

All-Island Generator TUoS

Regulatory Authorities presentation

G-TUoS Workshop, Dundalk

Paul Brandon CER

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Workshop Agenda

1. RAs Introduction - background to G-TUoS review & next steps.
2. TSOs presentation – Development of Locational/Postage stamp methodology.
3. TSOs presentation – Methodology explanation and steps taken by TSOs to develop indicative tariffs.
4. Question and Answer session.

Scope of Workshop

In scope:

- a) 2011/2012 published Indicatives (SEM-11-036).
- b) G-TUoS proposed Methodology Statement (SEM-11-037).
- c) April 2011 consultation as it relates to proposed methodology (SEM-11-018).

Not in scope:

- a) All-island TLAf workstream and individual loss factors.
- b) Alternative G-TUoS Tariff methodologies.

Background to G-TUoS decision (SEM-10-081)

- Jan 2009, the TSOs initiate the review of generator TUoS charges and TLAFs (SEM-09-001) at request of SEMC.
- May 2009, the TSOs publish a consultation paper (SEM-09-049), which presents a range of methodology options.
- in November 2009 the TSOs published a further consultation paper (SEM-09-107) TSOs preferred options for both generator TUoS and TLAFs set out.
- A workshop is held in Dundalk where TSOs present SEM-09-107. RAs maintain final decision is still with them.
- in February 2010, the TSOs provide updated recommendations to SEMC.

G-TUoS decision (SEM-10-081)

- RAs and TSOs have listened to views of industry at every juncture.
- SEM-09-107 proposal to split G-TUoS charge 60% locational max/40% postalised.
- Post review of responses to SEM-09-107 proposal amended to 30% locational max/70% postalised.
- Another example: Separate paper for Dx TUoS threshold.
- Extensive interaction with industry on G-TUoS. Over 6 months cumulative consultation.
- A decision was required - process was nearly 2 years old.
- SEMC decision (SEM-10-081) published in December 2010.

G-TUoS decision (SEM-10-081)

cont.

- SEMC endorses “dynamic” forward looking locational signal model of tariffing developed by TSOs.
- Majority of respondents to SEM-09-107 in favour of locational/postage split.
- Uses the dynamic network based on the value of the planned future network as the basis for the locational element.
- Uses multiplicative scaling separately on the total locational and postalised charges to scale to 30% (max) and 70% respectively.
- Required revenue of upcoming period, not 5 years out.

G-TUoS decision (SEM-10-081)

cont.

- SEMC decides that G-TUoS tariffs should be fixed for 5 years.
- SEMC requests TSOs to produce 2011/2012 Indicative tariffs for consultation with industry.
- Further development and consultation is required on some detailed aspects of G-TUoS calculation methodologies.
- Hence the need for consultation on G-TUoS methodology statement.
- SEMC also requests TSOs to recommend proposal to deal with fixing of 5 years. Issue of Demand/Generator breakdown fluctuating yr-on-yr.

April 2011 SEM-11-018

- First consultation of the SEMC December G-TUoS decision.
- SEM-11-018 consults on detail required to implement SEM-10-081.
- SEM-10-081 - details still to be finalised include:
 - the treatment of negative tariffs and Interconnectors;
 - under and over recovery of revenue;
 - the arrangements for inter-jurisdictional revenue; transfers/exchange rate risk; and
 - the mechanism for fixing G-TUoS tariffs for five years.
- All bar one issue (treatment of Interconnectors) covered off in SEM-11-018.

April 2011 SEM-11-018 (cont.)

- SEM-11-018 drafted by TSOs with input and advice from the RAs. Four issues discussed.

Issue	TSOs Recommendation
Method of calculation	Cross-border financial flows should be managed by the TSOs.
Fixed Tariff Option	Fix the tariff in relative terms.
Non-Firm G-TUoS	Firm & non-firm Gens both pay capacity MW charge.
DX TUoS threshold	Threshold lowered to 5MW with incremental MW

June 2011 SEM-11-036 & 037

- Second consultation of the SEMC December G-TUoS decision.
- TSOs tasked in December 2010 to develop indicative 2011/2012 Generator TUoS for consultation.
- Generator TUoS methodology statement (MS), which details the steps taken by the TSOs in calculating these indicative tariffs also.
- The MS also addresses the outstanding issues from the December 2010 paper, e.g. the basis for identifying the assets to be charged for locationally.
- Stakeholders are asked to respond on both indicative tariffs and MS.

Next steps

- The RAs are keen to listen to the views of industry at this workshop (and follow-up correspondence).
- Responses to be submitted by Friday 15 July 2011 to both SEM-11-036 (Indicatives) and SEM-11-037 (Methodology Statement).
- RAs are still reviewing responses made to SEM-11-018. Twenty submissions made.
- SEMC decision made on all aspects of this workstream (including Indicatives) by end August.
- If approved by SEMC implementation of new all-island G-TUoS methodology will commence from 1 October 2011.