DS3: System Services Review –
New Products & Contractual Arrangements Consultation

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	*ESB Power Generation*

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".

Response confidential ☐

The closing date for responses is Friday 3rd August 2012.

General Comments:

ESBPG welcome the opportunity to respond to the DS3 System Services paper and our specific comments are below in the questionnaire. We also want to make some general observations.

While some generating plant may wish to contract with the TSO for provision of these services, there should be no obligation on generating plant do to so. Thus plant which does not want to provide these services should not be subject to any penalties. In the document there is much comment both on the remuneration method and penalties for non-delivery, ESBPG believe that a generator should not be subject to a negative income as a result of endeavouring (unsuccessfully) to provide a service and that at worst, it's income (including penalties) should be €0.

While the design of some proposed services are reasonable, it is hard to comment in the absence of knowledge of the scale of the proposed remuneration. Provision of some of these services will require significant investment, and thus products which are attractive in theory may not be realisable in practice.

In some of the proposed services, EirGrid are proposing non-payment for provision of these services – i.e. below the Inertia threshold, and for partial Grid Code compliance. This is not acceptable as any generator which can provide services required by the system should be paid. These services should not be taken without remuneration.

Question	***Response***
New Products	
Synchronous Inertial Response Is the need for this product clear? If not, what additional information is required?	Yes
Is the product description clear? If not, what aspects require clarification or further details?	The product description is clear but the reasoning behind both the upper and the lower threshold requires explanation. If the system has a need for inertia then all generators which provide it should be remunerated. Although it is reasonable to have more than one payment rate.

What are your views on the proposed threshold value of 20s for the SIR ratio	No threshold value should be applied. Inertia has significant value to the system and as such it should be remunerated.
Given the system need, what alternative product design should be considered?	With the exception of thresholds, the product design is reasonable.
Fast Frequency Response Is the need for this product clear? If not, what additional information is required?	Yes
Is the product description clear? If not, what aspects require clarification or further details?	The two options shown are clear. However, there is a requirement for more worked examples and preferably some real examples from plant. For example, more clarity is required around a situation where a unit picked up initially and then dropped below original output before finally increasing output before 5 seconds, especially in the case of option 1.
Which product option do you favour and why?	Option 1 is favoured as there is already an existing product overlapping with option 2.
Given the system need, what alternative product design should be considered?	
Fast Post-Fault Active Power Recovery Is the need for this product clear? If not, what additional information is required?	Yes
Is the product description clear? If not, what aspects require clarification or further details?	**Yes**
Given the system need, what alternative product design should be considered?	**No**
Ramping Product Is the need for this product clear? If not, what additional information is required?	Yes, in terms of the Ramping Up product. However clarity around the fact that there is no ramping down product is required.
Is the product description clear? If not, what aspects require clarification or further details?	Yes. This product will use the ramping capability of the plant as defined in the TOD as an input to

	the payment mechanism. However the TOD has been constructed taking the plant from standstill to base load and is not necessarily reflective of the actual ramping capability of that plant after it has been running at a steady load for a time. For example, some plants require dwells to comply with TOD after start-up but do not require dwells when they have running at min gen for a period of time and this should be taken into account by having another input to the payment mechanism through a bi-lateral contract. (Or some method of including additional declarations from the plant)
Which product option do you favour and why?	Option 2 is favoured. If option 1 were chosen, it would lead to a situation where a plant which had superior performance would be required to ramp frequently and thus receive less income than a plant which had an inferior performance. Thus option 2 will provide a better and more equitable solution in that it takes into account a plants initial condition but does not include dispatched output.
Given the system need, what alternative product design should be considered?	See previous comments
Steady State Reactive Power Is the need for this product clear? If not, what additional information is required?	Yes
Is the product description clear? If not, what aspects require clarification or further details?	Yes, however, it is unclear if this is in line with the Grid Code requirements.
Given the system need, what alternative product design should be considered?	The product design needs to be modified as if implemented as is, the situation will continue to occur where a plant is asked to provide reactive power as per the Grid Code requirements but yet does not get paid for this as the contract reflects the reactive power at base load which is the lowest value. Thus the product design should be modified so that the total area on the graph bounded from Pmin to Pmax and Qmin to Qmax should be remunerated (this will be a trapezoid rather than a rectangular shape)
Dynamic Reactive Power capability Is the need for this product clear? If not, what additional information is required?	Yes

Is the product description clear? If not, what aspects require clarification or further details?	Further detailed examples are required to fully understand this proposed product.
Given the system need, what alternative product design should be considered?	
Revised Replacement Reserve Is the need for this product clear? If not, what additional information is required?	**Yes**
Is the product description clear? If not, what aspects require clarification or further details?	**Yes**
Given the system need, what alternative product design should be considered?	
Remuneration Approach	
General Approach What are your views on our proposed remuneration approach? Do you support the increased focus on performance reliability?	ESBPG disagree with the requirement to be entirely Grid Code compliant with distinct Grid Code requirements before payments are made. If reserve or reactive power or any other service has a value to the system then that value should be paid to any generator which can provide those services, even if not to the required Grid Code standard. It should be remembered that many generating plants were in operation prior to the Grid Code. If this clause is implemented it will create a perverse signal. The proposed exception is for plant with approved Grid Code derogations, however this is not acceptable as the Grid code derogation process is lengthy and at the end the derogation may not be approved. This both deprives he system of necessary and scarce services while also depriving the generating unit of income for providing a level of these services.
It is proposed that payment rates will be reduced where performance reliability is shown to be below a defined level (e.g. 90%) and reach zero at 50%. Do you believe this will be a more effective approach than applying charges for failures?	The current method of applying charges for failures to provide is the preferred method and should not be changed to the sliding scale method as proposed.

Contractual Arrangements Bilateral contracts are proposed. What are your views on the proposed range of possible durations of 3 to 7 years?	ESBPG agree with the principle of bilateral contracts for periods of longer than a year. This is to be welcomed and will help the investment decision process.