

# Proposed Changes to the Winter Peak Demand Reduction Scheme and Powersave Scheme 2011/12 Consultation Response

Dalkia Limited  
September 2011

## Introduction

Dalkia, as part of the Veolia environmental services group, is the leading European Energy Services Company (ESCo) with a turnover of €8.6bn and employing 53,457 energy and service delivery professionals in 42 countries. Dalkia operates in areas such as industrial energy efficiency, heating & cooling networks, global building energy management, biomass and energy conversion efficiency such as combined heat and power.

In Ireland, Dalkia has over 450 full time employees with a turnover of €85m operating identifying and implementing energy efficiency opportunities in the healthcare, pharmaceutical, public, hi-tech, food & beverage and industrial sectors through the delivery of operation & maintenance and energy services.

---

**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.

**Response:**

Dalkia is in favour of the phase out of the WPDRS scheme, provided that it is simultaneously replaced with a useable and functioning market based demand side scheme for the following reasons:

1. Moving from WPDRS to a market based scheme such as Aggregated Generating Units (AGU) and Demand Side Units (DSU)) will allow for the development of a more dynamic and flexible demand participation, which can respond in real time / day ahead to system requirements and market demand, compared to a less flexible fixed time of day scheme.
2. By utilising existing and sometimes underutilised assets, the implementation of market based demand side schemes will defer or reduce the need for capital intensive peaking plant investment.

Dalkia would like to also note that the Single Electricity Market (SEM) Trading and Settlement Code restrictions for DSU participants is a significant barrier to demand side market participation, and without these changes the market is unlikely to develop. Although, Dalkia do acknowledge that steps are currently underway to remove these barriers through Trading and Settlement Code modifications ("*One modification addresses the removal of the connection between a supplier unit and a DSU and the second modification is seeking the removal of the requirement that a demand site in a DSU shall not have an MEC<sup>1</sup>.*"), the pace of these changes is unduly slow. Dalkia would be concerned that the barriers may not be removed in sufficient time considering the closure of the 2011/2012 WPDRS eligibility.

Dalkia would be of the view that the Powersave/WPDRS schemes and a functioning DSU/AGU market should run concurrently for a period of time, thus allowing an orderly

---

<sup>1</sup> *Demand Side Vision for 2020 Decision Paper, 27May11, CER-11-078. Section 5.1.2, Industrial/Commercial Demand Side Response (page 64)*  
<http://www.cer.ie/en/electricity-retail-market-decision-documents.aspx?article=b3f0ca23-0a7d-4417-9816-71b12ed567c3>

transition from one scheme to the other, to ensure that the customer base already in these schemes is retained.

**Q2, Q3, Q4.**

No comment.

For further information or discussion, please contact either of the following:

Aine Murray  
Strategy, Communications & Marketing Manager

[aine.murray@dalkia.ie](mailto:aine.murray@dalkia.ie)

Mark Coyne  
Technical Director

[mark.coyne@dalkia.ie](mailto:mark.coyne@dalkia.ie)