

To whom it may concern,

Re: Statutory consultation on amendments to the Capacity Market Rules 2014

I am writing on behalf of Mutual Energy Ltd., owner of the Moyle Interconnector, to express our support for Ofgem's position of being minded to reject the following proposals:

CP260 & CP332 – Amend the testing regime under Chapter 13 in order that Interconnector CMUs should demonstrate Satisfactory Performance Days equal to or greater than their Capacity Obligation, rather than demonstrating an output greater than zero.

Interconnector owners do not have control over the direction of the interconnector's flow. Requiring the interconnector owner to meet its capacity obligation in winter would require that the relative prices were such that the interconnector is scheduled to flow at that level. There is no guarantee that this would be the case. All such a requirement would test from Moyle's perspective is that the prices in Great Britain were sufficiently higher than in Ireland to schedule the interconnector to a high import.

CP294 – Introduce a methodology for calculating the ALFCO for Interconnector CMUs and amend Chapter 8 of the Rules so that the actual metered volume is used to calculate an Interconnector CMU's output during a System Stress Event, rather than the Interconnector Scheduled Transfer (IST).

We agree the IST is the appropriate method to calculate the interconnector's output during a system stress event as the actual metered volume would factor in actions by the System Operator. The IST does not include this and instead offers a better reflection of the interconnector's output.

CP331 – Remove Rule 8.5.1(ba) which relieves Interconnector Units of obligations when affected by any System Operator measure reducing output below the level of their Interconnector Scheduled Transfer.

This proposal could lead to a scenario whereby the interconnector is judged to have not met its capacity obligation because it was responding to a request from the System Operator to reduce output, even though it would have met its obligation without such an intervention from the SO. The current provisions guard against this.

Similarly, we welcome Ofgem's minded to approach relating to the following proposal:

CP253, CP347, CP348 – Amend the arrangements relating to provision of historical performance data, including for interconnector CMUs.

We welcome Ofgem's understanding that Interconnector CMUs face different circumstances to traditional generator units. The Interconnector Scheduled Transfer for an Interconnector CMU is the best indication of the market position (since interconnector owners do not have control regarding the quantity and direction of energy flow), and it is a detailed analysis of market prices under a range of scenarios (both in GB and the interconnected market) that determines the de-rating factor for an interconnector CMU.

We further welcome the appreciation that interconnectors should not be penalised for System Operator actions that may reduce import to GB below the IST. By the same principle, provision of historical metered output at a level greater than zero remains an appropriate approach.

Yours sincerely,

Rowan Tunnicliffe
Commercial Analyst, Mutual Energy