



An Coimisiún
um Rialáil Fóntas
Commission for
Regulation of Utilities



10 February 2023

Our Ref: OSC-C-22-009

Rodney Doyle
EirGrid plc
The Oval
160 Shelbourne Road
Ballsbridge, Dublin
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Alan Campbell
SONI Limited
Castlereagh House
12 Manse Road
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Sent by email: Rodney.Doyle@EirGrid.com; Alan.Campbell@soni.ltd.uk

Re: System Services Tariffs Decision

Dear Rodney & Alan

This letter is in response to the TSOs Recommendation paper on the System Services Regulated Arrangements tariff rate review of 11 November 2022, in which your recommendation was to maintain the existing tariff rates while allowing time for a detailed review of the System Services expenditure cap.

On 26th January 2023, the SEM Committee decided to maintain the existing tariff rates up to 30th September 2023. The priority, as communicated to the TSOs previously, is for the RAs and TSOs to work collaboratively to introduce competitive arrangements for the procurement of, initially, the reserve services using the Layered Procurement framework set out under the System Services Future Arrangements High Level Design decision paper. The aim is that such a solution can be introduced as quickly as possible.

It is acknowledged that the TSOs have forecast an expenditure in the range €250m to €280m for the period 1st October 2022 and 30th September 2023. It is also noted that the expenditure cap of €235m was put in place in 2014.

The TSOs should continue its expenditure monitoring and reporting to the Regulatory Authorities, in addition the monitoring of volumes is of critical importance. In particular, where the volumes the market is making available to the TSOs are materially greater or lesser than the TSOs operational requirements. It will be necessary for the TSOs to fully implement volume monitoring for the Regulated Arrangements in order for the SEM Committee to decide next steps on the tariffs after 30th September 2023.

We look forward to working collaboratively on delivering these workstreams going forward.

Yours Sincerely,

(no signature required – sent by email)

John Melvin
Director
Security of Supply and Wholesale
Commission for Regulation of Utilities

Colin Broomfield
Director
Wholesale Energy Regulation
Utility Regulator