SEM GENERATOR TESTING TARIFFS 2026

SEM-25-065

26 NOVEMBER 2025

EXECUTIVE SUMMARY

The TSOs are required to report to the Regulatory Authorities proposing values for the testing tariffs at least four months before the start of the Year to which they shall apply, i.e. no later than 31 August each year. Although the TSOs published their consultation on testing tariffs before this date, the final recommendations for 2026 were not submitted to the Regulatory Authorities until 9 October 2025. This was a result of a more in-depth review of the testing tariffs taking place for 2026 compared to recent years, where rates were only adjusted for inflation.

The SEM Committee has decided that, as recommended by the TSOs, the SEM Testing Tariff rates for 2026 will increase based on a targeted recovery of 35% of the calculated cost of testing identified in the TSOs' ongoing review of testing tariffs. The rate for 2026 for each band of generator capacity is set out in Table 1 below.

Table 1: SEM Testing Tariff Rates for Calendar Year 2026

Generator Capacity	***MW***	***SEM 2026 €/MWh (From 1 Jan 2026)***
GEN <50	50	€1.21
50 < GEN ≤ 100	100	€4.69
100 < GEN ≤ 150	150	€6.09
150 < GEN ≤ 200	200	€6.82
200 < GEN ≤ 250	250	€6.99
250 < GEN ≤ 300	300	€7.11
300 < GEN ≤ 350	350	€7.11
350 < GEN ≤ 400	400	€7.11
400 < GEN ≤ 450	450	€7.11
450 < GEN	500	€7.11

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Glossary of Terms and Abbreviations

Abbreviation or Term	Definition or Meaning
BGE	Bord Gáis Energy
EAI	Electricity Association of Ireland
GUUT	Generator Units Under Test
RA	Regulatory Authority (CRU and UR)
TSO	Transmission System Operator (EirGrid and SONI)

1. Introduction

1.1 Background

1.1.1 Intro to relevant area

The TSOs are required to report to the Regulatory Authorities proposing values for the testing tariffs at least four months before the start of the Year to which they shall apply, i.e. no later than 31 August each year. Although the TSOs published their consultation on testing tariffs before this date, the final recommendations for 2026 were not submitted to the Regulatory Authorities until 9 October 2025. This is as a result of a more in-depth review of the testing tariffs taking place for 2026 compared to recent years, where rates were only adjusted for inflation.

Testing tariffs are charges levied by the TSOs on Generator Units Under Test (GUUT) in the all-island electricity market on the basis of their registered capacity. These are provided for by the Trading & Settlement Code Part B. Testing tariffs seek to recover expected increases in Imperfections Costs due to generators undertaking testing and are paid by the GUUT.

The TSOs commenced the review of the testing tariffs methodology on 1 January 2022, which is still ongoing. As noted above, the TSOs' recommended testing tariffs for 2026 represent the first proposed changes to the rates as an outcome of this review. It is possible that there will be further changes to the methodology as the TSOs' review continues. The RAs will continue to meet with the TSOs once a month where the TSOs will report the progress of the review.

1.1.2 Related Documents

- SEM-24-069 – SEM Generator Testing Tariffs 2025 Decision Paper
- Proposed Testing Tariff Rates Paper – Calendar Year 1st January to 31st December 2026
- Testing Tariffs Recommendation Paper – Calendar Year 1st January to 31st December 2026

1.1.3 Structure of Paper

- Section 2 of this Paper sets out the TSOs' recommended testing tariffs for 2026.
- Section 3 of this Paper sets out the SEM Committee's decision on testing tariffs for 2026.

- Section 4 of this Paper discusses next steps following on from this Decision.

2. SEM Testing Tariffs 2026: TSO Recommendation

The TSOs consulted on their proposed testing tariffs for 2026 for a four-week period from 21 August – 19 September 2025.

As noted above, testing tariffs seek to recover expected increases in Imperfections Costs due to generators undertaking testing. There are three primary components of imperfections costs:

- **CPREMIUM:** An imperfections top-up payment for incrementing a unit above its market position for instances where the incremental price is greater than the imbalance price.
- **CDISCOUNT: This is considered the primary imperfections cost associated with testing for 2026, as it is an imperfections discount payment for decrementing a unit below its market position for instances where the decremental price is less than the imbalance price.**
- **CFC:** Relates to fixed cost payments/charges to generators for being called upon when they don't have a market position or not being called upon when they do have a market position.

Generation schedules are determined based overall least cost solution that satisfies all system security requirements simultaneously. Decremental actions might be required to resolve multiple issues simultaneously and it is impossible to identify single decremental actions and exclusively allocate these actions to satisfying testing requirements.

