

Single Electricity Market

Ancillary Services

Postponement in implementation of Harmonised
Arrangements

Industry Update

28th August 2009

SEM-09-090

1. Ancillary Services: Postponement in implementation of Harmonised Arrangements

Background

Following consultation, in February 2008 the SEM Committee¹ published a High Level Decision paper² providing a policy framework for the all-island harmonisation of Ancillary Services (AS) and other related generator payments and charges. Industry workshops with participants then followed when SONI and EirGrid, the Transmission System Operators (TSOs), presented for discussion the detailed harmonised arrangements and implementation alternatives. Subsequently, in September 2008, the Regulatory Authorities (RAs) published a consultation paper³ containing the TSOs' detailed proposals for implementing harmonised arrangements for AS, other generator payments and charges and generator performance incentives. Following the consultation, during which an industry briefing session was held, the SEM Committee published a decision paper on the 30th January 2009⁴.

On the 8th June 2009 the RAs published a consultation paper⁵, developed by the TSOs, detailing the proposed payments and charges to be applicable in the first year of implementation. An industry briefing workshop, chaired by the TSOs and involving both RAs, was held on the 24th June 2009 to explain the TSOs' proposals. A total of eleven responses to the consultation were received. The RAs have considered the TSOs' proposals and reviewed the comments received to the June consultation paper

Decision

The RAs have decided that the Harmonised AS and Other System Charges project "Go-Live" of 1st October 2009 is to be postponed until the 1st February 2010. This postponement will allow adequate time for all involved to smoothly effect the transition to the new arrangements.

The RAs have taken this decision in recognition of the common view that the extra time would enhance the quality of the implementation of the harmonised

¹ The SEM Committee is established in Ireland and Northern Ireland by virtue of section 8A of the Electricity Regulation Act 1999 and Article 6 (1) of the Electricity (Single Wholesale Market) (Northern Ireland) Order 2007 respectively. The SEM Committee is a Committee of both CER and NIAUR (together the Regulatory Authorities) that, on behalf of the Regulatory Authorities, takes any decision as to the exercise of a relevant function of CER or NIAUR in relation to an SEM matter.

² [\[SEM-08-013\]](#) 'Harmonised All-Island Ancillary Services Policy. Decision Paper, February 2008

³ [\[SEM-08-128\]](#) "Harmonised Ancillary Services, Other System Payments & System Charges. Consultation Paper, September 2008

⁴ [\[SEM-09-003\]](#) "Harmonised Ancillary Services, Other System Payments & System Charges. Decision Paper, 30th January 2009

⁵ [\[SEM-09-062\]](#) "Harmonised Ancillary Services & Other System Charges. Rates Consultation, 8th June 2009

arrangements. The RAs acknowledge the extensive engagement of participants with regard to the development of policy and rates and also the TSOs considerable effort in driving the work programme to be ready for the 1st October 2009.

The postponement will provide the following opportunities:-

- Participants will have more time to manage the transition and to put in place their own systems.
- The revised date will also allow an extended period of trialling/parallel running between participants and the TSOs.
- In Ireland participants can become familiar with changes to their AS contracts while in NI they can understand the format of new AS contracts, which are supported by the RAs.
- Facilitation of Grid Code changes.
- Development of proposals and consultation on the future of Black Start payments for existing sites in NI as part of the harmonised arrangements.
- Implementation of the alternative Replacement Reserve option which was widely welcomed in the Rates consultation.

Impacts

However the postponement of Go-Live will entail co-operation from Service Providers as follows:

- The existing SSSAs in Northern Ireland will continue to operate until the new Go-Live date.
- In Ireland, the existing AS contracts will continue and the existing 2009 rates will apply until “Go-Live” of the harmonized arrangements and rates.

This postponement should have no significant implications for tariffs which have already been set, as the total AS payments under the new and old arrangements should be the same or very similar in the first year.

Next Steps

The RAs will publish their decision regarding the rates to be applied for the Harmonised Ancillary Services from 1st February 2010 to 30th September 2010 in the near future.