

## **EXPLANATORY MEMORANDUM TO**

### **The Electricity (Priority Dispatch) Regulations (Northern Ireland) 2020**

**SR No. 306**

#### **1. Introduction**

- 1.1. This Explanatory Memorandum has been prepared by the Department for the Economy to accompany the Statutory Rule (details above) which is laid before the Northern Ireland Assembly.
- 1.2. The Statutory Rule is made under Chapter 68, Section 2(2) of the European Communities Act 1972 and is subject to the negative resolution procedure.

#### **2. Purpose**

- 2.1. The Statutory Rule amends the Electricity (Priority Dispatch) Regulations (Northern Ireland) 2012 to confer with Article 12 of the EU Electricity (Recast) Regulations 2019 [2019/944].
- 2.2. In June 2019 the EU made the Electricity (Recast) Regulation 2019, which came into operation on 1 January 2020. Article 12 of the Regulation relates to Priority Dispatch, consequently, the Department was required to amend Article 11AB of the Electricity (Northern Ireland) Order 1992, to ensure that domestic legislation properly reflects EU law.

#### **3. Background**

- 3.1. On 5 June 2019 the European Commission published The Electricity (Recast) Regulation 2019 [(EU) 2019/943] on the internal market for electricity which applies from 1 January 2020.
- 3.2. The purpose of the Regulation was to update legislation to ensure the continued functioning of the internal market for electricity and includes requirements related to the development of renewable energy and environmental policy, including particular specific rules for certain types of renewable power-generating facilities and dispatch and re-dispatching.
- 3.3. EU Regulations are directly applicable and therefore member States must comply by date of operation. To ensure compliance some legislative amendments were needed, as technically, Northern Ireland was not fully compliant. One area which required action related to Article 12 which outlines the new rules for priority dispatch. Compliance with the new rules involved both legislative changes by the Department, and practical implementation by the Single Electricity Market Committee (SEMC) and the Transmission System Operators (TSOs).
- 3.4. It was therefore necessary to amend the Electricity (Northern Ireland) Order 1992 and the Electricity (Priority Dispatch) Regulations (Northern Ireland) 2012.

#### **4. Consultation**

- 4.1. A 8 week consultation on various issues, raised by Article 12, was published on 15 July 2020. 10 responses were received. Consultees were generally supportive of the Department's proposals although they did provide extensive feedback in terms of eligibility for grandfathering of priority dispatch rights. The Department has considered this feedback and following discussions with the Utility Regulator has amended the proposed way forward accordingly. The Committee for the Economy received a copy of the Government response.

#### **5. Equality Impact**

- 5.1. Priority Dispatch is the obligation on Transmission System Operators (TSOs) to schedule and dispatch energy from renewable generators, ahead of other generators, as far as secure operation of the electricity system permits. The dispatching is to be carried out in a non-discriminatory, transparent and market-based way. The legislative amendments to Priority Dispatch will not alter this position.

#### **6. Regulatory Impact**

- 6.1. A Regulatory Impact Assessment was completed with no impact, negative or positive, to communities identified.

#### **7. Financial Implications**

- 7.1. Whilst there are no financial implications for the Department there are potential implications for any new generators large enough, (>10MW) to be eligible to participate in the SEM but will no longer be eligible for Priority Dispatch. However, this data is unavailable and therefore difficult to quantify.

#### **8. Section 24 of the Northern Ireland Act 1998**

- 8.1. This SR does not contravene Section 24 of the Northern Ireland Act 1988.

#### **9. EU Implications**

- 9.1. Not applicable.

#### **10. Parity or Replicatory Measure**

- 10.1. Equivalent legislation is not required in Great Britain due largely to the different energy market in operation. GB anticipates that the rules set out in Article 12 of the Electricity Market can be managed through licences and codes.

#### **11. Additional Information**

- 11.1. Not applicable.