



Response to

Consultation on Relevant Considerations in Relation to the Possible
Cancellation of Generating Unit

8 March 2011

In response to the current consultation on “Relevant Considerations in Relation to the Possible Cancellation of Generating Unit Agreements in Northern Ireland”, SSE Renewables would refer to our response¹ to the previous consultation in November 2009. In summary we stated, “...that the Generating Unit Agreements in Northern Ireland were relevant to the circumstances of the time, but that in the market environment of the SEM they are an anachronism that distorts the market and inhibits development of a more liquid wholesale contract market. Their value, or otherwise, going forward must be assessed against wider criteria than just their cost vs Pool revenue”.

In light of the recent SEM consultation on market liquidity, ESB PG proposals for a bilateral trading platform as well as their oft-repeated statement that liquidity is not their sole ‘responsibility’ but the entire industry’s, it is even more pertinent in the SEM that generators are released from any arrangements that constraint their abilities to function as full-fledged commercial units. As we had pointed out in our previous response, “the additional liquidity the[] generators could provide to the market as independent traders would offer greater value to customers than maintenance of the status quo”.

We do not wish to rehash our entire arguments. We will simply reiterate our view that the GUAs ought to be terminated at the earliest possible time. However to follow due process, we will await the results of the proposed economic analysis and will issue a more detailed response following the publication of the follow-on second consultation.

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http://www.uregni.gov.uk/uploads/publications/SSE_Response_Relevant_Considerations_For_Possible_Cancellation_of_GUAs_in_NI.pdf