DS3 System Services Consultation – Enduring Tariffs

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	*WFSO*

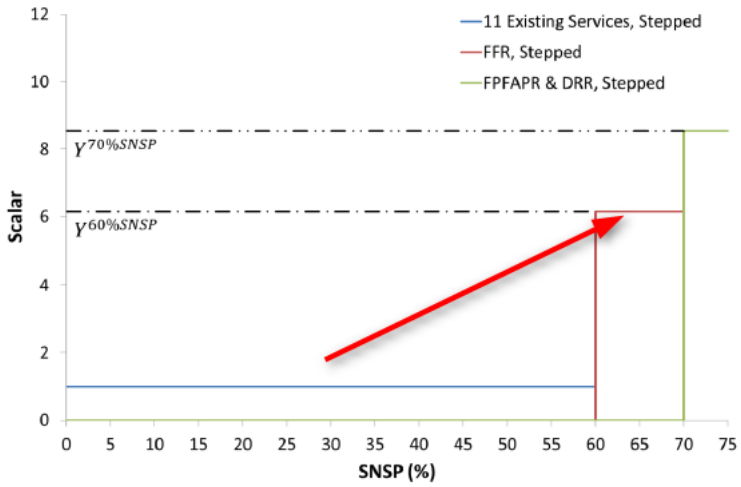
Note: It is the TSOs' intention to publish all responses. If your response is confidential, please indicate this by marking the following box with an "x". Please note that, in any event, all responses will be shared with the Regulatory Authorities.

Response confidential ☐

The closing date for responses is Monday, 21 August 2017.

Question	*Response*
Question 1: Have you any comments on the proposed tariff rates for the Enduring Regulated Tariff arrangements?	WFSO would like the DS3 panel to consider the introduction of another scalar whereby if a provider is only targeting one revenue stream, i.e. system services but not the CRM or energy markets that this increases their revenue thus incentivising investment in new technology. WFSO are of the opinion that the business case for new investments is becoming less and less attractive and although DS3 does not seek to inspire building new providing units directly it is evident that existing conventional generation will not meet the full SS quota. WFSO would also recommend that the DS3 panel review the decision of using a locational scarcity scaler as a future place holder considering there are already areas of known constraints or high dispatch that would clearly benefit from local system service support. This is evident in the recent all Island dispatch down reports. Similarly considering that Wind Energy is the primary cause of none-synch energy it makes sense to try and contain it at the source before it's a grid problem, despite Fq being homogenous throughout the grid.
Question 2: Have you any comments on the TSOs' recommendation that the regulated arrangements be put in place for a minimum defined time duration until such a time as there is greater information available on the timeline for implementing a long-term market mechanism for System Services?	WFSO agree with the requirement for some level of contract certainty in order to incentive investment and believe 6 years would be an ideal term, allowing sufficient time for new projects to get funding and go live. Although WFSO also believe the biggest road block for new technology is the grid connection application process, both for none-hybrid (just battery) and hybrid sites (battery and wind), including applying for a change of technology. WFSO also believe that the exact criteria for being awarded an enduring contract with respect to planning, grid connection and go-live date be clearly stated. This is particularly important for service providers aiming for just the DS3 SS revenue streams who must fund new builds.

Question 3: With respect to contract certainty, are there other considerations which we should take account of or other options that we should explore further?	WFSO are of the opinion that the criteria which must be met in order to facilitate a competitive auction should be clearly published or even consulted on I.e. how many FFR providers are required before a competitive auction can be held? This would help provide some transparency for developers.
Question 4: Have you any comments on the TSOs' recommendation to replace an annual tariff review with a conditional tariff review, or are there alternative approaches that you think are better?	WFSO agree with the recommendation of a conditional tariff review opposed to an annual review. This will give more revenue certainty towards new investment but could also become a road block agreeing on conditions.
Question 5: Are there other considerations on the conditions under which a conditional review would be triggered?	WFSO propose that the MW installed of none-sync generation should be considered as a condition for a tariff review considering it inversely affects the payment scalars and is outside the control of the TSO/DSO and any potential provider. For example what happens if only 1GW of wind is built by 2020 thus lowering the potential to hit the SNSP Linear or stepped scalar payment thresholds. Opposingly what happens if more data centre's and or Solar/Off shore farms are built?

Question 6: Have you any comments on the proposal to exclude a high annual wind capacity factor as a consideration for triggering a conditional tariff review?	WFSO agree with this proposal. Opposing it would be counter intuitive to the overall DS3 project goals.
Question 7: Have you any comments on the TSOs' recommendation to use the 'Stepped' scarcity scalar design rather than the 'Linear' scarcity scalar design?	WFSO agree with using the stepped scalar design but with the below caveat.
Question 8: Should we decide to use a 'Stepped' scarcity scalar, are there other considerations which we should consider in its design?	The step in the flat line should be proportional to the effect of losing the biggest single none-sync generator at that time, because for example loosing 500MW none-sync would have a substantial decrease in the % SNSP making any provider substantially more valuable to the grid. 

Question 9: Do you agree with the TSOs' recommendation on the method by which to mitigate over-expenditure as a result of potential overinvestment by high availability technologies? **Question 10:** Have you any comments on a preferred method to implement a procurement based volume limit on the level of high availability technologies to obtain system service contracts? **Question 11:** Do you agree with the TSOs' recommendation to delay the implementation of taking the higher of a service provider's market position or physical dispatch, to determine the available volume of a service, for a minimum of 12 months post I-SEM go-live? **Question 12:** Do you have any comments on the method by which a resettlement between market and physical dispatch could occur following the 12 month delay?	