

EIRGRID INTERCONNECTOR DAC

The Oval
160 Shelbourne Road
Ballsbridge
Dublin
D04 FW28
Ireland

Michael Wagner
Deputy Director - Wholesale Markets,
The Office of Gas and Electricity Markets
10 South Colonnade
Canary Wharf
London
E14 4PU

160 Bóthar Shíol Bhroin
Droichead na Dothra
Baile Átha Cliath
D04 FW28
Éire

t: +353 (0)1 677 1700
f: +353 (0)1 661 5375
e: eastwestinterconnector
@eirgrid.com

www.interconnector.ie

Ref: Five Year Review of the Capacity Market Rules, Open Letter

EirGrid Interconnection Designated Activity Company (EIDAC) welcomes the opportunity to respond to the Open Letter on the “Five Year Review of the Capacity Market Rules and NGET’s Incentives”.

The East West Interconnector is a high-voltage direct current (HVDC) interconnector which links the electricity transmission grids of Ireland and Great Britain. The East West Interconnector is a fully regulated interconnector which is owned by EirGrid Interconnector Designated Activity Company (EIDAC), a wholly owned subsidiary of EirGrid Plc and is operated in accordance with the Interconnector Operator licences issued by CRU and Ofgem.

EIDAC has extensive experience of the Capacity Market as a capacity provider in the 2017/18 delivery year and has secured future Capacity Market contracts in the T-1 and T-4 auctions. We recognise that the Capacity Market is a key policy to ensure the future security of GB electricity supply at the lowest cost to consumers and this review will help ensure that the Capacity Market continues to meet this objective.

Objectives of the Capacity Market Rules

EIDAC believes that the current Capacity Market Rules objectives remain appropriate however we are supportive of changes that facilitate the efficient operation of the market and ensure maximum participation of the appropriate technology mix.

To ensure the continued positive contribution of existing and new technology types, including Interconnectors, to security of supply and cost effectiveness for consumers it is important that the design and operating framework of the EMR Capacity Market considers the role of each class in a balanced and objective way. Any changes to the existing rules should continue to incentivise existing generator availability and provide adequate signals to future interconnection investment in support of security supply objectives. Flexible arrangements are required to reflect the differences between technologies and ensure a level playing field.

Interconnectors play a fundamental role in the solution to future energy challenges in GB and in the successful delivery of EU’s energy and climate objectives as set out in related European regulation and policy. The current “interconnector-led” design recognises this importance.

Secondary Trading

EIDAC does not currently participate in Secondary Trading activities however we recognise the requirement of a liquid Secondary Trading Market to allow a CMU to manage risk due to non-delivery and penalty exposure due to unavailability.

Sincerely,

Ruth Young
Commercial Lead
EIDAC