As part of their ongoing review of testing tariff methodology, the TSOs considered two opposing scenarios in their analysis to determine the actual cost of testing, over a 6-month period:

Scenario 1: Minimum Costs

In this scenario, CDISCOUNT was calculated using the cheapest decremental actions that equated to the energy volume of a testing profile. It is the TSOs' view that most of these actions are required to satisfy system security needs, and that more expensive actions over and above these were required to facilitate the testing.

Scenario 2: Maximum Costs

In this scenario, CDISCOUNT was calculated for the most expensive decremental actions equating to the energy volume of the testing profile. It is the TSOs' view that this cost cannot be fully linked to the test, as some system security actions linked to transmission restrictions could form part of these higher costs, and are not related to the testing.

On this basis, Scenario 1 is deemed the most plausible scenario by the TSOs.

In its analysis of the above scenarios for the 2025 testing tariffs, the TSOs determined that testing tariffs recovered ~22% of Scenario 1 costs (€0.35m out of €1.60m) and ~9% of Scenario 2 costs (€0.35m out of €3.72m).

The TSOs' proposal for the 2026 testing tariffs is to target 35% recovery of testing tariff costs, based on Scenario 1. The TSO's rationale for this target is to avoid over-recovery of testing costs by the TSOs, ensuring it is not made financially prohibitive to carry out testing, while redressing the disproportionate amount currently being paid by suppliers and ultimately end electricity users.

The TSOs' review to date of testing tariffs has been focused mainly on generators in the 250-300 MW range (the TSO has no control over what units are under test). To recover 35% under Scenario 1, this would require a 51% increase in the testing tariff for this band from 2025 to 2026. The TSOs proposed the same percentage increase for each band beneath the 250-300 MW range as it is their view that there is reduced exposure to Imperfections Costs in the form of CDISCOUNT payments as testing profiles of below this 250 MW cap are facilitated.

For all participants in capacity ranges above 250 MW – 300 MW, it is the TSO's view that there is increased exposure to Imperfections Costs in the form of CDISCOUNT payments. When testing profiles at or above this range are facilitated, they incur higher decremental cost actions by the TSOs to facilitate the test. In the absence of suitable data however, the TSOs initially proposed to set a fixed testing tariff rate of €7.11/MWh for all participants in the capacity range 250 MW and above for 2026.

It is possible that the testing tariffs for bands other than the 250-300 MW range may change depending on further analysis of testing tariffs to be conducted by the TSOs.

Two responses were received to the consultation, from Bord Gáis Energy and the Electricity Association of Ireland. BGE deems that the proposed methodology change is arbitrary while the EAI doesn't view the 6-month period of review as sufficient for changing the methodology. The RAs agree with the TSOs' view that the proposed rates only recover a proportion of the cost of testing and that this approach strikes a fair balance between not disincentivising testing and decreasing costs not recovered through the tariffs that are ultimately borne by the end consumer.

The TSOs' responses to comments received in the consultation can be found in Section 3 of the Recommendations Paper, published alongside this Decision Paper (SEM-25-065a). The responses from BGE and EAI are contained in the Appendix of SEM-25-065a.

3. SEM Committee Decision

The SEM Committee has decided that, as recommended by the TSOs, the SEM Testing Tariff rates as set out in Table 2 below will apply from 1 January 2026. It is the view of the RAs that the methodology to recover 35% of the cost of testing seeks to strike an appropriate balance between not discouraging generators from performing tests and reducing imperfections costs ultimately borne by consumers.

Tariff A

Table 2: Recommended Testing Tariffs for Calendar Year 2026

Generator Capacity	***MW***	***SEM 2025 €/MWh (From 1 Jan 2025)***	***SEM 2026 €/MWh (From 1 Jan 2026)***	***% Variance***
GEN <50	50	€0.80	€1.21	51%
50 < GEN ≤ 100	100	€3.10	€4.69	51%
100 < GEN ≤ 150	150	€4.03	€6.09	51%
150 < GEN ≤ 200	200	€4.51	€6.82	51%
200 < GEN ≤ 250	250	€4.62	€6.99	51%
250 < GEN ≤ 300	300	€4.70	€7.11	51%
300 < GEN ≤ 350	350	€4.82	€7.11	48%
350 < GEN ≤ 400	400	€4.43	€7.11	60%
400 < GEN ≤ 450	450	€3.81	€7.11	87%
450 < GEN	500	€4.35	€7.11	63%

Tariff B

Tariff B is set to zero for all units.

4. Next Steps

The testing tariff rates set out above will apply from 1 January 2026.

The TSOs will continue their review of the appropriateness of Testing Tariff rates which may result in further proposed changes to the methodology. The RAs will continue to meet with the TSOs on a monthly basis to understand the progress of the review.