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Submission to
DCCAIE

on

**Electricity Support Schemes:
Transitioning to I-SEM Arrangements Consultation**

Non-confidential

by email to: ISEM_ESS@dccae.gov.ie

11th January 2018

Slieveveagh Power Ltd operates a small-scale Windfarm in Co. Limerick and welcomes this opportunity to respond to the DCCAE's consultation on "Electricity Support Schemes: Transitioning to I-SEM Arrangements".

We have the following concerns about the options proposed:

Undermining of REFIT Price Support

DCCAE's proposals, which attempt to force 'Balance Responsibility' on Small Generators in I-SEM are very concerning. Proposed options A and B significantly undermine the REFIT price support guarantee that underpinned these project's financing and construction.

Constructed Projects have a full Legitimate Expectation of a receiving the DCCAE's guaranteed REFIT electricity price for the duration of the 15-year scheme. These Smaller Generator projects would not be built today without the price assurance that REFIT guaranteed.

Wind Energy is Not Dispatchable and inherently cannot be 'Balance Responsible'. The only option that a controllable Windfarm (those >10 MW) would have is to shut down if prices were sufficiently negative. Once shut down the project loses all Energy and REFIT payments. Project price support is based only on kWh generated.

High I-SEM Costs for Small Scale Projects

The new I-SEM Electricity Market introduces a very significant administration cost burden for small projects.

Annual fees for SEMOpX, ECC, Settlement Banks, Risk related Collateral Costs, Wind Energy Forecasting Costs, Market Trading Software Solutions Costs as well as the 24/7 Management Costs are not sustainable for small projects.

Projects less than 5 MW were until now able to trade independently in SEMO. The DCCAE should not implement Policy change that will require the aggregation of small projects in order for them to continue to operate.

Contradictory Policy towards Encouraging Small Scale Projects

Previous Government Policy was designed to encourage the involvement of small scale projects in Renewable Energy. This was implemented by tiered REFIT schemes (higher price support for small projects) as well as an accommodating approach by SEMO. Community involvement is now seen as a cornerstone in making Renewable Energy more acceptable to the general public.

Yet here the Government's proposals are to introduce Price Risk and reduce the REFIT support benefit payable to small scale and Community projects.

We recommend the following:

- 1. Constructed Projects with Committed Financial Obligations MUST continue to be 'made whole' under REFIT.**

Constructed projects have committed financial obligations and DCCAE should uphold the REFIT price support that it has already committed to. New projects will have the opportunity to adjust their bidding strategy in a competitive tendering process under the ECP-1 and will be in a position to price in these additional 'Balancing' Costs. They will also hopefully be able to take advantage of any current downward trend in construction prices.

2. Small Projects less than 5 MW should not be required to be 'Balance Responsible'

Due to the relatively high costs of being 'Balance Responsible' in I-SEM for < 5 MW projects.

3. An Independent Financial Assessment of the Impact of I-SEM

An Independent Financial Assessment of the impact of I-SEM and the DCCAE's preferred options on Small Scale Renewable projects should be undertaken by DCCAE.

4. IWFA and IWEA 'GAPR' model

We fully support the 'GAPR' model as proposed by IWFA and IWEA – which excludes small projects from Balancing requirements.