

SEM Testing Tariffs

A paper by Synergen

1 Introduction

This paper is Synergen's response to the consultation paper "SEM Testing Tariffs" published by the TSOs on 8th July 2011. Synergen has no objection to this response being published. This response comments, in turn, on:

- Generator Testing and Testing Tariffs;
- costs attributable to Generator Units Under Test; and
- the proposed Testing Tariffs.

2 Generator Testing and Testing Tariffs

Synergen welcomes the pragmatic approach set out by the TSOs to have two separate testing tariffs (Tariff A and Tariff B) to reflect the nature of testing and the risks / costs imposed onto the SEM as a whole. Also, there is clearly a need for an update given that these figures have not been revised since SEM start.

3 Costs attributable to Generator Units Under Test

There is insufficient information within the paper for Synergen to comment either the methodologies employed or the actual levels proposed in relation to Tariff A and Tariff B. In this regard; Synergen would urge the TSOs to provide more transparency regarding these matters. The failure to consider the transmission system (Section 3.1.1) would seem to give rise to potential inaccuracies in the modelling of the costs imposed by Generator Units Under Test – as is recognised in Section 3.4. Consequently costs are assessed on an unconstrained basis, not on the basis of out-turn dispatch costs. Clearly, any tariff is an estimate of costs as it is ex-ante not ex-post, but Synergen is unable to determine whether the approach taken gives rise to material divergences between estimated costs and outturn costs resulting from this approach although it notes that (a) the overall level of costs may increase or decrease, and (b) considering costs on a constrained basis would allow for the determination of tariffs on a genset specific basis. On balance, Synergen believes that the pragmatic approach is that taken by the TSOs, with costs being estimated, and allocated, on an non-locational basis as alternative approaches would most likely be (1) unduly complex, and (2) give rise to potential barriers to entry. Synergen supports the approach to trip charges for Generator Units Under Test as set out in section 3.3 of the paper, and the approach to Short Notice Declarations set out in section 3.5.

4 The proposed Testing Tariffs

As the approach set out for the tariffs is relatively high level, Synergen is unable to comment on the actual figures set out – although as noted earlier, Synergen is supportive of the proposed reforms in principle.