

Single Electricity Market

Ancillary Services Rates and Other System Charges for 2015-16

Decision Paper

22 June 2015

SEM-15-047

BACKGROUND AND INTRODUCTION

All island arrangements for Harmonised Ancillary Services (HAS) and Other System Charges (OSC) commenced on 1 February 2010.

This paper sets out the Regulatory Authorities' (RAs) decision for HAS and OSC rates and services/charges for the tariff year 2015/2016. This follows a consultation process carried out by the Transmission System Operators (TSOs).

The annual review of HAS and OSC commenced on the 20th February 2015 when the TSOs published two separate consultation papers on proposed HAS and OSC rates and services/charges for the tariff year [2015/2016¹](#).

Four responses to the OSC consultation paper and six responses to the HAS consultation were received. Following the consultation process, the TSOs submitted recommendation papers to the RAs which are published along with this decision paper. These papers include both the TSOs' response to queries raised by the consultation respondents, and their recommendations for services and charges in the upcoming tariff year.

It is worth noting that separate to the HAS and OSC consultations outlined above, a wider review of system services is currently being undertaken as part of the DS3 programme. Further information on DS3 is available from the [allislandproject.org website²](http://www.allislandproject.org).

¹ http://www.allislandproject.org/en/transmission_current_consultations.aspx?article=d5ca3197-765b-4553-b33e-a381e1526600

² http://www.allislandproject.org/en/transmission_decision_documents.aspx?article=61101552-fb44-43a9-8498-10fbfb58345e

HAS – TSO RECOMMENDATIONS AND RA DECISION

Recommendations put forward in the TSO's HAS recommendations paper are summarised as follows:

1. Propose to continue all existing HAS services and rates for the upcoming tariff year with an adjustment for inflation of 1%.
2. The TSOs will develop a transparent, technology-independent Systems Services Procurement Policy to align with regulatory decisions and European Network Codes. In the interim until DS3 implementation, any interested parties who wish to contract for existing HAS products should contact the TSOs.
3. The TSOs will engage with Service Providers to investigate and develop communication process changes that may be required regarding ramping before an under frequency event – pre event assessment.

A Summary of the RAs Decision is as follows:

1. The RAs' support the proposal to continue with the provision of all existing HAS services. A blended rate of 1% is also accepted. This rate represents a realistic estimation of expected inflation rates for the coming tariff year across both jurisdictions.
2. The RAs support the TSOs recommendation to develop a transparent, technology independent Systems Services Procurement Policy to align with regulatory decisions and the European Network Codes. This policy should be forwarded to the RAs for approval. The recommendation that in the interim period until DS3 implementation, any interested parties who wish to contract for existing HAS products should contact the TSOs is also supported by the RAs.
3. The RAs support the TSOs' recommendation to engage with Service Providers to investigate and develop communication process changes that may be required regarding ramping before an under frequency event – pre assessment event.

The RAs note that two respondents commented with regard to ramping before an under frequency event – pre event assessment and that communication process development will take place. Two comments were also received in relation to the dynamic frequency response from an interconnector item, and the RAs note that further consultations will address this issue either within DS3 or separately.

The TSOs' intention to introduce an incentive for rate of change of frequency (RoCoF) was noted by the RAs along with a number of points raised by respondents which will also be dealt with in DS3. At this stage the RAs do not consider adding any further comment whilst this process is ongoing.

OSC – TSO RECOMMENDATIONS AND RA DECISION

The recommendations made in the TSOs' OSC paper are summarised as follows:

1. Include the provision of all existing OSC charges and rates for the upcoming tariff year with an adjustment for inflation of 1%.
2. The introduction of new GPIs to be considered as part of DS3 implementation.
3. The introduction of a GPI relating to fuel switching is deferred until after fuel switching arrangements are finalised in Northern Ireland.

A Summary of the RAs' Decision is as follows:

1. As with the HAS blended inflation rate, a rate of 1% for OSC is also accepted by the RAs. The RAs agree that this rate represents a realistic estimation of expected inflation for the coming tariff year that is likely to be experienced across both jurisdictions.
2. The RAs agree that the introduction of new GPIs be considered as part of DS3 implementation.
3. The RAs support deferring the introduction of a GPI relating to fuel switching until after fuel switching arrangements are finalised in Northern Ireland.

CONCLUSION

The RAs approve the HAS and OSC rates and services as detailed in the TSOs' recommendation papers for the upcoming tariff year beginning 1st October 2015.

Over the coming year it is recommended that the TSOs develop a transparent, technology independent Systems Services Procurement Policy to align with regulatory decisions and the European Network Codes and also work with interested parties in procuring existing HAS products where this would be beneficial.

On 20/05/15, the DS3 team published a programme update. See document titled “DS3 System Services Project Plan – Detailed design and implementation phase” <http://www.eirgrid.com/operations/ds3/information/news/>

The paper includes a place holder to review OSC under the additional workstream WS7 – Operational Readiness.