



SINGLE ELECTRICITY MARKET COMMITTEE

SEM Generator Testing Tariffs 2018

SEM Committee Decision

SEM-17-086

14 November 2017

1 Introduction

In March 2012 the SEM Committee published SEM-12-014, which approved a revised methodology for the calculation of SEM generator testing tariffs. It also stated that *“the TSOs shall review these tariffs annually and submit their recommendations to the SEM Committee not later than 31st August each year. The SEM Committee may revise the tariffs taking these recommendations into consideration”*. In accordance with SEM-12-014, and based on the application of the approved methodology, the TSOs presented proposals to the Regulatory Authorities as to the SEM generator testing tariffs that should apply in 2018, until the new Integrated Single Electricity Market (I-SEM) go-live. A consultation paper¹ was published on 9th August 2017 for the upcoming period from 1st January 2018 until the implementation of I-SEM in 2018 setting out the proposed amounts for Testing Tariff A and Testing Tariff B for a Generator Unit Under Test (GUUT).

This paper provides a brief background of testing tariffs, the responses to the TSOs’ consultation paper and the SEM Committee’s decision on SEM testing tariffs for 2018. The TSOs’ Recommendation Paper is published alongside this Decision.

Separately, In light of the implementation of I-SEM, the TSOs published a consultation paper² on 2nd June 2017 with regard to the testing tariff mechanism and rates that will apply after I-SEM go-live in 2018. The SEM Committee will issue a Decision Paper in this regard in advance of I-SEM following receipt of a Recommendations Paper from the TSOs.

2 SEM Testing Tarrifs: TSO Recommendation

There are two SEM generator testing tariffs - tariff A and tariff B. Tariff A is generally associated with commissioning units. Tariff B is associated with units in the latter stages of commissioning or where existing units are conducting general testing activities.

There are four cost components that pertain SEM generator testing tariffs: additional reserve constraint cost, increased reserve premium cost, additional run hours cost and cost of output drops/tripping. All four components feed into the calculation of tariff A. Only one of these components feeds into the calculation of tariff B, cost of output drops/tripping. For tariff A, additional run hour costs have the most impact.

The TSOs consulted on the proposed SEM Testing Tariffs, no responses were received. The TSOs submitted their Recommendations Paper to the Regulatory Authorities on 13th September 2017. The TSOs are not proposing any change to the current Testing Tariff rates approved by the SEM Committee in SEM/16/087. The TSOs rationale for their proposal is that there are no significant risks in carrying the 2017 rates into the SEM portion of 2018.

¹ <http://www.eirgridgroup.com/search/?query=consultation+paper+on+testing+tariffs+2018>

² <http://www.eirgridgroup.com/site-files/library/EirGrid/ISEM-Testing-Tariffs-Consultation-Paper.pdf>

Testing tariffs (A and B) were analysed in 2016 for 1st January to 31st December 2017 and as I-SEM will be implemented during 2018, it was proposed to utilise the existing 2017 SEM testing tariff rates until I-SEM go live. There were no responses to the consultation.

3 SEM Committee Decision

The SEM Committee has decided that, as recommended by the TSOs, the SEM Testing Tariffs rates as set out in the table below will apply from the 1st January, 2018 up until I-SEM go live.

Tariff A:

Generator Capacity	MW	2018 €/MWh	2017 €/MWh	% Variance
GEN <50	50	€6.09	€6.09	0%
50 < GEN ≤100	100	€4.74	€4.74	0%
100 < GEN ≤ 150	150	€5.17	€5.17	0%
150 < GEN ≤ 200	200	€5.58	€5.58	0%
200 < GEN ≤ 250	250	€5.99	€5.99	0%
250 < GEN ≤ 300	300	€6.33	€6.33	0%
300 < GEN ≤ 350	350	€6.24	€6.24	0%
350 < GEN ≤ 400	400	€5.99	€5.99	0%
400 < GEN ≤ 450	450	€6.92	€6.92	0%
450 < GEN	500	€9.34	€9.34	0%

Tariff B:

Generator Capacity	MW	2018 €/MWh	2017 €/MWh	% Variance
GEN <50	50	-	-	-
50 < GEN ≤100	100	-	-	-
100 < GEN ≤ 150	150	-	-	-
150 < GEN ≤ 200	200	€0.22	€0.22	0%
200 < GEN ≤ 250	250	€0.36	€0.36	0%
250 < GEN ≤ 300	300	€0.58	€0.58	0%
300 < GEN ≤ 350	350	€0.95	€0.95	0%
350 < GEN ≤ 400	400	€1.54	€1.54	0%
400 < GEN ≤ 450	450	€2.50	€2.50	0%
450 < GEN	500	€4.07	€4.07	0%

4 Next Steps

In relation to the I-SEM Generator Testing Tariff rates that will apply after ISEM go-live in 2018, the TSO has reviewed the industry's responses to the consultation and will send a Recommendation paper to the Regulatory Authorities.

In advance of I-SEM go-live, the Regulatory Authorities intend to publish a Decision paper on the Testing Tarrif rates to apply from ISEM go-live.