

Review of Trading Arrangements Consultation Paper on Indicated Market Structure

airtricity broadly welcomes the Commission's indication that a centralised system is the model on which new trading arrangements will be based.

The information released to date has so far concentrated on the principles of such a regime but to fully appreciate the impact, which this model will have on the Irish renewables industry a detailed examination of the implications of centralised market on the renewable sector, is required.

Airtricity's position on the high-level principles that have been presented so far is summarised as follows:

- While the basic principals of a Centralised market are preferable to renewables it may well be necessary for discrimination in favour of renewables to feature in the final market design. The practicalities of wind energy as set out in the Commissions 2000 decision on access to Top-Up will still hold true in the centralised market.
- There is inadequate information on the detailed implications LMP for the market to make an informed decision.
- There should not be any limitations on the use of interconnectors as trading mechanisms in the market. The Interconnector Trader Option seems appropriate.
- The document does not provide any detail on the All-Island dimension of the centralised model. The trading arrangements must facilitate maximum trading between North and South.
- The Central Trader option as a means of limiting abuse of power by ESB needs to be explored in much greater detail. Unless contracting terms are fixed and clearly outlined from the start, the option will be of limited use.
- Negative pricing in the market is one means by which pricing and bidding rules could unfairly discriminate against renewables. The rationale for allowing negative pricing is questionable in itself. Much more information and reasoned argument is required in order to make the case for negative pricing in the RoI market.
- The treatment of capacity payment is another area where renewables can be treated unfairly, as is currently the case. This should not continue in the new trading arrangements.