

Proposed Testing Tariff Rates

2019

18th September 2018

Version 1.0



Executive Summary

Testing tariffs are currently applied to Units Under Test (UUT) in the Single Electricity Market (SEM) on the basis of the MW capacity¹ of the generator unit. The tariffs are dependent upon the type of test being carried out and the impact to system security. There are a number of costs that the Transmission System Operators (TSOs) consider are appropriate for inclusion in the testing tariffs. These costs relate to the additional operational reserve carried to maintain system security when a unit is testing, the effect a UUT has on unit commitment decisions, and the costs incurred when a UUT output drops very quickly.

Given that the new Integrated Single Electricity market (I-SEM) is due to go live in Ireland and Northern Ireland on 01 October 2018, EirGrid and SONI (the TSOs) published a consultation paper proposing a number of different options for the calculation of Testing Tariffs for 2018 from the implementation of I-SEM (the Consultation Paper) on 2 June 2017². Comments were received from a number of parties. The TSOs issued their recommendations paper to the RAs in March 2018. On 13 April 2018 the SEM Committee approved the I-SEM Testing Tariffs for 2018³ (effective from I-SEM Go-Live until 31 December 2018).

Testing tariffs were approved from I-SEM 'Go-Live' until 31st December 2018, as follows:

1. Proposed rates for High Impact Testing⁴ (Tariff A⁵) for I-SEM 2018 were significantly reduced (from SEM rates). The Unit Commitment and Reserve element of Testing Tariff A remained, but the Tripping element was removed, as it is assumed that in I-SEM the UUT will already have to pay for this by being balance responsible in the market.
2. Testing Tariff for Low Impact Testing (Tariff B) was removed for the I-SEM portion of 2018.

For 2019 it is proposed to make no change to these testing tariffs (which were approved for the I-SEM portion of 2018) other than to update them using the 2018/2019 Imperfections Forecast Plexos model.

¹ Also referred to as the Registered Capacity or Maximum Generation Capacity

² <http://www.eirgridgroup.com/site-files/library/EirGrid/ISEM-Testing-Tariffs-Consultation-Paper.pdf>

³ <https://www.semcommittee.com/news-centre/i-sem-generator-testing-tariffs-2018-sem-committee-decision>

⁴ High impact testing (Tariff A) is when new units are being commissioned on the power system for the first time, when existing units require testing on returning from outages, and for testing which is determined to be high risk. The impact of the UUT is an increase in the costs associated with maintaining system security.

⁵ Under the current SEM arrangements Tariff A is applied for high impact testing and Tariff B is applied for low impact testing

Acronyms

UUT	Unit Under Test
I-SEM	Integrated Single Electricity Market
OSC	Other System Charges
RA	Regulatory Authority
SEM	Single Electricity Market
SND	Short Notice Declaration
SONI	System Operator Northern Ireland
TSO	Transmission System Operator
FPN	Final Physical Notification
PN	Physical Notification

1. INTRODUCTION

The Trading and Settlement Code (Part B⁶) requires the System Operators, if requested by the Regulatory Authorities (RAs), to make a report to the RAs at least four (4) months before the start of the year proposing values for the testing tariffs for the upcoming year.

For 2019 it is proposed to make no change to these testing tariffs (which were approved for the I-SEM portion of 2018) other than to update them using the 2018/2019 Imperfections Forecast Plexos model.

The RAs have requested that the TSOs publish the proposed 2019 Testing Tariff Rates, for comment.

⁶ <https://www.semcommittee.com/sites/semcommittee.com/files/media-files/SEM-17-024c%20Trading%20and%20Settlement%20Code%20Part%20B%20%28clean%29.pdf>

2. PROPOSED TESTING TARIFF RATES I-SEM 2018 CONSULTATION RESPONSES

2.1 TSOs' Proposed Option for Low Impact (Tariff B) Testing

The TSOs are of the view that following the introduction of I-SEM, UUT will be balance responsible and therefore proposed that the Testing Tariff for Low Impact Testing (Tariff B) be removed.

2.2 TSOs' Proposed Option for High Impact (Tariff A) Testing

The TSOs propose the following option, for High Impact Testing Rates (Tariff A), applicable for 2019, as outlined in Table 1 below.

NOTE: the TSOs propose that no provision for a probability of a trip would be made in the Testing Tariff and that any trips are levied automatically through the settlement system. This ensures that UUT which do not trip are not unduly charged through the tariff, i.e. ***the trip element of the testing tariff is removed.***

	Retain Current Charge
Unit Commitment Imperfection Costs	<p>This is the same as the existing Testing Tariff A i.e. the UUT pays for the additional Imperfection cost of unit commitment as it is determined to be unreliable and may not meet its load profile.</p> <p>The UUT will be dispatched so that no Uninstructed Imbalances should apply since the UUT is paying for additional unit commitment.</p> <p>No SNDs will be levied, except if the unit trips unexpectedly.</p>
Reserve Imperfection Costs	<p>This is the same as the existing Testing Tariff A i.e. the UUT pays for the additional Imperfection cost of proving reserve if it drives the system reserve requirement as the Largest Single Infeed.</p>
System Services Reserve Costs	<p>This is the same as the existing Testing Tariff A i.e. the UUT pays for the additional System Services cost for the reserve paid to units which are providing the additional requirement. This is on the basis that the UUT drives the system reserve requirement as the Largest Single Infeed.</p>
Trip Charge Costs	<p>This proposes that no provision for a probability of a trip would be made in the Testing Tariff and that any trips are levied automatically through the settlement system. This ensures that UUT which do not trip are not unduly charged through the tariff.</p>

Table 1: Summary of Cost Recovery Proposal for High Impact (Tariff A) Testing

3. TSOs' Recommendation

The TSOs recommend that for low impact (Tariff B) testing no tariff should be applied, and for high impact (Tariff A) testing the arrangements outlined in Table 1 should be applied. The rationale for these recommendations is outline below.

