



# Quarterly Imperfections Costs Report

## 1st April 2014 - 30th June 2014



Costs <sup>[1]</sup> (€m)	2013/2014 YTD Outturn €m	2012/2013 YTD Outturn €m	2013/2014 Q3 only €m	2012/2013 Q3 only €m
Dispatch Balancing Costs (DBC)	135.9	116.6	24.2	49.0
Make Whole Payments	3.1	0.9	1.7	0.9
Energy Imbalance	-0.2	-8.1	0.1	-3.5
Other System Charges (OSC) <sup>[2]</sup>	-4.7	-5.1	-1.2	-1.5
<b>Imperfections Costs Outturn</b>	<b>134.1</b>	<b>104.3</b>	<b>24.8</b>	<b>45.0</b>
Imperfections Costs Forecast <sup>[3]</sup>	119.2	101.7	45.9	40.0
<b>Variance: Forecast Vs. Outturn</b>	<b>-14.9</b>	<b>-2.6</b>	<b>21.1</b>	<b>-5.0</b>
<b>Variance %<sup>[4]</sup></b>	<b>-12.5%</b>	<b>-2.6%</b>	<b>46.0%</b>	<b>-12.5%</b>

**Key Points**

- The Imperfections Costs Forecast are included in the table above on a flat line basis<sup>[3]</sup> 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 this flat line 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.

**YTD 2013/2014**

- Imperfections Costs Outturn 12.5% over the Imperfections Costs Forecast<sup>[5]</sup>.

Key Factors Affecting Imperfections Costs	Forecast Assumptions for TY1314 <sup>[6]</sup>	Actual TY1314	Impact <sup>[14]</sup>
Reserve Policy and TCGs <sup>[7]</sup>	Primary & Secondary Operating Reserve 75% LSI <sup>[8]</sup> TCG data as per submission	System Operator counter trading on the Interconnectors has resulted in decreased DBC costs.	↓
Reserve Provision	Data as per submission	There was a change to the static reserve provisions from the Interconnectors. Static reserve provision from STAR sites decreased for a period during April.	↓
Regulatory Policy Changes	Data as per submission	No change from forecast in Q3. NB Gas generators had been including a Gas Transportation Capacity charge in their offer prices from 1st October 2013 to 1st May 2014, following the regulatory decision on Gas Access Products and Tariffs.	→
System Demand	Data as per submission	System demand was in line with that forecast and did not have a significant impact on DBC over the quarter.	→
Forced Generation Outages	Data as per submission	Average actual rate (Q3): 8.2% <sup>[9]</sup>	→
Scheduled Generation Outages	Data as per submission	The outages of some in-merit generation brought more expensive units into the merit order, thus decreasing DBC at times during the quarter.	↓
Forced Transmission Outages	No outages forecast	One of the North-South Tie-line transformers is currently on forced outage which has impacted slightly on the maximum power flow available.	↑
Scheduled Transmission Outages	Data as per submission	Transmission outages in the Donegal region have resulted in the constraining down of wind generation at times, thus increasing DBC. Transmission outages in the South-East of the country required more expensive plant to be scheduled at times for system requirements, thus increasing DBC.	↑
Commercial Offer data - Fuel Costs & Carbon <sup>[10]</sup>	Data as per submission	Gas CCGT <sup>[11]</sup> c.8% Lower Gas OCGT <sup>[12]</sup> c.9% Lower Coal c.6% Higher Oil c.5% Higher There was a significant decrease in Gas Transportation Capacity charges in Gas Units' offer prices over Q3, which has shifted the merit order and reduced DBC.	↓
Wind Variability	Data as per submission	Installed Capacity at period end: 2575MW <sup>[13]</sup> Capacity Factor: 20.2% <sup>[13]</sup>	↓

**Mitigation Measures**

The following are a list of mitigation measures undergoing review to seek to manage Imperfection Costs:

- Daily review of Non-Compliances / Performance Monitoring events e.g. Trips;
- Weekly review of Imperfections costs and drivers;
- Ongoing review of Reserve Policy and TCGs<sup>[7]</sup>;
- Flexibility services as required;
- Grid Code review and modifications; and
- 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 up until the end of May 2014 as published:

<http://www.eirgrid.com/operations/ancillaryservicesothersystemcharges>

[3] Imperfections Costs Forecast is weighted for TY1314: 44% of total for Q1 and Q2, 56% of total for Q3 and Q4.

[4] Positive value indicates under forecast, Negative value indicates over forecast.

[5] Imperfections Cost Forecast includes forecast for Make Whole Payments. Make Whole Payments are not subject to the incentive process

[6] Forecast is over an annual time horizon. Information and figures are for this period unless otherwise stated. Forecast assumptions are published at:

<http://www.allislandproject.org/GetAttachment.aspx?id=0fc05d3e-c84e-4de8-8c35-254f681b2b8f>

[7] TCGs mean Transmission Constraint Group or Operational Constraints as published at:

[http://www.eirgrid.com/media/OperationalConstraintsUpdateVersion1\\_14\\_June2014.pdf](http://www.eirgrid.com/media/OperationalConstraintsUpdateVersion1_14_June2014.pdf)

[8] LSI means the Largest Single Infeed which is used in the calculation of the system reserve requirement.

[9] Percentage availability is an average of the Ireland April to June figures. EirGrid Availability Reports are published at:

<http://www.eirgrid.com/operations/systemperformancedata/availabilityreports>



[10] Fuel and Carbon Costs forecast and actual performance data based on the average first offer Price from the Generator Commercial Offer Data (COD) for all units.

[11] CCGT: Combined Cycle Gas Turbine

[12] OCGT: Open Cycle Gas Turbine

[13] Figures published in All-Island Wind and Fuel Mix Summary Report at:

<http://www.eirgrid.com/operations/systemperformancedata/all-islandwindandfuelmixreport/>

[14] Increase from Forecast  Decrease from Forecast  No Change from Forecast 