

EirGrid Conference

20th October 2011

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- From SEM to EU Regional Market Integration
 - Plan
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 - Strategic Energy Framework (SEF) and RP5
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SEM and EU integration

- Integrating SEM into “target model” is a challenge
- Target model based on predominant European market:
 - bi-lateral self-commitment markets
 - organised day-ahead and intra-day trading via power exchanges
- SEM design is different:
 - a centralised market with ex-post pricing
 - scheduling based on complex bids from generators
 - explicit capacity payment

SEM

Timing for Integration

- SEM transition to target model acknowledged indirectly in section 1.2 FGCACM, transitional arrangements in place by 2014, with full compliance by 2016
- Whatever changes are made will need to be evaluated against all SEM objectives
- SEM Project to address this challenge has now commenced

SEM

Market Integration Project

- Project plan published on All-Island website
- North South project led by RAs
- Active input from MO/TSOs who are involved in process at European level through ENTSO-E
- Key meetings have taken place with European stakeholders, PXs, SOs, RAs involved in coupling initiatives and facing similar challenges
- Project is an inclusive process, important for market participants to be actively involved to shape future changes

SEM

Market Integration Project

- To date RAs have hosted workshops and bi-laterals with participants and interested parties and more are planned
- Transitional arrangements for 2014 could involve minimum change to SEM design, depending on cost
- Enduring arrangements for 2016, potentially new market design or extensive changes to SEM
- SEM Committee consideration of options for way forward in December

Project Timetable

Date	Deliverable	Responsible
August – October 2011	<ul style="list-style-type: none"> •TSOs/SO options for 2014 •RA work on day-ahead contracts market •2016 scoping paper 	RAs / TSOs / MO
October 2011	Industry engagement	
SEMC Dec 2011	Report project team on potential options to pursue	SEMC
January 2012	Consultation on next steps	RAs
February 2012	SEMC decisions on transitional arrangements to pursue 2016 forward workplan	SEMC

Market Power and Liquidity

- Recent SEM Consultation
- Will further Interconnection and/or Regional Integration help?

NI 40% Renewables Target

- Stepped approach to investment
 - Medium-term plan being reviewed at present
 - Long-term plan being developed by NIE
- 2nd North-South Tie Line and E-W I/C should help
- Proposals approved (in RP4 and RP5) based on:
 - Assessment of need
 - Deliverable outputs/outcomes
 - Risk allocation and reward
 - Cost benchmarking

NIE Medium-Term Plan

Wind Farm Position at January 2011

Wind Farm Connection Stage	Capacity (MW)	Firm Capacity (MW)	Non Firm Capacity (MW)
Connected	340	256	84
Committed (Offers accepted)	204	33	171
Applications under NIE consideration	209	0	209
Approved waiting for application	39	13	26
TOTAL	792	302	490
Awaiting planning approval/under appeal	720		

NIE – Expected Developments up to 2020

Year	Large Scale Onshore Wind MW				Small scale over NI MW	Total MW
	North East	West & North West	Other	Total		
2010	65	275	0	340		340
2015	143	504	39	686	150	836
2017	192	651	58	901	230	1131
2020	260	884	58	1202	350	1552

Facts and Figures from NIE's RP5 submission

Project	RP4		RP5				
	10/11	11/12	12/13	13/14	14/15	15/16	16/17
Omagh Main Transformers							
Tamnamore Phase 2.							
Dungannon to Omagh A&B Phase 2							
Kells to Coleraine Phase 1							
Tamnamore to Omagh new circuit.							
Kells to Coleraine Phase 2							
Kells to Coleraine Phase 3							
Omagh to Enniskillen A&B							
Coleraine to Limavady							
Coolkeeragh to Limavady							
Limavady Substation							
Coolkeeragh to Coleraine							