3.1 Low Impact Testing

For low impact testing (Tariff B) the TSOs will assume that the unit is reliable, will meet the FPNs which it submitted and is not an increased risk of tripping. The TSOs propose that no testing tariffs should be applied to a UUT categorised as low impact. This was the original proposal given in the Consultation Paper which was generally supported by the respondents.

For low impact testing the TSOs propose that any UUT which trips should be automatically levied a trip charge through the automated OSC settlement system. This ensures that UUT, which do not trip are not unduly charged. Also SNDs will be applied as if the unit was in normal operation. (The RAs have recently approved the TSOs' proposal, in the 2018/2019 Harmonised Other System Charges consultation, to reduce the 2018/2019 Trip and SND charges to 50% of the 2017/2018 tariff rate.)

3.2 High Impact Testing

For high impact (Tariff A) testing there may still be associated costs, such as unit commitment and reserve costs, which will not be paid for by the UUT being balance responsible in the market. If these remaining imperfections costs do materialise and are not paid for by the UUT, then they would be passed on to suppliers and the end consumer; the TSOs believe that this is an undesirable outcome. Following the introduction of I-SEM, UUT will be balance responsible and the TSOs therefore do not recommend inclusion of a testing charge associated with tripping, at this time. The TSOs believe that the unit commitment and reserve elements of the high impact testing should be retained for 2019, and are recommending the testing the arrangements outlined in Table 1, should be applied for high impact (Tariff A) testing.

The TSOs propose the rates for high impact testing outlined in Table 2 below, are applicable in 2019. The methodology used for calculating the testing tariffs is as per the SEM Testing Tariffs Decision Paper published in March 2012⁷, updated using 2018/2019 Imperfections Forecast Plexos model.

⁷ [SEM-12-014] <https://www.semcommittee.com/news-centre/sem-testing-tariffs-decision>

	MW	High Impact Testing			
		Reserve System Services Cost	Reserve Imperfection Cost	Unit Commitment	Total Charge
GEN <50	50	€ -	€ -	€0.69	€0.69
50 < GEN ≤100	100	€ -	€ -	€2.67	€2.67
100 < GEN ≤ 150	150	€ -	€ -	€3.47	€3.47
150 < GEN ≤ 200	200	€ -	€ -	€3.88	€3.88
200 < GEN ≤ 250	250	€ -	€ -	€3.97	€3.97
250 < GEN ≤ 300	300	€ -	€ -	€4.04	€4.04
300 < GEN ≤ 350	350	€ -	€ -	€4.15	€4.15
350 < GEN ≤ 400	400	€0.05	€0.04	€3.72	€3.81
400 < GEN ≤ 450	450	€0.24	€0.37	€2.68	€3.29
450 < GEN	500	€0.46	€1.07	€2.21	€3.74

Table 2: 2019 Proposed Testing Tariff Cost Components

The TSOs are of the view that I-SEM and OSC will recover any unreliability of the UUT and any imperfections costs being passed through to suppliers, arising as a consequence of UUT behaving unreliably, will be minimal. However the TSOs may recommend re-introduction of the trip element of Testing Tariffs in future years, should material imperfections costs arise in I-SEM, as a consequence of UUT behaving unreliably.

In addition the TSOs propose that any UUT which trips, should be automatically levied a trip charge, through the automated OSC settlement system. This ensures that UUT which do not trip are not unduly charged. No SNDs will be applied unless the unit trips.

4. SUMMARY

In summary, the TSOs propose the following:

1. The TSOs recommend ongoing removal of Testing Tariffs for low impact testing (Tariff B), effective from 1st January 2019 to 31st December 2019.
2. For high impact testing (Tariff A), the TSOs recommend testing tariffs, as per Table 2 above, effective from 1st January 2019 to 31st December 2019.
3. The TSOs may recommend re-introduction of Testing Tariffs for low impact testing (Tariff B) and /or a testing element for high impact testing (Tariff A) in future years, should material imperfections costs arise in I-SEM, as a consequence of UUT behaving unreliably.
4. In addition the TSOs propose that:
 - a. Any UUT which trips, should be automatically levied a trip charge, through the automated OSC settlement system
 - b. For low impact testing: SNDs would be applied as if the unit was in normal operation
 - c. For high impact testing: SNDs will continue to apply if a unit trips unexpectedly.

5. CONTACT

If you have any comments or queries on these proposed Testing Tariffs for 2019 please E-mail:

Tariffs@EirGrid.com or Tariffs@soni.ltd.uk by 25th September 2018.