of GPI according to the unit categorisation and will confirm the decision on this matter on 10 November 2015.

IWEA notes that the introduction of the RoCoF modification is an essential part of the DS3 programme to ensure that the SNSP level can be increased. We welcome the introduction of GPIs to incentivise generators to be compliant with the RoCoF modification, however it must be ensured that this is introduced in a fair manner such that wind generators are not penalised ahead of other types of generation.