



# Renewables in SEM

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# SEM & REFIT

- Renewables need secure revenue
- SEM won't provide secure revenue
- REFIT there to secure revenue
- SEM shouldn't undermine REFIT
- REFIT should cover SEM risks
- SEM must fully reflect grid rules in
  - Directive (not just targets)
- Maximize RES revenue in SEM
- Minimize PSO costs







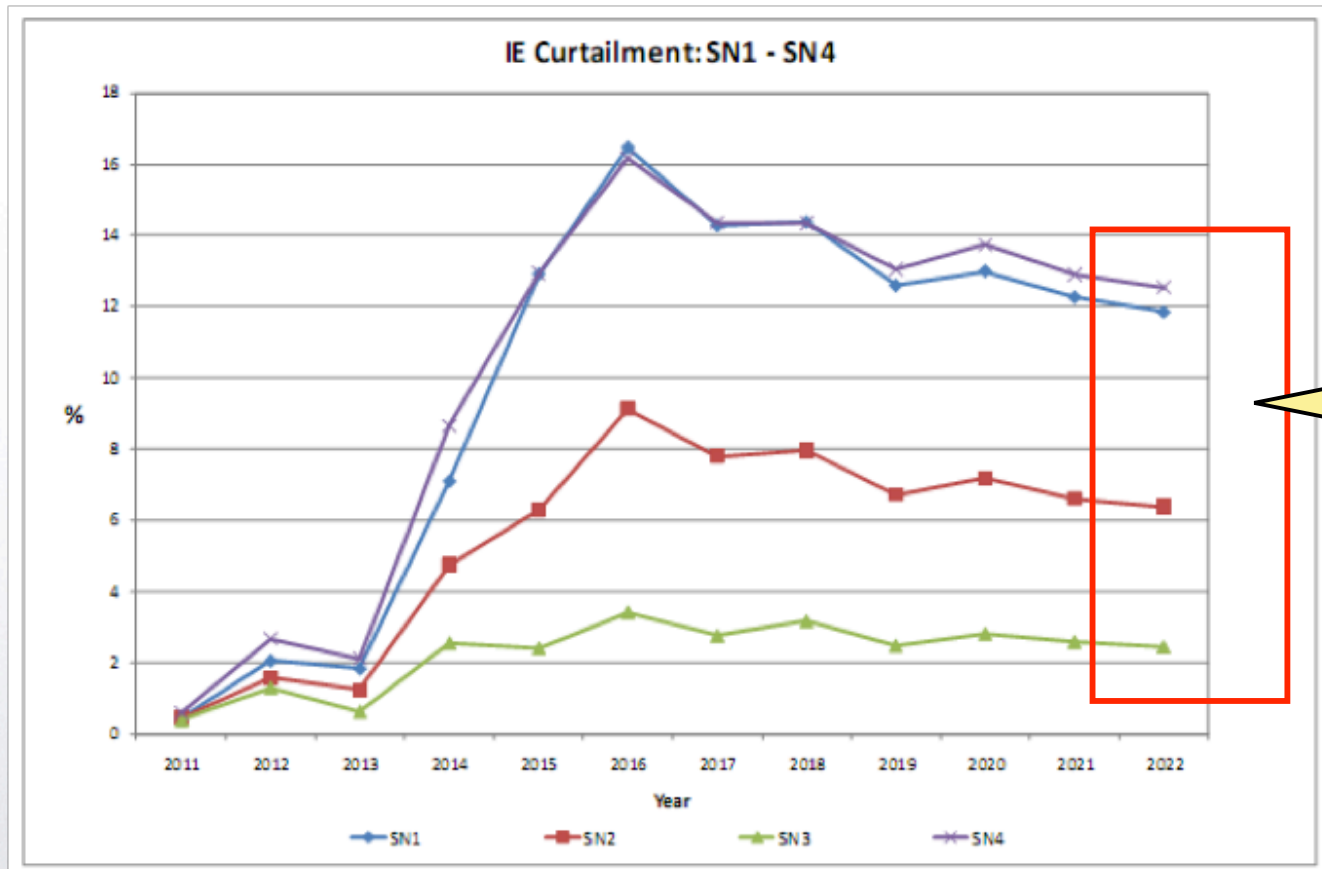
# Context

- 40% national RES-E target
- 42.5% RES-E in NREAP
- 2009 RES Directive
- Growing constraints
- Emerging curtailment
- TLAFS, TuOS etc
- Threatened SEM non-dispatch
- Possible firm/non-firm blurring
- REFIT revenue being compromised
- REFIT uncertainty
- All-island dimension





# Anticipating Curtailment



How we get here is open to discussion

This endpoint is the bit that matters!





# Market Schedule

Market Schedule is proposed  
dispatch

Subject to EU access/dispatch rules

Priority dispatch to secure RES  
production for climate and  
security reasons

& to secure RES project revenue

Removing RES from Schedule on  
cost not acceptable

Need interconnection to solve  
excess generation events

Clear statement to close off such  
risks as regards Market Schedule





# Avoiding Curtailment

RES Directive Art 16.2(c):  
*“Member States shall ensure the appropriate and market-related operational measures are taken in order to minimise the curtailment of electricity generated from renewable(s)...”*

Ireland has to start taking measures NOW (including interconnection) to avoid curtailment and constraint







# Access, Dispatch & Transmission

RES have:

- priority access (NREAP)
- priority of dispatch
- guaranteed transmission  
(all subject only to technical constraints)

Extreme exception ok with full compensation

Clear rules and transparency

Grid access costs make no economic sense





# Constraints

Addressing symptoms

- 'infra-marginal rents'

Should be tackling problem

- 'building grid'

Compensation costs incentivize  
appropriate grid development

Apply in SEM not price reviews

Non-firm RES has priority over  
non-RES







# Develop grid

RES Directive Art 16.1:  
*“Member States shall take the appropriate steps to develop transmission and distribution grid infrastructure, intelligent networks, storage facilities and the electricity system, in order to allow the secure operation of the electricity system as it accommodates the further development of electricity production from renewable energy sources, including interconnection...”*





## Deemed firm

- Refused by SEM Committee
- Leaves outstanding risks for project operational costs
- RES (& consumer) funding higher risk costs outside their control
- Also leaves more uncertain timelines for projects
- That ensures planning can't be a criterion for grid
- 'Connect and manage' a better system
- Ensures projects could build at shallow date







# Conclusions

Uphill struggle!

Legal & policy vacuum

Disjointed policy development

Regulatory uncertainty (3/4 years)

SEM decisions now critical path

Approach is working around grid  
inadequacy - treating symptoms

Compensation costs incentivize  
improvement - address problem

Secure RES rights & maximize  
revenue in SEM, minimize PSO



“Cost  
issues today  
become  
security of  
supply  
issues  
tomorrow.”

Thank you for your attention