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3rd September 2014

Electric Ireland response to AGU and DSU Licensing arrangements Consultation Paper

Dear Joe and Karen ,

Electric Ireland welcomes the opportunity to respond to the Utility regulator consultation on AGU/DSU licensing arrangements. We wish to also acknowledge the positive approach of the Utility Regulator in advancing proposals for participation in the AGU / DSU market while also considering with DETI the options for development of more formal legislative arrangements.

Electric Ireland's response is based on the assumption, as clarified in correspondence received from the Utility Regulator that the paper, in all references to aggregation, intends that to mean both generation and pure demand reduction. This assumption is key as the paper itself and its appendices heavily references generation aggregation but which are ambiguous in relation to aggregation of demand side units. In addition Appendix 2 contains many references that might also be interpreted as generation references and which need to be corrected in advance of being offered as the basis for a demand side unit licence application. For example there are relatively few references to DSU throughout Appendix 2. In addition a confusing distinction has been drawn in the definition of terms in the both Appendices whereby:

- (a) Generation Business is defined as: the authorised business of the Licensee or any affiliate or related undertaking of the Licensee in:
 - a. (a) the generation of electricity; or
 - b. (b) the provision of System Support Services other than by means of a Demand Side Unit.

(Could the regulator please clarify if the intent of this definition is to specifically exclude Demand Side Units from the definition of a Generation Business?)

- (b) Generation set is defined as: In relation to a site operated by the Licensee in its capacity as a Dispatchable Demand Customer, a Demand Side Unit;

(It would be helpful to our understanding if the regulator could clarify if it is either a 'Dispatchable Demand Customer' or a 'Demand Side Unit')

Overall a more a thorough editing of Appendix 2 is required if the intent is that this is to be specifically used for demand side units to clearly distinguish it from the AGU license. It should be noted that Electric Ireland strongly supports a separate demand side licensing regime from the AGU licensing regime on the basis that a faster response is possible for activating a demand side unit (particularly so in the absence of a network impact)

Electric Ireland notes there is no mention of mechanisms or processes by which the interim license proposals can be activated and request that the decision paper would set out such detail to provide information to interested parties as to the means by which they can progress an application to become active in this market. For example an interim timeline has been presented to the DSU Joint Grid Code working group which could provide a draft template for activation of a workable process.

In this regard we are also keen to understand the process for approval and what parties will be involved ; and the expected timelines for approval. We would expect, for example that, to expedite the processing of an application for a pure demand reduction site, the process and associated timelines could vary from a generation aggregator application to the extent that no additional network capacity is needed nor needs to be evaluated by Distribution Network Operator. (It could be argued indeed that demand side reduction will alleviate pressure on the networks).

On the wholesale side we also request some additional clarity in relation to BCOP. Participation as an aggregator requires adherence to the BCOP and we need to understand whether this will be facilitated as an amendment / addition to a generation or a supply licence ? It is not clear whether a new BCOP will be developed (or existing one adopted), and if so what might be the associated time-line for its completion.? It should also be made clear whether a DSU will need to register with SEMO as well as being licensed as an aggregator with the Utility Regulator. The SEMO, SONI and UR Licensing process could also be lengthy and we would urge UR to expedite the granting of licenses as soon as the decisions are made

Delays in facilitating consumer access to the wholesale market has denied both the market and consumers valuable contributions which Demand Response can make. There is a keen interest among customers for the availability of demand side reduction options and Electric Ireland is eager to progress the provision of these services with such customers as soon as possible. We are also conscious of the potential contribution that such demand side participants can deliver in the context of overall security of supply scenarios in NI. We believe it is imperative that the Utility Regulator focuses on working with all stakeholders in ensuring that DSUs can fully participate in the market without further delay.

Yours sincerely,

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