

Single Electricity Market

SEM Testing Tariffs 2014 Consultation

Cover Note

18 February 2014

SEM-14-013

1 Introduction

In March 2012 the SEM Committee published SEM-12-014 which approved a revised methodology for the calculation of the SEM Generator Testing Tariffs from that which had applied since 2005. This decision also stated that *“commencing in 2013, 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 this Decision the TSOs have made a submission to revise the existing tariffs based on the application of the approved methodology. The Regulatory Authorities have reviewed the proposals and having received clarifications from the TSOs, the SEM Committee has decided to issue the recommended tariffs for consultation prior to forming a view.

2 Request for Comments

The SEM Committee requests responses from industry on the proposed tariff changes. For the avoidance of doubt this consultation relates to the revision of the tariffs only, and not the underlying methodology approved in SEM-12-014. Comments should be submitted, preferably by email, to Billy Walker (Billy.Walker@uregni.gov.uk) at the Utility Regulator and Robert O’Rourke at the CER (rorourke@cer.ie) by **17.00 Friday 21st March, 2014**.

3 Generator Testing Tariffs

The application, by the TSOs, of the approved methodology results in the revised tariffs as set out in the tables below. Both Tariff A (generally associated with commissioning units) and Tariff B (generally associated with regular testing of existing units and the latter stages of commissioning) are increasing. The costs in tariff A are driven by:

- Reserve requirement
- Additional reserve constraint costs
- Reserve premium
- Additional run hours

This period the reserve requirement has increased in part due to the increase in the largest in-feed since the calculation of the original tariffs. The cost of additional run hours have contributed most of the increase and is due to the changes in location of units on the merit order, the additional run hours are being met with gas units as opposed to coal generation in the previous year’s model.

The costs in Tariff B are driven by the trip charge increase, which has increased by 2% due to inflation. The increase recommended for the 150-200MW band is due to an error in the existing tariff, this increase corrects that error.

The TSOs’ Recommendations Paper contains a detailed discussion on the calculation of the revised tariffs and is published alongside this paper.

TARIFF A:

Generator Capacity	2014 €/MWh	2013 €/MWh	% Change
GEN <50	€11.13	€9.39	19%
50 < GEN ≤100	€11.01	€9.87	12%
100 < GEN ≤ 150	€12.21	€9.36	30%
150 < GEN ≤ 200	€11.95	€9.20	30%
200 < GEN ≤ 250	€12.09	€9.18	32%
250 < GEN ≤ 300	€11.84	€9.53	24%
300 < GEN ≤ 350	€12.27	€9.88	24%
350 < GEN ≤ 400	€12.44	€10.49	19%
400 < GEN ≤ 450	€12.98	€11.19	16%
450 < GEN	€14.58	€13.15	11%

TARIFF B:

Generator Capacity	2014 €/MWh	2013 €/MWh	% Change
GEN <50	-	-	-
50 < GEN ≤100	-	-	-
100 < GEN ≤ 150	-	-	-
150 < GEN ≤ 200	€0.27	€0.19	40%
200 < GEN ≤ 250	€0.42	€0.42	2%
250 < GEN ≤ 300	€0.67	€0.66	2%
300 < GEN ≤ 350	€1.08	€1.06	2%
350 < GEN ≤ 400	€1.72	€1.69	2%
400 < GEN ≤ 450	€2.75	€2.70	2%
450 < GEN	€4.39	€4.32	2%