ORESS1 Phase One Stakeholder Workshop

Gavin Miller

7 December 2022
About the CRU

- Ireland’s independent energy and water regulator
- The CRU is guided by strategic priorities it delivers in the public interest:
  - Sustainable low-carbon solutions with well-regulated markets and networks
  - Compliance and accountability through best regulatory practice
  - Effective communications to support customers and the regulatory process.
About the CRU

- The CRU is the Regulatory Authority and is responsible for:
  - Advising the Minister on the potential availability of RESS supply for each competition
  - Competition parameters for each RESS auction
  - Appointing and overseeing the Auction Monitor and Market Auditor
  - Ongoing administration and calculation of RESS payments through the PSO Levy.
Availability of RESS supply

- Availability of RESS supply for each competition

  - Available Volumes are the annual GWh quantity Projected to Participate divided by the Representative Competition Ratio (RCR)
  
  - The RCR is the total auction supply to fixed auction demand for a competitive auction
  
  - Considers factors including distribution of ownership, commonality of control and pivotal supplier
Competition parameters

- Competition parameters for each RESS auction
  - The Available Volumes alongside factors such as renewables targets allow the Minister to set the Representative Minimum and Representative Maximum generation quantities.
  - For ORESS1 (TBC):
    - RMin: 1,000 GWh. RMax: 18,000 GWh

- Following Qualification, the CRU determine the Final Competition Ratio (FCR)
Auction Monitor and Market Auditor

- Appointing and overseeing the Auction Monitor and Market Auditor
  - The Auction Monitor assesses the processes and procedures followed by the TSO in carrying out qualification and conducting the Auction
  - The Market Auditor conduct an audit of the operation and implementation of the Auction at least annually
RESS payments

- Calculation of RESS payments through the PSO Levy
  - Feed In Premium is calculated by comparing costs to market revenues
  - Costs are represented by the Strike Price applied to the loss-adjusted metered quantity
  - Market revenues are the deemed energy revenues and the realised capacity revenues
  - If costs exceed revenues, payments flow from the PSO Levy to the PPA Supplier
  - Where revenues are greater than costs, payments flow from the PPA Supplier.
ORESS1 Phase One
Stakeholder Workshop

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7 December 2022
ORESS 1 Auction Update
EirGrid RESS Auction Operations

7th December 2022
Agenda

• ORESS 1 Auction Timetable
• Upcoming Milestones
• Registration & Qualification
• User Guide, Frequently Asked Questions
• Q&A
ORESS 1 Auction Timetable

<table>
<thead>
<tr>
<th>Process</th>
<th>Event</th>
<th>Date &amp; Time</th>
</tr>
</thead>
<tbody>
<tr>
<td>Info</td>
<td>Publish Provisional ORESS 1 Auction Timetable</td>
<td>Tue 21/06/2022</td>
</tr>
<tr>
<td>Info</td>
<td>Publish Final ORESS 1 Auction Timetable</td>
<td>Wed 16/11/2022</td>
</tr>
<tr>
<td>Info</td>
<td>Qualification Information Pack Publication Date</td>
<td>Mon 28/11/2022</td>
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<tr>
<td>Qualification</td>
<td>Qualification Application Opening Date</td>
<td>Wed 11/01/2023 10:00</td>
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<td>Qualification Application Closing Date</td>
<td>Wed 01/02/2023 17:00</td>
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<td>Qualification</td>
<td>Bid Bond Posting Date</td>
<td>Wed 15/02/2023</td>
</tr>
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<td>Qualification</td>
<td>Provisional Qualification Decision Date</td>
<td>Thu 02/03/2023</td>
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<tr>
<td>Qualification</td>
<td>Application for Review Closing Date</td>
<td>Mon 06/03/2023 17:00</td>
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<tr>
<td>Qualification</td>
<td>Final Withdrawal Date</td>
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<td>Qualification</td>
<td>Application for Review Decision Date</td>
<td>Tue 21/03/2023 17:00</td>
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<tr>
<td>Qualification</td>
<td>Qualification Decisions Submission Date</td>
<td>Thu 23/03/2023</td>
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<tr>
<td>Qualification</td>
<td>Notice of Dissatisfaction by Participants Date</td>
<td>Thu 23/03/2023</td>
</tr>
<tr>
<td>Qualification</td>
<td>Final Qualification Decisions Date</td>
<td>Thu 06/04/2023</td>
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<tr>
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<td>Auction Information Pack Publication Date</td>
<td>Mon 17/04/2023</td>
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<td>Auction</td>
<td>Financial Questionnaire Submission Opening Date</td>
<td>Tue 25/04/2023 10:00</td>
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<td>Auction</td>
<td>Financial Questionnaire Submission Closing Date</td>
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<td>Auction</td>
<td>Auction Submission Opening Date</td>
<td>Thu 27/04/2023 10:00</td>
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<td>Auction</td>
<td>Auction Submission Closing Date</td>
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<td>Auction</td>
<td>Auction Completion Date</td>
<td>Thu 04/05/2023</td>
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<td>Auction</td>
<td>Provisional Auction Results Date</td>
<td>Thu 11/05/2023</td>
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<tr>
<td>Auction</td>
<td>Notice of Dissatisfaction by Participants Date</td>
<td>Mon 15/05/2023</td>
</tr>
<tr>
<td>Post Auction</td>
<td>Final Auction Results Date</td>
<td>Wed 14/06/2023</td>
</tr>
<tr>
<td>Post Auction</td>
<td>Notice of Award Date</td>
<td>Wed 21/06/2023</td>
</tr>
</tbody>
</table>
Upcoming Milestones

