



Update on WPDRS phase out proposal

August 2012

## 1.0 Introduction

The Winter Peak Demand Reduction Scheme (WPDRS) was introduced for the winter of 2003 and has continued each winter to date. The WPDRS was initially devised to improve tight generation capacity margins over the evening peak. The electricity demand curve in Ireland during the winter time has a very pronounced peak during 5pm and 7pm. The WPDRS sought to incentivise customers to reduce their electricity demand between the hours of 5pm and 7pm. Payments are made to the customer on the basis of successfully achieving their own forecasted reductions, and for the amount of actual load reduction achieved. These payments are called the *reliability payment* and the *profile payment* respectively. Customers who do not successfully achieve their forecast reductions are penalised with a *reliability charge*.

WPDRS has provided a reliable and useful service for a number of years, particularly when the capacity margin was much lower than it is currently. However, as the capacity margin has improved over recent years the benefits of WPDRS as a demand side scheme have been reduced. In addition, the contribution of variable output renewable generation means the peak conventional generation requirement can occur at times of day other than evening time. Therefore, the evening time is quite often not the optimal time for demand reduction.

In 2007, with the introduction of the SEM, a Demand Side Unit (DSU) was designed as a market based unit that offers more flexibility in terms of demand response than WPDRS as it can be dispatched by the control centres if required. A DSU will also be available 24/7 and the control centres have real time visibility of both the available demand reduction and the delivered demand reduction when the DSU has been dispatched.

## 2.0 WPDRS Phase out proposal

In May 2011 the Regulatory Authorities published the Demand Side Vision for 2020<sup>1</sup>, following a public consultation. The Demand Side Vision for 2020 recognised the economic and environmental potential that demand side participation has for the All-island market and sought to remove barriers and engage customers. It went on to state that WPDRS may hinder the development of market based demand side participation such as DSUs in the SEM. In response to the Demand Side Vision for 2020, and mindful of the advantages of DSUs relative to WPDRS, EirGrid proposed a 2 year phase out of WPDRS in advance of the 2011/2012 WPDRS season. The details of the proposal are set out below.

### 2011/2012 WPDRS Implementation

- Highlight to customers that the WPDRS is now being phased out over a 2-year period
- Modifications to Grid Code and Trading & Settlement Code will be progressed by relevant parties.

---

<sup>1</sup> Demand Side Vision for 2020 - Decision Paper, available from:  
<http://www.cer.ie/GetAttachment.aspx?id=5c03dac7-a347-44e9-b4da-978b30e8de35>

- Provide information to the customers on opportunities for demand side participation in SEM.
- Final year of eligibility for customers with an MIC of greater than 10MVA and final year of eligibility for customers with an MEC greater than 0MVA.

#### 2012/2013 WPDRS Implementation

- Limit on MIC and no MEC in line with proposal make large customers ineligible
- WPDRS eligibility would be for customers with MIC of 10MVA or less and an MEC of zero.
- This will remove large customers from the WPDRS and has the potential to reduce total spend by about 40%.
- Smaller customers have more time to adapt to the changes and enter the SEM.
- This is the final year of WPDRS for all customers.

The proposed phase out was approved by CER in their WPDRS Decision Paper (CER/11/815)<sup>2</sup>, *“pending the development of suitable alternative demand side options in the SEM”*.

### **3.0 DSU Readiness**

Following on from the publication of CER/11/815 EirGrid undertook a number of initiatives to support development of suitable alternative demand side options, including the establishment of a DSU Readiness project. The aims of the DSU Readiness project were as follows:

- Deliver an application form and process with indicative timelines to become operational.
- To ensure all control centre tools and systems were in place to enable a DSU to become operational.
- Develop a testing programme to make sure a DSU will comply with Grid Code requirements.
- Provide information to industry and interested parties. This includes a DSU section on the EirGrid website, one to one meetings and customer workshops.

The DSU Readiness project has played a key role in assisting the first DSU in Ireland to become commercially operational in the SEM in June 2012. Currently there are two DSU applications in progress. It is expected that by November 2012 there will be at least two DSUs registered in SEM representing a demand reduction capacity in excess of 50 MW.

### **4.0 Status of WPDRS Phase out**

It is EirGrid’s view that sufficient progress has been made, since the phase out proposal was published, to continue with the 2012/2013 implementation proposals. EirGrid has already implemented each of the steps necessary under the 2011/2012 implementation proposals as summarised below.

---

<sup>2</sup> CER/11/815, Available from: <http://www.cer.ie/GetAttachment.aspx?id=37ecebb2-ae5e-431f-9b47-ec78b82fdbee>

- *“Highlight to customers that the WPDRS is now being phased out over a 2-year period.”*

EirGrid held a number of workshops in Dublin, Limerick and Cork before the 2011/2012 WPDRS commenced and briefed customers on the proposed phase out of WPDRS.

- *“Modifications to Grid Code and Trading & Settlement Code will be progressed by relevant parties.”*

Modifications to the Trading and Settlement Code (Mod\_36\_10, Mod\_04\_11), the Grid Code (MPID 214), and Electricity Supply Licences have been approved and have opened up opportunities for greater SEM demand side participation.

- *“Provide information to the customers on opportunities for demand side participation in SEM.”*

Throughout the past year EirGrid and SONI have been very active in meeting interested parties, including visits to their sites, to provide information on the process of becoming a DSU and the benefits for the customer. EirGrid and SONI hosted a DSU workshop in July 2012 with over 100 interested parties in attendance. During the phase out EirGrid and SONI will continue to engage with customers throughout the WPDRS season on how they can become part of a DSU. Currently there are customer workshops planned for Belfast on the 30th of August 2012 and Cork on the 13th September 2012.

- *“Final year of eligibility for customers with an MIC of greater than 10MVA and final year of eligibility for customers with an MEC greater than 0MVA. “*

This will be included in the WPDRS Rules for 2012/2013 submitted by EirGrid to CER for consultation.