Indicative list of projects

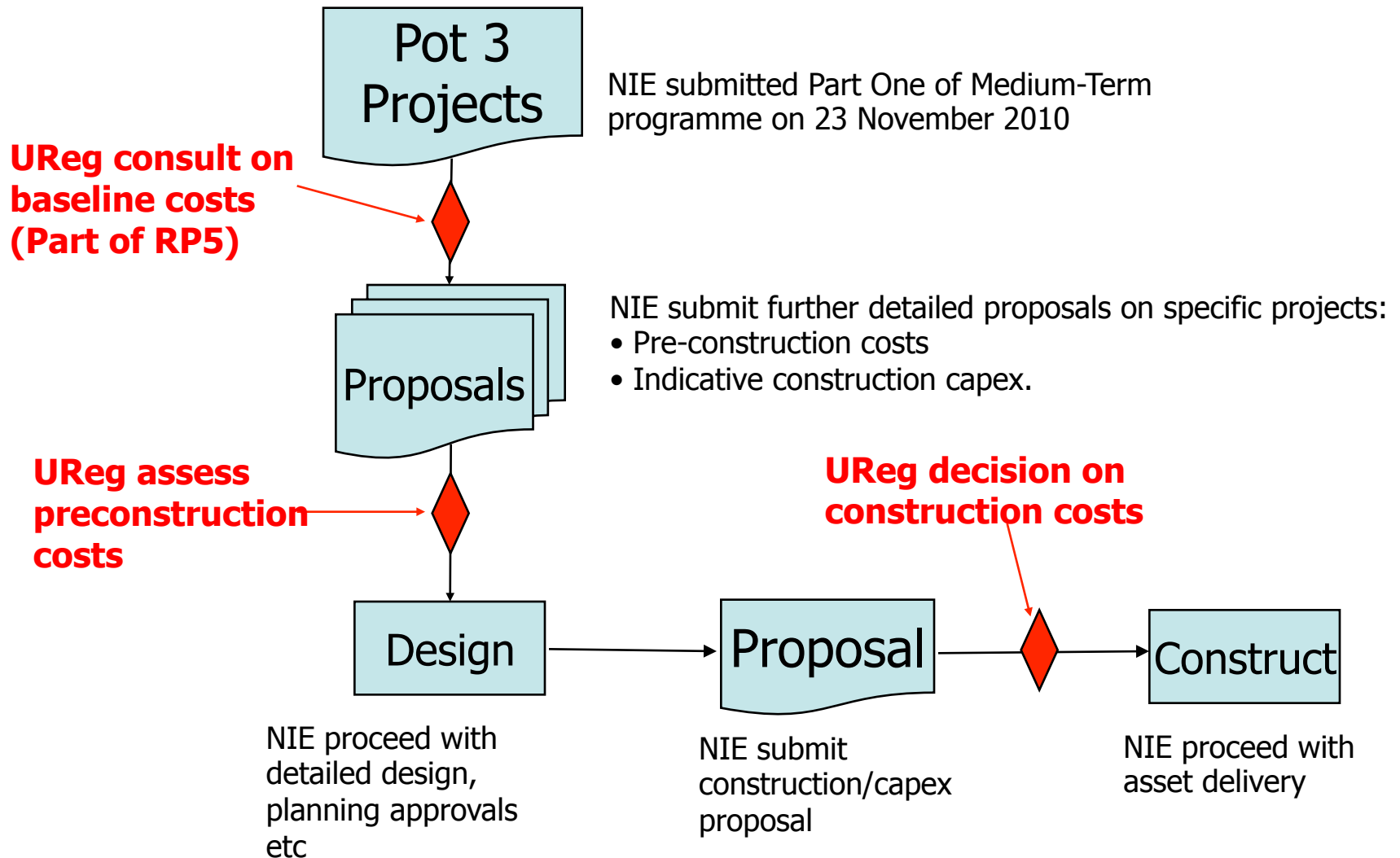
“It is anticipated that the MTP will allow for approximately 750MW to 800MW of renewables by 2015. NIE is considering SMART approaches to extending this to close to 1000MW to allow for the connection of small scale wind and other renewable technologies.” NIE RP5 submission

NI Renewable Targets

- 40% of electricity consumption
- Incremental Approach
- Full CBA
- Diversity

Wind Only (MWs)		Diversified Portfolio (MWs)	
Wind	1200	Wind	600
		Biomass	120
		EFW	50
		Imports	20
		Small-scale	10
Total Thermal Equivalent	400	Total Thermal Equivalent	400

Possible Approval Process



Connection Policy

- Transmission Connection Policy was largely set in SEM High-Level Design
- UR Recent Consultation on Distribution Connection
- Contestability