

Single Electricity Market

SEM Testing Tariffs 2014

Decision Paper

24 April 2014

SEM-14-032

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 issued the [recommended tariffs](#) for consultation prior to forming a view ([SEM-14-013](#)). This paper sets out the SEM Committee’s Decision.

2 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.

3 Responses to SEM-14-013

There was one response to the consultation and this is published alongside this paper. The respondent raised issues with the process and was concerned that the TSOs had not met their obligations under the Trading and Settlement Code as the TSO Recommendations paper was dated December 2013.

Firstly, the SEM Committee notes the absence of responses objecting to the proposed tariffs.

In relation to the TSOs process the SEM Committee can confirm that the TSOs submitted their Recommendations Paper on Monday 2nd September 2013, and following a review by the Regulatory Authorities the TSOs submitted a revised version for publication, the final version of which was received in December 2013. Therefore the SEM Committee considers that the TSOs have met their obligations under the Trading and Settlement Code.

4 SEM Committee Decision

Having reviewed the TSOs Recommendations and the response to the consultation the SEM Committee approves the Testing Tariffs as proposed, effective from 1st May 2014.

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%