

**Power NI Energy Limited
Power Procurement Business (PPB)**

**All-Island Generator Transmission Use
of System (TUoS) charging**

Draft Decision Paper

SEM-12-039

Response by Power NI Energy (PPB)

16 July 2012.



Introduction

Power NI Energy – Power Procurement Business (“PPB”) welcomes the opportunity to respond to the draft decision paper on All-Island Transmission Use of System (TUoS) charging in the SEM.

PPB’s comments on the draft GTUoS decision

It is impossible to provide any meaningful comment on the detail of the three sets of GTUoS tariffs produced by the TSOs. No information is provided on the detailed assumptions and inputs used in the TSOs’ model to derive the tariffs and the TSOs’ paper merely comments on the changes to the methodology and hence we can only comment on the proposed methodology.

PPB’s views on the merits of the underlying methodology for the determination of GTUoS tariffs remains largely unchanged from its 25 July 2011 response to the June 2011 consultation paper (SEM-11-036).

We welcome the amendments that have been made to the methodology to include assets built in the last seven years and to consider intermediate years and agree that these amendments should result in fairer and more predictable and stable tariffs.

We do however continue to disagree with the artificial use of 1MW rule to force the model to develop a charge for generators where none would otherwise exist.

Notwithstanding this wider objection, where the SEMC plan to persist in using this rule, then there is no rationale or logic as to why it should be used in all 4 scenarios when there is a very low probability of network usage.

PPB considers that the tariffs determined as Set 2a do provide a fairer result because they apply the “0% wind” scenarios to thermal generators not in merit and the “80% wind” scenarios to wind generators. It is wholly incorrect to suggest that the Set 2b tariffs are more accurate merely because they average over four scenarios. The inclusion of highly improbable scenarios will make the results less accurate and hence the greater accuracy will be achieved by averaging only over the more probable scenarios for generators that are not in normal circumstances expected to be in merit.

We also find it difficult to comprehend the argument that the higher range seen in the Set 2a tariffs is another reason to adopt Set 2b. Applying such a criterion is clearly contradictory to the objective for the tariffs to reflect the costs that users impose on the system and which drive investment costs. The actual range in tariff rates is not relevant in this regard.

In conclusion, PPB considers that of the methodologies presented, Set 2a represents the most accurate tariff proposal.