

Submission by Bord na Móna PowerGen

on

**Rate of Change of Frequency (ROCOF) Modification to the
Grid Code**

CER/13/143

August 2013

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Introduction

Bord na Móna (BnM) welcomes the opportunity to make a submission on the consultation “*Rate of Change of Frequency (ROCOF) Modification to the Grid Code*”. Given the expected increases in non-synchronous generation on the island of Ireland in the coming decade it is imperative that the challenges associated with RoCoF are addressed. This is of critical importance for the future development of the power system on the island of Ireland which is transitioning from demand being met by large conventional plants to a system capable of safely and securely supporting upwards of 75% non-synchronous intermittent generation. BnM welcomes the work done to date by the TSOs in progressing the DS3 programme. The requirement for system flexibility, as envisaged by the DS3 programme, is independent and discrete from other impending market changes, including but not limited to the transition towards the European Target Model.

The content of this paper examines the proposed governance structure, the cost recovery options, the project timelines, possible alternatives and also formally address the questions posed in the consultation paper. For the record, Bord na Móna also broadly supports the comments made by the EAI (Electricity Association of Ireland) in their submission to this consultation.

Governance

It is possible that Eirgrid’s proposed role as outlined in the consultation paper may be too broad. Given Eirgrid’s role as the Transmission System Operator it is clear that they will and should play a key role in this process. However it appears from the consultation paper that the proposed governance structure lacks necessary checks and balances. It would appear that Eirgrid could have control over all aspects of this project including but not limited to; what plants get tested, when tests are carried out, the sequence of testing, circumstances where historical data is used etc. Bord na Móna believe Eirgrid’s role needs to be formalised and more detailed at this stage of the process. It is possible that an independent third party with oversight of the project could deliver a more optimum outcome.

PPA Energy, in their report issued in tandem with this consultation paper, have made a number of recommendations to the CER. BnM is concerned that many of these recommendations have not been taken on board by the CER or TSO to date including the following:

- That the TSOs provide further information about the alternatives to changing the ROCOF standard that exist, describing the potential impact of these on system operation and the electricity market.
- That the TSOs give further consideration to the potential impact of higher ROCOF on system demand customers and along with the DSOs consult with demand customer groups on this issue
- That the TSOs outline the process by which derogations from the proposed new ROCOF standard would be applied.

The consultants (PPA Energy) themselves also recommend that the CER does not approve MPID 229 until some of the concerns and recommendations listed in their paper have been addressed.

Cost Recovery

BnM fundamentally disagree with the CER preferred option of “No Cost Recovery”. BnM believe that all costs associated with this modification to grid code should be recoverable. CER outline that it is the current policy that all costs associated with Grid code compliance are the responsibility of the generator, however there is a strong argument to be made that there is a fundamental difference between this modification to grid code and others in the past given that the costs for compliance rest mainly with conventional generators without any associated benefit from making the required investment. Furthermore, the benefits associated with increased SNSP are estimated to be valued at €300m per annum which will accrue and be socialised to final consumers, it is therefore equitable that those who will ultimately benefit from the this development in system infrastructure should bear the cost.

In Eirgrid’s report ‘*DS3 Rate of Change of Frequency Modification Recommendation to the CER*’ a cost of \$1.5 million is estimated for the studies that will be required for each plant. However there is no reference to the any additional unknown costs which may arise in the event of modifications which may need to be carried out to the plant in order to ensure it’s compliance with the new Grid code standard. The question also arises as to whether plants will be compensated for any loss of market revenue during the testing or modifications period. The impact of the modification on generator lifespan also needs to be investigated.

Timeline

BnM strongly believe that the 18 month timeline given in the consultation paper is not realistic. Generators face a number of difficulties in engaging with their OEM’s not least the fact that for some older generating plant considerable change may have occurred in the structure and governance of the OEM since the time of its manufacture. It is estimated that each test could take approximately 12-18 months to complete and given that some OEM’s will have multiple tests to carry out in Ireland

and that tests cannot be carried out in parallel it is estimated in the PPA Energy report that it could take 8-10 years to study all of the plants on the system.

BnM would like clarity on whether a GPI (Generator Performance Incentive) Penalty will be introduced after 18 months and whether a generator could be penalised if tests have not yet been completed (through no fault of the generator). On a related topic there is a degree of uncertainty as to how applicable derogations will operate – clarity on this matter would also be welcome.

Alternatives

The distinct possibility that the ambition of the ROCOF modification will not be met in the 18 month period means that alternative means of achieving a 75% SNSP must now also be considered. BnM believe that it is vital that detailed alternatives to increasing the SNSP (Simultaneous Non Synchronous Penetration) be explored. It is stated in the consultation paper that no credible or detailed alternatives have been put forward to date by the TSO's or members of the Grid Code Working Group. Given that achieving the new ROCOF modification will be costly and time-consuming, BnM believe that all other possible alternatives be examined thoroughly now rather than upon completion of the planned studies on the existing generation fleet.

Questions from Consultation Paper

1. Do you agree with the CER's proposal to approve MPID 229 in principle?

No. We believe that it is premature to approve MPID 229 at this point.

2. Do you agree with the conditions for giving MPID effect in the Grid Code?

No, for reasons outlined in the body of the response above.

3. Do you agree with the proposal to establish an implementation project to co-ordinate the activities of generators and system operators?

Yes, however we would suggest that an independent body/consultant be appointed with 'oversight' responsibilities..

4. Do you agree with the proposed high level governance structure?

Yes, but as outlined above we would request more details and formalised scope of the governance structure be outlined at this point.

5. Do consider that the costs for the technical studies should be recoverable?

Yes.

6. Do you agree with the proposed introduction of a GPI for ROCOF

No. As outlined above we would have concerns over the feasibility of the 18 month timeline outlined in the consultation paper and the uncertainty surrounding the implementation and start of any necessary testing/studies.

7. Do you agree with the proposal to require EirGrid to explore and implement alternative solutions?

Yes.

8. Are there any other issues you wish to raise?

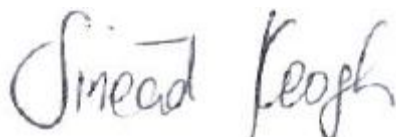
See comments in the body of the paper.

Conclusion

Bord na Móna supports the efforts of the DS3 program in aiming to achieve the ambitious 40% renewable target for Ireland in 2020. BnM believe that Eirgrid's role and scope as Project manager needs to be clearly defined, and respectfully suggests that the project could benefit from with the input of independent 3rd party with some degree of 'oversight' responsibility. BnM disagrees with the CER preferred option of No cost recovery and believes that costs incurred by generators for testing and compliance with this modification should be recoverable. BnM believe that an 18 month timeline for completion of studies for this project is ambitious, most likely unrealistic and that no penalties should be introduced until sufficient time has been given for all testing/studies and any required plant modifications to be completed. BnM suggests that the CER give more time to consider alternatives to changing the ROCOF standard to achieve increased levels of SNSP as well as a cost benefit analysis of any such alternatives.

In conclusion, I trust that the above comments will be helpful at the current stage of the DS3 programme. If you have any queries or require clarification on any point, please do not hesitate to contact me.

For and on behalf of Bord na Móna PowerGen,



Sinead Keogh

Market Analyst

Bord na Móna PowerGen

9th August 2013