



**Single Electricity Market  
(SEM)**

**SEM Generator Testing Tariffs 2022**

**Decision Paper  
SEM-21-095**

**10 December 2021**

## 1 INTRODUCTION & BACKGROUND

The TSOs are required to review the Testing Tariffs annually and submit recommendations to the SEM Committee no later than 31 August each year. 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 recover expected increases in Imperfections Costs due to generators undertaking testing and are paid by the GUUT.

On 10 May 2018 the SEM Committee approved a new methodology ([SEM-18-027](#)) for the calculation of Testing Tariffs to account for changes resulting from the implementation of new market arrangements in October 2018. The SEM Committee also instructed the TSOs to conduct a full review of the methodology taking account of the costs imposed by units under test in the new market arrangements. The TSOs have not yet completed this review but are expected to consult on the new methodology in Q4 2021.

This paper sets out the testing tariffs that will apply to GUUT in the SEM from 1 January 2022. It follows the recommendation paper submitted by the TSOs on 15 September 2021, which is published along with this decision. Prior to submission of the recommendation paper, the TSOs carried out a public consultation<sup>1</sup> on 13 August 2021 that lasted for two weeks, no responses were received. This was a relatively short period of consultation and did not meet the requirements of the SEM Committee's request in last year's decision to ensure a sufficiently long consultation period. The SEM Committee expects the TSO to issue next year's consultation for a minimum of four weeks.

## 2 SEM TESTING TARIFFS 2022: TSO RECOMMENDATION

The TSOs were unable to conduct a review of the Testing Tariffs in line with the established methodology and have proposed using the 2020 tariffs, which were calculated in accordance with the approved methodology<sup>2</sup>, and adjusting them for inflation.

Given the above, the TSOs have proposed to maintain the 2020 testing tariff rates for 2022 and update for 2021 actual inflation of 1.725% and 2022 forecast inflation of 1.95%<sup>3</sup>.

The SEM Committee considers that it is important that the TSOs prepare tariffs that reasonably estimate the additional cost associated with units under test because otherwise these costs are borne by consumers. Therefore, the TSOs must ensure that they complete a comprehensive review of the testing tariff methodology and ensure that cost-reflective tariffs are implemented each year.

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<sup>1</sup> The public consultation can be found on [EirGrid's website](#) and on [SONI's website](#).

<sup>2</sup> Approved by the SEM Committee on 10 May 2018 SEM-18-027

<sup>3</sup> Inflation is calculated as a blended NI (25%) CPI and IE (75%) HICP rate from the following sources:

NI - <https://obr.uk/efo/economic-and-fiscal-outlook-march-2021/>

IE - <https://www.centralbank.ie/publication/quarterly-bulletins/quarterly-bulletin-q3-2021>

However, the SEM Committee considers that in the absence of recommended tariffs for 2022 prepared in accordance with the approved methodology using the most recently calculated tariffs and adjusting for inflation is the best alternative.

The TSOs now have sufficient generator testing data and have commenced a review of testing tariffs. The TSOs plan to issue a public consultation on testing tariff methodology in Q4 2021. This will review the testing tariff methodology for the 2023 testing tariffs.

### 3 SEM COMMITTEE DECISION

The SEM Committee has decided that, as recommended by the TSOs, the SEM Testing Tariff rates as set out in the table below will apply from 1 January 2022.

#### Tariff A:

Generator Capacity	MW	SEM 2021 €/MWh (from 1 Jan 2020)	SEM 2021 €/MWh (Actual Inflation)	SEM 2022 €/MWh (from 1 Jan 2021)	% Variance
GEN <50	50	€0.70	€ 0.71	€ 0.73	1.95%
50 < GEN ≤100	100	€2.71	€ 2.75	€ 2.80	1.95%
100 < GEN ≤ 150	150	€3.53	€ 3.57	€ 3.64	1.95%
150 < GEN ≤ 200	200	€3.95	€ 4.00	€ 4.08	1.95%
200 < GEN ≤ 250	250	€4.04	€ 4.09	€ 4.17	1.95%
250 < GEN ≤ 300	300	€4.11	€ 4.16	€ 4.24	1.95%
300 < GEN ≤ 350	350	€4.22	€ 4.27	€ 4.36	1.95%
350 < GEN ≤ 400	400	€3.88	€ 3.93	€ 4.00	1.95%
400 < GEN ≤ 450	450	€3.35	€ 3.39	€ 3.45	1.95%
450 < GEN	500	€3.80	€ 3.85	€ 3.92	1.95%

#### 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 2022.

The TSOs will consult on the testing tariff methodology in Q4 2021 and submit a recommendation to the SEM Committee in early 2022.

It is expected that the 2023 tariffs will be calculated on the basis of the new methodology.