

Single Electricity Market

Other System Charges for 2017-18

Decision Paper

15 August 2017

SEM-17-058

BACKGROUND AND INTRODUCTION

All island arrangements for Other System Charges (OSC) commenced on 1 February 2010.

This paper sets out the Regulatory Authorities' (RAs) decision for OSC rates and services/charges for the tariff year 2017/2018. This follows a consultation process carried out by the Transmission System Operators (TSOs).

The annual review of OSC commenced on the 4th April 2017 when the TSOs published a consultation paper on proposed OSC rates and services/charges for the tariff year [2017/2018¹](#).

Five responses to the OSC consultation paper were received. Following the consultation process, the TSOs submitted a recommendation paper to the RAs which is published along with this decision paper. These papers include both the TSOs' response to queries raised by the consultation respondents, and their recommendations for services and charges in the upcoming tariff year.

As part of the 2016/2017 OSC decision paper the SEM Committee requested that the TSOs conduct a separate consultation on the implementation of a GPI for secondary fuel switching.

This was not undertaken as the TSOs submitted a timeline proposing that it be conducted in 2017 due to pressures with DS3 work, I-SEM implementation and the situation with the Fuel Switching agreements, having not been signed by NI generators.

¹ <https://www.semcommittee.com/publication/harmonised-other-system-charges-consultation-paper-tariff-year-20172018>

OSC – TSO RECOMMENDATIONS

The recommendations made in the TSOs' OSC paper are summarised as follows:

1. Include the provision of all existing OSC charges and rates for the upcoming tariff year with an adjustment for inflation of 1.7125% based on the most recent source figures.
2. A review of the OSC is required in the context of I-SEM and evolving DS3 System Services for all charges undertaken as part of the OSC tariff consultation for tariff year 2018/19.
3. The requirement for a GPI relating to wind farms will be monitored and if needed, a GPI will be consulted on in future to ensure compliance is maintained. The fuel switching GPI is to be consulted on separately in 2017 with proposal for October 2018 implementation.
4. A review of the Trip Charge methodology should be conducted once the DS3 Enhanced Performance Monitoring System is implemented and included in the overall OSC review.

Furthermore, the TSO's OSC paper aims to provide a clarification on the delivery of I-SEM and impact on OSC and on additional comments in relation to mainly testing tariffs and Grid Code requirements.

SEM COMMITTEE DECISION

The SEM Committee's decision is as follows:

1. A blended inflation rate of 1.7125% for OSC is accepted by the RAs. The RAs agree that this rate represents a realistic estimation of expected inflation for the coming tariff year that is likely to be experienced across both jurisdictions.
2. The RAs agree that a review of the OSC should be undertaken by the TSOs as part of the OSC tariff consultation for the tariff year 2018/19.

3. The RAs agree that the requirement for a GPI for wind farms should be monitored and consulted upon in future if needed, and a separate consultation on secondary fuel capability GPI be conducted in 2017 by the TSOs.

4. The RAs support the review of Trip Charge methodology once the DS3: Enhanced Performance Monitoring System is put in place and included in the overall OSC review.

CONCLUSION

The RAs approve the OSC rates and services as detailed in the TSOs' recommendation papers for the upcoming tariff year beginning 1st October 2017.