- **11/01/23: Qualification Application Opening date**
  - Qualification Application Opening date is the 11th January 2023 @ 10:00

- **01/02/23: Qualification Application Closing date**
  - All applications must be submitted by 17:00
  - If not submitted by gate closure applications in draft will change to ‘expired’

- **15/02/23: Bid Bond posting date**
  - Bid bond must be posted by this date
  - Please ensure to include reference number in transaction
  - Please include the amount on the bid bond forms
    • (Required by Application Closing date on 1st February by 17:00)
Upcoming Milestones

• **Qualification Clarifications**
  – TSO May seek clarifications on applications or qualification between application submission and Provisional qualification decisions
  – Request for clarifications will be sent via the RESS Auction Platform and email and will include the required response timeline

• **02/03/23: Provisional Qualification Results date**
  – Results will be published on a member private basis via the RESS Auction Platform

• **06/03/23: Application for review closing date**
  – Application for review form should be completed and submitted via the RESS Auction Platform by 17:00

• **21/03/23: Final withdrawal date**
  – Withdrawal form should be completed and submitted via the RESS Auction Platform by 17:00
User Guide, FAQ & Checklist

• [Link](#) to RESS Auction Platform User Guide

• [Link](#) to RESS Authorised User form

• [Link](#) to ORESS 1 FAQ

• [Link](#) to ORESS 1 Qualification Checklist
Registration on the RESS Auction Platform

Registration on the RESS Auction Platform is now open. Please register without delay.

- **RESS Authorised User form (RAU1)**
  - Read instructions carefully

- **Verification Process**
  - Legal name of applicant and project name should match TSO records in the Connection Assessment
  - If Legal name of Applicant and/or Project name is/or will be different to TSO records, please provide supporting evidence (e.g. novation, change to project name)

- **Proof of Director**
  - Please provide evidence of directors of the company (e.g. CRO records, board minutes)

RESS Team will seek clarifications where necessary.
Qualification – Important Information

- Application for qualification are submitted via the RESS Auction Platform.
- Application opening date is 11/01/2023. Users cannot start an application before this date.
- Application closing date is 01/02/2023. Users cannot start, edit or delete an application after this date.
- Application Reference numbers are generated automatically and not issued by email.
- Application Reference numbers are generated when an application is created and saved in draft for the first time.

If you encounter issues logging in to the RESS Auction Platform, please contact us at RESS@Eirgrid.com detailing the issue.
Qualification – Important Information

• **Bid Bond** posting date now extended by two weeks to the **15th February 2023**.
  - A Bid Bond Submission Form is still required by the Qualification Application Closing date of **1st February 2023**.

• **Project Information Document** and **Declaration of Project Information** are required by the ORESS 1 Terms and Conditions to be included in Qualification Information Pack but are not part of an Application for Qualification.

• The Financial Questionnaire, Project Information Document and Declaration of Project Information are to be submitted directly to DECC (**not EirGrid**) by the Financial Questionnaire submission closing date.
Withdrawal/Review via RESS Auction Platform

- **Provisional Qualification Decisions date is 2\textsuperscript{nd} March 2023.**

- **Submitting a review**
  - Template can be found in the QIP
  - To be completed and signed by a RAU by 06/03/22
  - Only available after Provisional Qualification Results

- **Withdrawing from ORESS 1**
  - Template can be found in the QIP
  - To be completed and signed by a RAU by 21/03/22
Communication channels

- **Distribution list** – all key updates
- **Email** – direct emailing where necessary e.g. queries, issues.
- **RAP** – Direct messages can be received via the RAP, these will appear in ‘Messages’
- **Website** – document publications
Thank You – Any Questions?
1. Availability Compensation - UAEC

• DECC is considering moving from the curtailment compensation arrangement that was included in RESS 1 and RESS 2 to an Unrealised Available Energy Compensation (UAEC), “Availability”, provision in RESS 3. This provision is intended to de-risk RESS participant exposure to uncertainty surrounding oversupply and curtailment.

