



An Coimisiún  
um Rialáil Fóntas  
Commission for  
Regulation of Utilities



# **Integrated Single Electricity Market (I-SEM)**

## **Other System Charges for 2018-19**

**Decision Paper**

**21 August 2018**

**I-SEM-18-042**

## 1. INTRODUCTION

Other System Charges (OSC) are levied on generators that fail to provide necessary services for the secure operation and restoration of the all island power system. These services may lead to higher Dispatch Balancing Costs (DBC).

There are three elements included in OSC:

- Trip charges: to minimize number of trips and to aim for slowing tripping
- Short Notice Declaration (SND) charges: to avoid generators changing declarations of availability at short notice
- Generator Performance Incentives (GPIs) charges: to incentivize generators to comply with the G-Code requirements

## 2. BACKGROUND

All island arrangements for Other System Charges were harmonized in Ireland and Northern Ireland in 2010 and are set out in the Transmission use of System (TUoS) Charging Statements, which is approved both regulators, the CRU and UR.

The arrangements are defined in Ireland and Northern Ireland through:

- The Other System Charges policies;
- The Charging Statements and;
- The Other System Charges Methodology Statement

This paper sets out the Regulatory Authorities' (RAs) decision for OSC rates and services/charges for the tariff year 2018/2019. This follows a consultation process carried out by the Transmission System Operators (TSOs).

The annual review of OSC commenced on the 4th April 2018 when the TSOs published a consultation paper on proposed OSC rates and services/charges for the tariff year 2018/2019<sup>1</sup>.

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' responses to queries raised by the consultation respondents, and their recommendations for services and charges in the upcoming tariff year.

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<sup>1</sup> The consultation paper can be found: <https://www.semcommittee.com/publication/osc-consultation-paper-tariff-year-20182019-0>

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 consultation was undertaken this year as part of the TSOs consultation on OSC rates and services/charges for the tariff year 2018/2019.

Following the approval of the OSC rates and publication by on the SEM Committee website, The TSOs will publish revised Statement of Charges and Other System Charges Methodology Statement.

### 3. OTHER SYSTEM CHARGES – TSO RECOMMENDATION

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

1. Reduce the 2017/2018 Trip and Short Notice Declaration rates by 50%. The retention of this charges is necessary until the TSOs have experience of the operation in I-SEM.
2. Set the charging rate to zero for the early and late synchronization GPIs as under I-SEM, market participants will be balance responsible and would have to pay imbalance charges if they do not deliver their market positions.
3. Set the charging rate to zero for the loading and de-loading rates GPIs as under I-SEM, market participants will be balance responsible and would have to pay imbalance charges if they do not deliver their market positions.
4. Set the charging rate to zero for the Minimum on Time GPI. Due to the high level of industry compliance, the TSOs do not see a need for this charge.
5. Set the charging rate to zero for the Maximum Number of Starts in 24 hours GPI. Due to the high level of industry compliance, the TSOs do not see a need for this charge.
6. Increase the Primary Operating Reserve GPI rate from €0.13 to €0.52 in order to incentivize generators to comply with Grid Code requirements regardless of their market position in relation to DS3 System Services.
7. Implement a GPI for Secondary Fuel Availability declarations with a charge rate of €0.03. The rate has been calculated using a methodology consulted upon by the TSOs, reviewed and approved by the RAS. The TSOs are seeking to introduce an incentive to improve secondary fuel availability as a lack of

availability in the event of a gas shortage, would have a big impact on the transmission system security. This charge will be applied to gas fired plants.

8. Retain the OSC rates approved for the 2017/2018 tariff year, only adjusting for inflation at forecast rate of 1.45%<sup>2</sup> for the tariff year 2018/2019 for the following GPs:
  - Minimum Generation,
  - Governor Droop,
  - Secondary Operating Reserve (SOR),
  - Tertiary Operating Reserve 1 (TOR1),
  - Tertiary Operating Reserve 2 (TOR2), and
  - Reactive Power.

No other charges were recommended for the 2018/2019 tariff period.

#### 4. SEM COMMITTEE DECISION

The SEM Committee's decision is as follows:

1. The RAs agree with the reduction of the Trip and Short Notice of Declaration charges.
2. The RAs agree with the removal of the early and late synchronization GPs, the loading and de-loading rates GPs, the Minimum on Time GP and the Maximum Number of Starts in 24 hours GP.
3. The RAs agree with the increase of the POR GP. It is the RAs opinion that the generators should comply with Grid Code requirements regardless of their market position in relation to DS3 System Services.
4. A blended inflation rate of 1.45% for the Minimum Generation, Governor Droop, SOR, TOR1, TOR2 and Reactive power GPs 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.

The SEM Committee has decided that, as recommended by the TSOs, OSC rates as set out in the table below will apply in the upcoming tariff year:

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<sup>2</sup> The inflation rate is based on the most recent source figures.

### Trip charges:

Charge	2018/2019 tariff year
Direct Trip Charge Rate	€2,161
Fast Wind Down Charge Rate	€1,621
Slow Wind Down Charge Rate	€1,081

### Short Notice of Declaration:

SND charge rate	2018/2019 tariff year
Direct Trip Charge Rate	€38 / MW

### GPIs:

GPI Declaration Based Rates	2018/2019 tariff year (€/MWh)
Minimum Generation	1.29
Max Starts in 24 hour period	0
Minimum On time	0
Reactive Power Leading	0.32
Reactive Power Lagging	0.32
Governor Droop	0.32
Primary Operating Reserve 1	0.52
Secondary Operating Reserve	0.13
Tertiary Operating Reserve 1	0.13
Tertiary Operating Reserve 2	0.13
Secondary Fuel Availability	0.03

GPI Event Based Rates	2018/2019 tariff year (€/MWh)
Loading Rate	0
De-Loading Rate	0
Early Synchronisation	0
Late Synchronisation	0

In relation to the rate of the RoCoF GPI, the scope of OSC consultation does not include consulting on it and for that reason it is not included in the tables. The rate is published in the annual TUoS Statement of Charges in advance of each tariff year.

## 5. NEXT STEPS

The RAs approve the OSC rates and services as detailed in the TSOs' recommendation paper.

The Other System Charges rates as set out above will apply from 1 October 2018 to 30 September 2019.

The SEM Committee has also decided that the OSC will be reviewed and monitored by the TSOs in the new market (I-SEM) to ensure that they fit into the new market arrangement and the system costs are recovered in a fair and reasonable manner.