Electric Ireland Response:

DS3 System Services

Consultation on DS3 System Services Contracts for Interim Arrangements

3rd June 2016

DS3 System Services Consultation – Contracts for Interim Arrangements

This questionnaire has been prepared to facilitate responses to the consultation. Respondents are not restricted to this template and can provide supplementary material if desired.

Please send responses in electronic format to DS3@eirgrid.com or DS3@soni.ltd.uk

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Respondent Company	*Electric Ireland*

Note: It is the TSOs' intention to publish all responses. If your response is confidential, please indicate this by marking the following box with an "x". Please note that, in any event, all responses will be shared with the Regulatory Authorities.

Response ☐ **Confidential**

The closing date for responses is Friday, 3 June 2016.

1. GENERAL COMMENTS

Electric Ireland welcomes the opportunity to respond to the Consultation on DS3 System Services Contracts for the Interim Arrangements, in conjunction with the accompanying proposed Framework Agreements and the proposed Protocol document. Electric Ireland generally views each of the DS3 consultations from the perspective of a standalone supplier and as a representative of the customer. We are keen to ensure that the system service framework being developed enables and promotes full and effective participation from the demand side.

We believe that, given the significant volumes of intermittent generation expected in the I-SEM, there is a significant role for the demand side to play to deliver system services to maintain the security of the system. From a consumer perspective we appreciate that an appropriate level of system services provision (in combination with the Capacity Remuneration Mechanism) is essential to ensure a resilient and secure system in order to maintain the loss of load expectation (LOLE) at the intended security level and avoid the costs of loss of supply to I&C and mass-market customers.

In light of the SEM Committee decision issued on the 23rd of May to postpone the commencement of the enduring arrangements until October 2018, consideration must be given to the period from October 2017 to the end of September 2018. The proposed Protocol Document and Framework Agreement may require alteration following this decision. It was noted by the TSO in the DS3 Industry Forum in Dundalk on the 11th of April that the one year tariff approach chosen for the interim arrangements will not provide an investment signal and that promoting investment is not necessarily the aim of the interim arrangements. However, as we move closer to 2020, any extension of the currently proposed interim arrangements or a subsequent separate procurement process for the second 'interim' year must be capable of promoting investment to ensure that there is sufficient uptake and volumes available to meet our targets.

There are uncertainties associated with the Protocol Document as some aspects of the text are still in development, and as a result it is difficult to form a definitive view of the proposals.

2. RESPONSE TO QUESTIONS

Question 1: Do you agree with the proposal that the framework agreements should apply on a Providing Unit basis rather than on a Service Provider basis?

Specific Providing Units will have different characteristics which means that a Providing Unit basis may be more appropriate for the application of the framework agreements. Providing a distinction between units will be beneficial for assessment of submissions by the TSOs. However, there will be a higher administrative burden for participants under a Providing Unit basis and given the tight timelines in this instance a Service Provider basis may have been more suitable for the tender stage of the procurement process for the interim arrangements.

Question 2: Do you have any comment on payment being contingent on compliance requirements being met?

We agree with payment being contingent on the compliance requirements set out in Table 1 of the Protocol Document being met, in principle.

Question 3: Do you have any comment on the proposal to detail performance monitoring in the Protocol document rather than in the framework agreements?

We agree with the proposal to detail performance monitoring in the Protocol Document in principle, however there should not be scope for the performance monitoring requirements to change over the course of the interim year without appropriate consultation (this also applies to the Product and Performance Scalars).

Question 4: Do you have a view on the change in notice period for termination of one or more system services by the Company?

The change in notice period for termination appears to be appropriate for the proposed 12 month period of the interim arrangements.

Question 5: Do you have a view on the proposed definition of the Product Scalars in the framework agreement?

We agree with the definition of Product Scalars given in the Framework Agreements as follows:

> *"Product Scalar means a multiplicative factor which adjusts the payment for a given DS3 System Service to reflect a Providing Unit providing a given DS3 System Service with an enhanced performance that is of value to the Power System"*

Question 6: Do you have a view on the high-level definition of the Performance Scalars in the Protocol document?

While the Performance Scalars are broadly described and the calculation methodology has been outlined, there does not appear to be a satisfactory high-level definition of the scalars given in the Protocol Document. A definition similar to that given in the 'Consultation on DS3 System Services Scalar Design' (for the enduring arrangements) should be included in the Protocol Document.

> *"… performance scalar which rewards and incentivises high levels of performance as well as ensuring lower payments for lower levels of performance."*

Question 7: Do you have any comment on the technical definitions of the new system services as specified in the draft DS3 System Services framework agreement?

We agree with the technical definitions of the new system services specified in the framework agreement.

Question 8: Do you have any comment on the payment definitions of the new system services as specified in the draft DS3 System Services framework agreement?

We agree with the payment definitions of the new system services outlined in the Framework Agreement, in principle.

Question 9: Do you have any comment on the alignment of settlement timelines between Ireland and Northern Ireland?

We support the alignment of settlement timelines between Ireland and Northern Ireland, so that settlement timelines are standardised.