



SINGLE ELECTRICITY MARKET COMMITTEE

I-SEM Generator Testing Tariffs 2019

SEM Committee Decision

SEM-18-161

09 October 2018

1 Introduction

Testing Tariffs are charges levied by the TSOs on Generators Units Under Test (GUUT) in the all island electricity market on the basis of their registered capacity. These charges are to recover an increase in Dispatch Balancing Costs (DBC) that arise during testing exercises. Testing Tariffs are covered by the Trading & Settlement Code (T&S C) Part B.

Under the previous all island electricity market, i.e. Single Electricity Market (SEM), the methodology utilised by the TSOs for the calculation of Testing Tariffs was approved and published by the SEM Committee on 1 March 2012 [SEM-12-014](#).

With the implementation on 1 October 2018 of the new all island electricity market, i.e. Integrated Single Electricity Market (I-SEM), the calculation methodology was revised, consulted upon and slightly amended by the TSOs to account for the new market arrangements. This new I-SEM methodology was proposed by the TSOs in their Recommendation paper to the RAs on 13 March 2018 and approved by the SEM Committee on 10 May 2018 [SEM-18-027](#).

The new I-SEM methodology was applied for the calculation of the Testing Tariff rates for the I-SEM portion of 2018 (October to December). These rates were approved in May 2018 by the SEM Committee, the same Decision where the new I-SEM methodology is set out, i.e. SEM-18-027.

The TSOs considered that the new methodology was appropriately set to efficiently recover costs associated with units under test in the I-SEM. In its approval on 10 May 2018, the SEM Committee directed the TSOs to conduct a review of the methodology when there was sufficient data of the operation of the I-SEM, which will be when setting the Testing Tariff rates for 2020.

This Decision paper sets out the Testing Tariff rates that will apply to GUUT in the I-SEM from 1 January 2019. It follows a Recommendation paper submitted by the TSOs on 3 September 2018, which is published along with this Decision. Prior to submission of Recommendation paper, the TSOs carried out a public consultation¹ on 18 September 2018 that lasted for a week. While this was a relatively short period of consultation, it is considered appropriate given the nature of the proposals (the new I-SEM methodology remains the same as explained later) and to ensure the timely publication of tariffs for 2019.

However, the SEM Committee requests the TSOs to ensure preparation of the Recommendation Paper's submission in sufficient time to allow for a longer consultation period.

¹ The public consultation can be found on [EirGrid's website](#) and on [SONI's website](#).

2 I-SEM Testing Tarrifs 2019: TSOs Recommendation

The new all island Integrated Single Electricity Market (I-SEM) has been implemented on 1 October 2018. The Testing Tariff rates that were applied to GUUT in the previous electricity market, the Single Electricity Market (SEM), have been slightly modified to account for the new market arrangements.

A TSOs Recommendation paper was submitted to the RAs on 3 September 2018 regarding the I-SEM Testing Tariffs 2019. Prior to submission of their recommendations, the TSOs held a short public consultation². Just one response was received, which has been addressed by the TSOs.

In short, the TSOs propose no changes to the “2019 I-SEM Testing Tariff rates” from the already approved “I-SEM portion of 2018 Testing Tariff rates” other than to update the values using the 2018/2019 Imperfections Forecast Plexos model.

Furthermore, the methodology for the calculation of the rates remains the same than what was approved by the SEM Committee on 10 May 2018 SEM-18-027.

For the 2019 rates, the TSOs propose ongoing removal of the low impact testing or Tariff B and the Trip charge element of Tariff A, as GUUT will be balance responsible in the I-SEM. Also, the TSOs propose the following cost components of Tariff A to be retained in 2019:

1. **High impact testing or Tariff A:**
 - 1.1. Unit commitment imperfection cost
 - 1.2. Reserve imperfection cost
 - 1.3. System service reserve cost

The rationale for retaining the above cost components is that there may still be associated costs such as unit commitment and reserve costs, which will not be paid for by the GUUT being balance responsible in the new market.³

Notwithstanding the removal of Tariff B and the Trip charge element of Tariff A, the TSOs have indicated that they may recommend re-introduction of this element in future years.

² The public consultation can be found on [EirGrid’s website](#) and on [SONI’s website](#).

³ More details regarding the cost components of Tariff A are included in the TSOs Recommendation paper, published alongside this Decision.

3 SEM Committee Decision

The SEM Committee has decided that, as recommended by the TSOs, the I-SEM Testing Tariff rates as set out in the table below will apply from 1 January 2019.

Tariff A:

Generator Capacity	MW	I-SEM portion of 2018 €/MWh (from 1 Oct to 31 Dec 2018)	I-SEM 2019 €/MWh (from 1 Jan 2019)	% Variance
GEN <50	50	€2.24	€0.69	-69.2
50 < GEN ≤100	100	€4.02	€2.67	-33.6
100 < GEN ≤ 150	150	€3.20	€3.47	8.43
150 < GEN ≤ 200	200	€3.28	€3.88	18.29
200 < GEN ≤ 250	250	€3.02	€3.97	31.46
250 < GEN ≤ 300	300	€3.73	€4.04	8.31
300 < GEN ≤ 350	350	€3.75	€4.15	10.66
350 < GEN ≤ 400	400	€3.98	€3.81	-4.3
400 < GEN ≤ 450	450	€3.83	€3.29	-14.1
450 < GEN	500	€3.83	€3.74	-2.3

4 Next Steps

The 2019 I-SEM Testing Tariffs rates will be reviewed and monitored by the TSOs to ensure that they fit into the new market arrangements and the system costs are recovered in a fair and reasonable manner.

As outlined in the SEM Committee Decision paper on 10 May 2018 SEM-18-027, the TSOs will conduct a review of the Testing Tariff methodology and report on the outcome when submitting its proposed Testing Tariff rates to apply in 2020.

The Testing Tariff rates set out above will apply from 1 January 2019.