

| Costs ^[1] | 2015/2016 | 2014/2015 | 2015/2016 | 2014/2015 |
|---|------------------|------------------|-----------------|-----------------|
| | YTD Outturn (€m) | YTD Outturn (€m) | Q2 Outturn (€m) | Q2 Outturn (€m) |
| Dispatch Balancing Costs (DBC) | 99.2 | 118.5 | 20.5 | 29.2 |
| Make Whole Payments | 2.3 | 4.5 | 1.0 | 1.5 |
| Energy Imbalance | -3.4 | -3.2 | -1.0 | -1.9 |
| Other System Charges (OSC) ^[2] | -5.1 | -4.5 | -1.4 | -1.1 |
| Imperfections Costs Outturn | 93.0 | 115.3 | 19.1 | 27.7 |
| Imperfections Costs Forecast | 131.1 | 130.6 | 36.0 | 50.1 |
| Variance: Forecast Vs. Outturn | 38.1 | 15.3 | 16.9 | 22.4 |
| Variance %^[3] | 29.1% | 11.7% | 46.9% | 44.7% |

Key Points

- The Imperfections Costs Forecast are profiled based on the submitted model which assumed zero payments for both OSC and Energy Imbalances.
- The Imperfections Costs Outturn are subject to fluctuation dependent upon power system conditions and will vary significantly within the year relative to the forecast. The differing power system conditions and external conditions (for example system demand) need to be taken into account when comparing quarterly periods and year to date figures.


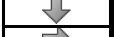
| Key Factors Affecting Imperfections Costs | Forecast Assumptions for TY1516 ^[5] | Actual TY1516 | Impact ^[11] |
|--|---|---|------------------------|
| Reserve Policy and TCGs ^[6] | Primary & Secondary Operating Reserve 75% LSI ^[7] TCG data as forecast per submission | The continuation of the temporary must-run of a unit in the North West Generation constraint increased DBC. There was an update to how RCUC deals with the Total Transfer Capacity of the Tie Line which reduced DBC. The overall net effect was however an increase in DBC. | ↑ |
| Reserve Provision | Data as per forecast submission | The provision of reserve from Short Term Active Response (STAR) was slightly lower than that forecast for this quarter, which increased DBC. An issue with reserve provision from an in-merit unit has also increased DBC. | ↑ |
| Regulatory Policy Changes | Data as per forecast submission | No change from forecast in this quarter. | → |
| System Demand | Data as per forecast submission | Actual system demand figures were slightly lower than forecast which increased DBC. | ↑ |
| Forced Generation Outages | Data as per forecast submission | Average actual rate for this quarter: 7.97 ^[8] | → |
| Scheduled Generation Outages | Data as per forecast submission | The scheduled outage of the Moyle Interconnector required units in Northern Ireland to be constrained on at times thus increasing DBC. | ↑ |
| Forced Transmission Outages | No outages forecast | The overrun in the delivery of the new south west stations resulted in wind constraints at times, thus increasing DBC. | ↑ |
| Scheduled Transmission Outages | Data as per forecast submission | There were a number of scheduled outages in the South of Ireland which required units to be constrained on. This increased DBC. | ↑ |
| Commercial Offer data - Fuel Costs & Carbon ^[9] | Data as per forecast submission | All wholesale fuel prices were significantly lower than forecast for this quarter; Gas c. 30% lower, Coal c. 17% lower, Distillate c. 28% lower and Oil c. 41% lower and carbon was c. 12% lower. Therefore the cost of constraining on generation (i.e. Gas units) was lower than forecast, thus reducing DBC. | ↓ |
| Wind Variability | Data as per forecast submission | Installed Capacity at period end: 3109 MW ^[10] Capacity Factor: 20% ^[10] The wind capacity factor was higher than forecast during the quarter, which increased DBC. | ↑ |

Mitigation Measures

The following are a list of mitigation measures undergoing review to seek to increase downward pressure on Imperfection Costs

1. Daily review of Non-Compliances / Performance Monitoring events e.g. Trips;
2. Weekly review of Imperfections costs and drivers;
3. Ongoing review of Reserve Policy and TCGs ^[6];
4. Flexibility services as required;
5. Grid Code review and modifications; and
6. System Operator counter trading on the Interconnectors.

Notes

- [1] Costs are actual initial settlement figures. There may be variations in the final figures as a result of resettlement or regulator approved derogations.
- [2] Other System Charges amounts as published at www.eirgridgroup.com. Other System Charges for June are not yet available.
- [3] Positive value indicates under forecast, Negative value indicates over forecast.
- [4] Imperfections Cost Forecast includes forecast for Make Whole Payments. Make Whole Payments are not subject to the incentive process.
- [5] Forecast is over an annual time horizon. Information and figures are for this period unless otherwise stated. Forecast assumptions are published at: <http://www.semcommittee.eu>
- [6] TCGs mean Transmission Constraint Group or Operational Constraints as published at www.eirgridgroup.com.
- [7] LSI means the Largest Single Infeed which is used in the calculation of the system reserve requirement.
- [8] Percentage availability is an average of the Ireland January to March figures.
- [9] Fuel and Carbon Costs forecast and actual performance based on data taken from Thomson Reuters.
- [10] Percentage capacity factor is estimated as the April, May and June figures are currently not available. Figures to be published in All-Island Wind and Fuel Mix Summary Report.
- [11] Increase from Forecast 
Decrease from Forecast 
No Change from Forecast 