

5th August 2011

Sean Connolly,
EirGrid,
160 Shelbourne Road,
Ballsbridge,
Dublin 4

Dear Sean,

RE: SEM Testing Tariffs Consultation

Thank you for the opportunity to respond to and input into the SEM Testing Tariff consultation process.

Bord Gáis Energy (BG Energy) fully supports the principle of testing costs being covered by those parties who impose them as opposed to the costs being socialised or levied through constraints. Also, the proposal for two tiered testing tariffs, distinguishing between reliable and less reliable commissioning units is a sensible approach in ensuring that generators are only charged for the costs that are actually imposed on the system for the specific test. This will provide generators with greater scope for the range of necessary testing.

BG Energy believes that pumped storage units and interconnector units should be included in this testing tariff, especially during their commissioning phase. With the introduction of the East /West interconnector, there will be a sizeable generation input of 500MW, commissioning in the market that will have an impact on the system and constraints. As per the general principle of correctly allocating costs, these testing costs should be borne by the asset owners and not socialised across the market. Therefore the implementation of modifications Mod_10_11 and Mod_14_11 should be expedited to make it possible to charge these units the appropriate tariff when they are testing.

With regards to wind generation, the testing regime is different to that of conventional generators and on that basis BG Energy is of the view that the testing tariffs should not apply to wind. This is for a number of reasons:

- Firstly a wind farm will be autonomous until it has passed EirGrid's required dispatch tests and received its Operational Readiness Certificate or passed the complete grid code tests and received a full Operational certificate, it can then be classified as variable price taker. At this point there is very little necessity for a wind farm to initiate a request to test their connection; Eirgrid may request that a specific item of the grid code be retested. Any test will generally only lead to reduction in power for a short period of time.
- In the case that the wind farm, post commissioning, does need to undertake testing its output then it should in most circumstances be considered to be phase 3/ Tariff B as it is unlikely a wind farm testing could ever impose significant costs on the system, and
- Given the general size of a wind farm, it will most likely be well below the threshold of the normal operating reserve and as such should not be charged for additional testing costs.

While BG Energy fully agrees with the approach of a two tiered testing tariff, consideration needs to be given to the issue that, with a reduced cost of testing, generators that are undergoing testing should not be allowed to use the testing mechanism to unduly influence the market schedule quantity and therefore the relative merit order positioning of plants in the SEM.

Conclusion:

In short, BG Energy welcomes the initiative for a testing tariff that distinguishes between generators that are likely to create an actual increase of costs on the system or generators testing that can be accommodated without a significant cost increase.

Please do not hesitate in contacting me if you have any queries on the comments raised

Yours sincerely,

Killian Walsh
Commercial Lead
Bord Gáis Energy