



Energy for
generations

Generation & Wholesale Markets

Response to:

Utility Regulator – Draft Forward Work Programme 2016/2017

ESB Generation and Wholesale Markets (GWM) welcomes the opportunity to respond to this consultation. In particular, we welcome the transparency the Utility Regulators (UR) has shown by consulting on their work programme for 2016/17 and their willingness to engage with stakeholders on the various work streams that are being undertaken. The energy market is currently undergoing significant change and we feel this consultation is a very worthwhile process as it gives industry reassurance as to how the UR is working towards this objectives in light of their statutory obligations.

In the main, ESB GWM supports the work programme as outlined however we wish to highlight some concerns we have.

Strategic Objective 2: Promote efficient and competitive markets.

ESB believes that Objective 2, particularly 'Delivering ISEM project on time' is of utmost importance and it is critical that it be given the required focus and resources. As in previous years comments on work programmes we feel that attempting to deliver this programme of work with existing challenges is not realistic.

ESB GWM along with other participants are running projects to ensure their readiness for I-SEM and have committed significant resources to ensure that the challenging timelines can be achieved. Participants are responding to multiple consultations and partaking in the RLG process whilst planning for any system and process changes required by I-SEM / DS3. Both the I-SEM and DS3 projects are exhibiting significant and ongoing slippage especially in publication of consultation papers, these delays have a significant impact on participants projects resulting in increased costs and is increasing the risk that participants will not have sufficient time to ensure that they are ready for an October 2017 go-live.

UR state that one of the anticipated outcomes of the I-SEM project is that downward pressure will be placed on prices. ESB GWM notes that while competition and liquidity may increase in the I-SEM it does not necessarily mean that this will be reflected in a reduction in prices to the consumer. With the new DS3 services market and the likelihood of increasing RES that may receive support it would not be unreasonable to suggest that prices could increase and therefore we would recommend caution with regard to anticipating the outcome that I-SEM will achieve.

ESB GWM welcome that the Market Monitoring Unit (MMU) will remain in the I-SEM. However, we would question what additional measures are required to be

undertaken by the MMU in light of the reporting obligations for the industry under REMIT and EMIR, which will also be policed by ACER's monitoring group.

Security of Supply

ESB GWM agrees with UR that security of supply continues to be a major energy issue for Northern Ireland. However, we are disappointed that while this has been recognised in the paper, this issue has not been captured under any of the work programmes outlined by UR. It is our view that in the medium term there may be merit in the establishment of a workstream to address the issues being faced in light of the pending planning application for the North South interconnector and the design and implementation of a competitive market in line with the third package (iSEM & DS3).

ESB GWM would welcome the opportunity to discuss any aspects of this response and should you have any queries please do not hesitate to contact me.

Yours sincerely,

Declan O'Brien

ESB Generation and Wholesale Markets

23rd February 2016