

Single Electricity Market

Trading and Settlement Code Tariffs to apply from Go-Live – Part 2

Information Note

16 March 2018

SEM-18-011

Contents.....	2
1 Introduction.....	3
2 Market Operator Tariffs.	3
3 Capacity Difference Socialisation Fund.....	4
4 AOLR.....	5
5 Conclusion.....	5

1 Introduction

Following on from the SEM publication (SEM-18-008) on 06 March 2018 two remaining Tariffs to enable I-SEM Go-Live require approval. These tariffs will also cover the period from I-SEM Go-Live (scheduled for 23 May 2018) to the end of September 2018 (the end of the current tariff year) and include:

- Market Operator Tariffs; and
- Capacity Difference Socialisation Fund.

The charges are required to enable SEMO to calculate and issue credit cover requirements to each participant, which participants will need to put in place before Go-live.

A short description and review of the tariffs is given below as well as final tariffs to apply to the end of September 2018.

This paper also includes confirmation on the charges to apply for the use of the Agent of Last Resort service.

2 Market Operator Tariffs

On the 27 July 2017 the SEM Committee approved the revenue to be recovered by SEMO for its operation of the SEM Market in the tariff year 2017/2018.

There remains a requirement to recover the revenues for the remaining period from I-SEM Go-Live until 30 September 2018.

The SEM Committee's final SEMO price control 2018-2021 on 13 February 2018, provided a revenue allowance for the operation of the I-SEM from Go-Live until 30 September 2018.

The MOs made a tariff submission on 23 February 2018 to the RAs, which took into account the points above and requesting the following tariffs for approval.

Tariff	Euro €
Accession Fee	1,044
Participation Fee	2,610
Fixed Generator Charge (per MW)	28
Fixed Supplier Charge (per unit)	71
Total Variable Charge (per MWh)	0.685

The RAs have reviewed the MO submissions and calculations and noted that there was considerable movement in the fixed generator and fixed supplier charges. However, the RAs note that these changes are offset against by the rise in the number of registered participants in the market in the past year.

The RAs are content with the Market Operator tariffs as proposed and approve the above values to be used until 30 September 2018.

It should be noted for completeness, that the Imperfections Charge for 2017/2018 as approved by the SEM Committee on 4 October 2017 is applicable for the full tariff year until 30 September 2018.

3 Capacity Difference Socialisation Fund

The capacity difference socialisation fund is a new mechanism in I-SEM. The revenue to fund awarded capacity is recovered from suppliers through a capacity charge. In return the suppliers are hedged against high energy prices. The purpose of building up the fund through a tariff is to ensure suppliers are fully hedged against high price events. This is separate to the Supplier Capacity Charge itself.

If inadequate funds have been built up at a point where difference payments need to be made from the fund, the Market Operator may use the over recovery of other charges to make difference payments if it considers it appropriate. Otherwise the Market Operator has the right to “suspend and accrue” until funds are built up again.

The TSOs submitted a proposal for this tariff on 21 February 2018 of €0.69/MWh and the RAs reviewed this rate. A revised proposal was submitted on the 9 March 2018. This proposal

contained a revised calculation and figures and the Socialisation Fund Tariff value was replaced by a multiplier of 1.9%. The estimated Socialisation Fund amount is now replaced with the multiplier and pro-rated over a 28 month period with the 1.5 stop loss multiplier being removed. This gives a new Tariff value equating to €0.26/MWh. The RAs are satisfied that this rate strikes the right balance between the motivation to establish the fund in the early stages of the I-SEM and the objective of setting tariffs in the early period.

4 Agent of last Resort (AOLR)

The AOLR tariff has been set and approved by the SEM Committee as part of the SEMO Price Control Determination published on 13 February 2018 (SEM-18-003) and will be in line with section 8.1 of the decision paper.

5 Conclusion

This Paper concludes the approval process for the Tariffs required from I-SEM Go-Live until 30 September 2018 and these tariffs will be published on the SEMO website.