• **UAEC compensates availability** not converted to generation for reasons of either curtailment or oversupply at the RESS Strike Price.

• **It does not** compensate for availability that is constrained, as transmission constraints remain an important locational signal. Payment for constrained availability is dealt with instead by the relevant provisions of the TSC and the SEMC response to Article 13 of the EU Clean Energy Package.
1. UAEC Continued

- The objective of UAEC is to significantly de-risk RESS participant exposure to uncertainty surrounding oversupply and curtailment.

- UAEC is additional to the RESS CfD support that applies for energy actually generated.

- It applies in specific circumstances in each hour where a RESS project has the availability to generate but where it didn’t actually generate to the level of its availability.

- Compared to the Curtailment Compensation Arrangement (CCA) of RESS 1 & 2, the UAEC expands the CCA to include oversupply.

- It removes the 10% threshold that CCA contained. The UAEC also allows for payment for availability during periods of negative prices (it does not require generation during periods of negative prices).
### 1. UAEC - Compensation in Principle

<table>
<thead>
<tr>
<th>Real-Time Physical Availability, represented by:</th>
<th>SEM Payment</th>
<th>RESS Support</th>
<th>Total Payment</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(a)</td>
<td>(b)</td>
<td>(d)=(a)+(b)+(c)</td>
</tr>
<tr>
<td>(1) Energy actually produced (MWh)</td>
<td>Day-Ahead Market Price</td>
<td>Offer Price minus DAM Price**</td>
<td>Offer Price</td>
</tr>
<tr>
<td>(2) Oversupply (MWh)</td>
<td>-</td>
<td>-</td>
<td>Offer Price</td>
</tr>
<tr>
<td>(3) Curtailment (MWh)</td>
<td>-</td>
<td>-</td>
<td>Offer Price***</td>
</tr>
<tr>
<td>(4) Constraints (MWh)</td>
<td>Constraint payment (if applicable) per SEM and Article 12/13</td>
<td>-</td>
<td>Constraint payment (if applicable) per SEM and Article 12/13</td>
</tr>
<tr>
<td>(5) System Outages (MWh)</td>
<td>-</td>
<td>-</td>
<td>If applicable, compensation per CRU decisions/arrangements for shared connections</td>
</tr>
<tr>
<td>(6) Other dispatch down by TSO**** (MWh)</td>
<td>-</td>
<td>Offer Price***</td>
<td>Offer Price</td>
</tr>
</tbody>
</table>

**Total Real-Time Physical Availability (MWh)**

* Generator must have participated in SEM according to CRU terms, and must have followed disptatch instrucitons

** Any capacity revenue received is deducted from the FIP in the calculation of the RESS support payment

*** Any other compensation for availability is deducted from UAEC compensation, such that the total payment is the offer price

**** Could include out of merit situations where the generator is dispatched down by the TSO because balancing market price < actual variable cost of generation
1. UAEC - Key Conditions

- UAEC applies only to actual availability not converted to energy for reasons other than transmission constraints. The CRU will be responsible for ensuring that the TSO has appropriate methodology in place for distinguishing between dispatch instructions that are issued for reason of transmission constraint vs. other reasons.

- SEMC’s decision regarding Article 12 & 13 will apply in cases on energy not dispatched for reason of transmission constraints.

- It is in addition to remuneration from sale of energy and is in addition to support payments (as CCA was).

- Any other compensation for availability is deducted from UAEC compensation.
1. UAEC - Key Conditions Continued

• Actual availability must be measured and verified according to defined standards specified by the CRU, on a similar basis to the metering of energy production, to a revenue quality standard. This might mean that projects will need enhanced physical measuring devices to be eligible to receive UAEC.

• To be eligible for UAEC in an hour, the generator must have participated in the SEM under terms specified by the CRU and offered its output at its variable cost (however it is not necessary that it secured a market position ex-ante). It must also comply with TSO operating instructions.

• UAEC only applies to variable generation projects.