

DS3 System Services Consultation – Volume Calculation Methodology and Portfolio Scenarios

This questionnaire has been prepared to facilitate responses to the consultation. Respondents are not restricted to this template and can provide supplementary material if desired.

Please send responses in electronic format to DS3@eirgrid.com or DS3@soni.ltd.uk

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Respondent Company	<i>Bord Gáis Energy</i>

Note: It is the TSOs' intention to publish all responses. If your response is confidential, please indicate this by marking the following box with an "x". Please note that, in any event, all responses will be shared with the Regulatory Authorities.

Response

confidential

The closing date for responses is Wednesday, 25th November 2015.

<i>Question</i>	<i>Response</i>
Determination of Capability Volume Requirements	
<p>Do you agree with our proposed approach to determining the Capability Volume Requirements for the System Services?</p> <p>If not, please specify what alternative method you believe to be more appropriate.</p>	<p>Bord Gáis Energy welcomes this opportunity to respond to the TSOs’ consultation on System Service volume calculation methodology and portfolio scenarios.</p> <p>System Service volumes are a key component in developing the DS3 market and it is extremely important that the correct volume requirements are determined in order to provide the correct and appropriate investment signals. In the interest of transparency, these volume requirements should be published on a regular basis with the appropriate supporting methodology and evidence to allow interested parties to give their full views and assessments.</p> <p>In our view, the real-time volume requirements should be the first step to take in determining System Service volumes and we believe it should be calculated based on a range of wind and demand portfolios. The consultation does not outline how the TSOs will actually determine the real time requirements of the system – instead, it focuses on the capability of a given assumed portfolio. This in our view will be determined and the relevant information will be made available through the qualification process. Whereby we understand that the TSOs real-time requirements will change depending on the dispatch at a given point in time, we feel that the methodology presented in the consultation is missing a key step. The step which shows parties how the TSOs will determine the volume of system services that it will require at a given point in time depending on variances in available generation and expected demand. Therefore we disagree with the TSOs’ view that the volume capabilities of the refined portfolio scenarios will determine the System Service volume requirements.</p> <p>Notwithstanding the above, we agree with the TSOs’ approach to calculating System Service volume capabilities in that it identifies potential areas of volume shortage, necessary investment signals and levels of competition. However, caution must also be taken in considering the maximum system capability as in some instances, a party may not make its</p>

total technical capacity of a given service available as it may be of commercial or operational interest to do so. Therefore, we believe that the qualification phase of DS3 will play a significant role in determining the actual system volume capability for a given unit. We feel it will be important that the qualification phase requires parties to provide their realistic technical and economic projection for each System Service rather than simply their maximum technical capability. This in our view would reflect the true system capability and give the TSO better information as to the volume of each system service that will actually be made available. Again, we do not agree that this approach should be used to determine the real-time volume requirements. The volume capabilities can then be assessed against the real-time requirements to determine areas of volume shortage and levels of competition.

It is unclear from the consultation paper about the determination of volume requirements for 2016/17 System Services. Given that the qualification process for next year's System Services will arrive soon, we urge that these volume figures are published at the earliest time possible.

Plant Portfolio Scenarios

Do you agree with the 2017/18 and 2019/20 plant portfolio scenarios and underlying assumptions presented as the starting point for carrying out the analysis of System Services Capability Volume Requirements?

If not, please specify what alternative scenarios you believe to be more appropriate, and why.

We agree with the TSOs' view that the 2017/18 portfolio will be largely similar to the current fleet of plants.

We have concerns around some of the assumptions made in the 2019/20 portfolio scenarios and in the interest of transparency, we request that the TSOs give greater clarity on the following:

- The TSOs' assumptions around calculating the SIR volumes in the enhanced portfolio (explanations through numeric examples would be of great benefit);
- The TSOs' rationale for setting FFR at 50% of POR for existing plants and 60% of POR for new plants.
- The TSOs' methods for calculating the Ramping Margin products and at what level of accuracy they would be satisfied with achieving at any given time.