

Activation Energy Ltd Response to CER/Eirgrid Consultation regarding the operation of the WPDRS Scheme 2011 – 2012

Activation Energy Ltd (AE) welcomes the opportunity to comment on the WPDRS and hopes that the scheme can be used to encourage participant by energy users in the electricity market in future.

Q1. Respondents are invited to comment on the proposals to;

- phase out the WPDRS scheme after the 2012/13 season, subject to the development of appropriate demand side market products &
- EirGrid's proposals to deliver this transition to market based demand side schemes. Are you in favour of the proposals? Outline reasons for agreement or disagreement.

AE disagrees with these proposals.

AE believes that the WPDRS scheme is beneficial to participation of customers in DSU/AGUs in the market as it is a trusted introduction to the sector. Once part of such a scheme customers can clearly see the potential for extending their participation to other schemes such as joining a DSU. We therefore disagree with any proposal to remove the scheme.

Furthermore we believe that these proposals are premature as participation of DSUs in the market is still prevented by CER rules.

We also believe that phasing out of the WPDRS should only take place once the CER have allowed competition in the scheme and therefore not allowed it to provide favouritism to the incumbent suppliers (as explained below).

In relation to proposals to deliver the transitions, AE refers to our response to the DSV2020 consultation. We encourage the CER to "facilitate" the change over by removing the barriers to any participant in the area, rather than using resources to create incentives.

Finally we believe that the limits being place on sites with a MIC in excess of 10MVA are unwise. Firstly this should perhaps be aimed at sites with a demand reduction of 10MVA (rather than a large site who is aiming to provide 250kVA of demand reduction). Even so, Eirgrid are currently proposing a change to the Grid Code which would prevent these sites from joining an Aggregated DSU. These sites are therefore being asked to move from the relatively simple WPDRS, to full participation as a DSU on their own in the SEM, an extremely challenging endeavour.

Q2. Respondents are invited to comment on the;
- proposed changes to the 2011/2012 WPRDS Rules.
Are you in favour of the proposals? Outline reasons for agreement or disagreement.

We are disappointed that no proposal is made which would facilitate third parties to replace incumbent suppliers as the agents for WPDRS. This would clearly make sense for the following reasons

- The current limitations are anti competitive
- To the best of our understanding, the rules and structures set out by Eirgrid would not require significant changes to facilitate third party agents
- The WPDRS can be used by the incumbents as a lead in programme to recruit customers to their DSUs (as it is effectively intended to act). To prevent third parties to have this opportunity is clearly favouring the incumbents
- It is a critical mistake to think that DSU providers should be suppliers. The contracts for supply (generally short in nature) and DSUs (generally longer due to the need for installation of monitoring equipment) don't match up and the propagation of such linkages will damage market mobility and competition in both markets
- The existing rules facilitate customers who wish to move suppliers during the period of the WPDRS. This clearly demonstrates the system has the flexibility to facilitate third party agents.
- Clause 2.17 as set out in the Eirgrid Rules document facilitates the CER to vary the scheme during the term of the scheme, meaning the CER is fully empowered to make this clearly sensible change

Further comments

We believe that **clause 2.15 –iv** should be amended to say “they participate in the SEM other than as a DSU/AGU” and add the clause “they participate in the SEM as a DSU/AGU and fail to declare their availability as zero on WPDRS Business Days between the hours of 17:00 and 19:00”