

Imperfections Charges October 2025 – September 2026

SEM-25-028

SEM Committee Consultation

Power NI Response

24 July 2025

Introduction

Power NI welcomes the opportunity to respond to the SEM Committee (SEMC) consultation regarding Imperfections Charges for October 2025 to September 2026 SEM-25-028. This increase reflects a significant proportion of forecast K-Factor to be recovered in the Tariff Year 25/26.

Specific Questions

Within the Consultation Paper the SEMC welcomed views on the following proposals:

1. Whether the TSOs forecasts of costs and assumptions for the Tariff Year 2025/2026 are reasonable?

Power NI rely on Eirgrid's expertise in this area to ensure that costs and assumptions are as reasonable as possible.

2. If there is any input on the standard and frequency of the TSO's reporting of Imperfections costs and drivers?

The frequency of existing monthly imperfections reporting is welcomed. The reporting contains general directional movement however does not contain specific quantifiable changes. Additionally, the mid-year review report has been subject to significant delays, for example this tariff year it was published in June. This is close to the time of the upcoming tariff year consultation and does not provide a timescale to allow reforecasting and prudent tariff assessment. A stable and regular timetable of the mid-year review, alongside monthly reports with values of directional movement would be welcomed.

3. Comments on the potential actions the TSOs/RAs could take to minimise Imperfections Charges in the Medium to Long-term?

The design of the wholesale market was subject to significant consideration and consultation through its establishment programme. Amendments and improvements should always be subject to rigorous analysis with all unintended consequences considered. Should the TSOs/RAs consider changes to be required, existing mechanisms through the Modifications Committee exist and should be utilised.

4. Whether the K-Factor should be partially recovered over one or more Tariff Years and, if so, at what quantum?

This proposal is imposing a significant increase in charges, which includes a large K under recovery position, and follows an industry trend of impactful costs for end consumers. Power NI feel that given such a significant increase in charges that a phased recovery of K should be applied, allowing costs to be spread and providing customers with as best value as possible.

Whilst Power NI support K-Factor being spread across subsequent years, it is acknowledged that this approach carries risk that imperfections could continue to be charged at a high level for longer if further potential under recoveries are realised. While this may be sub-optimal, there is a clear rationale that this approach is a reasonable choice to make, given the high cost pressures which customers are experiencing both generally but more specifically in an electricity context. It is in no-one's interest, including from the recovery of cost perspective, to contribute towards the cost to consumers being unaffordable.