

# All-Island System Services Supplier Charge

Consultation Workshop Q&A

5 September 2024



#	Question asked by	Question	Answer
1	SF	On the forecast on an annual basis, will the TSO consult on their approach for defining the forecast unit price/cost of different system services? And will they consult where this changes over time?	The TSOs may use different approaches (or a combination) for defining the unit price/cost of different System Services, including (but not limited to) forward-looking modelling, historical data and/or a cost-based approach. The TSOs do not intend to consult on their approach to defining the forecast unit price or defining the cost of different System Services.
2	SF	The all-island SEM demand forecast, if used for a variety of setting other market charges, can we ensure it is issued in a timely manner? Is it the same demand forecast in other reports such as generation capacity statement?	The Generation Capacity Statement reflects forecast TER (Total Electricity Requirement). TER data includes all electricity exported by generating units, as well as that consumed on-site by self-consuming electricity producers, is gross of system losses etc. The All-Island SEM demand forecast reflects the energy as seen in the SEM. While the trends seen in the GCS are an input into such forecasts, the output is not the same. The forecast is completed annually at the end of May then shared with the Regulatory Authorities. The All-island SEM demand forecast is used in setting the Imperfections Charge, certain Market Operator Charges and used as an input value into ISEM Charges.
3	PH	Is Supplier Unit v as per the T&SC definition?	Yes, that is what is proposed. It is inherent in the use of data calculated using T&SC algebra.
4	HS	When will we see the actual proposed timings for the FASS vs DASSA settlement payment dates?	The actual proposed timing details fall under the implementation stage of the DASSA. Currently, SEMC are reviewing the DASSA design, thereafter TSOs will implement the settlement function.
5	HS	How long will there between when you get the money in and when it is paid out?	The timing of money out is dependent on design of settlement which is pending. The dependencies and required input data for settlements will continue to be needed for DASSA. Further detail will be available following the SEMC Decision on the DASSA design.

#	Question asked by	Question	Answer
6	TOS	[Asked in Workshop and submitted via email] Has dynamic charging been considered to encourage flexible demand in times of renewable over generation?(Verbally) this would encourage people to use more fossil fuels, as you are unintentionally counteracting what DS3 was for. Charges such as this will hinder electrification.	This would correspond to the SEMC's concept of a trading period based charge, which was their preferred option during their consultation. However their final decision, taking into consideration respondents' feedback, was for the charge to be set annually in the first instance. The TSOs are to provide for granular charging in the systemisation in case it is introduced in future.
7	TOS	The charge should be dynamic to encourage customers to move consumption to times when renewables are on the grid. A flat charge discourages renewables (i.e. wind/solar) and incentivises remaining on fossil fuels. DS3 helped to get more renewables on the system, and the application of charge could unintentionally counteract the purpose of DS3.	The SEMC have made clear that they want to keep open the possibility of more granular charging in the future.
8	BM	Is the Exchange Rate calculation, using 5 days in June/July the same approach to that used for current DS3?	Yes, this is the same approach that is used for DS3 in SONI currently.
9	CO	How will the future dynamic trading period costs be determined? Is it a market based approach where participants bid a dynamic cost to provide the service or based on a predetermined cost of service provision * Actual requirement in the trading period?	As a clarification - the SEMC Decision (SEM-22-012) is that they may want to move to a dynamic trading period based charge in the future, not that they have already decided that they will. However, our understanding is that if the FASS charge did move to a dynamic trading period based charge, both the demand and the cost to be recovered would change in each trading period, and the cost would be a function of (amongst other things) the DASSA price in that trading period.

#	Question asked by	Question	Answer
10	CO	What are the inputs that formulate the price? I.e. deriving from provider bidding behaviour or pre-determined costs of volume during trading period.	This would be detailed in the design of DASSA with the price and volume varying. As the TSOs are designing a Day Ahead Auction, there will be a volume forecast for each trading period such that service providers can bid to fulfil the volume at a specific price during a trading period. The DASSA consultation paper is available on the EirGrid ( <a href="https://consult.eirgrid.ie/en/consultation/soef-markets-%E2%80%93-future-arrangements-system-services-%E2%80%93-dassa-consultation-paper">https://consult.eirgrid.ie/en/consultation/soef-markets-%E2%80%93-future-arrangements-system-services-%E2%80%93-dassa-consultation-paper</a> ) and SONI ( <a href="https://consult.soni.ltd.uk/consultation/soef-markets-%E2%80%93-future-arrangements-system-services-%E2%80%93-dassa-consultation-paper-%E2%80%93-march-2024">https://consult.soni.ltd.uk/consultation/soef-markets-%E2%80%93-future-arrangements-system-services-%E2%80%93-dassa-consultation-paper-%E2%80%93-march-2024</a> ) websites for further information. The DASSA Recommendations paper has been shared with Regulatory Authorities and will be available on the EirGrid and SONI websites following their decision.
11	CO	The consultation implies some knowledge of the new System Services Arrangements from Supplier participants.  Not all suppliers will have had an involvement in the design of these services as they are not or don't intend to be system service providers.  In future when discussing a supplier charge it would be useful to get some background on the key point of the new arrangements. (Verbally) would be useful to have a primer document for Suppliers on what costs will be included in the FASS Charge.	TSOs have noted this recommendation.  All information published on the FASS programme is available on the EirGrid website ( <a href="https://www.eirgrid.ie/shaping-our-electricity-future/electricity-markets#key-publications">https://www.eirgrid.ie/shaping-our-electricity-future/electricity-markets#key-publications</a> ) and the SONI website ( <a href="https://www.soni.ltd.uk/library/index.xml">https://www.soni.ltd.uk/library/index.xml</a> ), searching for "FASS".
12	NK	To clarify a nuance for storage- is it both the demand forecast itself and the settlement of the charges that is based on Supplier Unit QMLF volumes; or is it just the demand forecast that is determined based on Supplier	The demand forecast and the settlement of the charges are both based on the QMLF volumes.

#	Question asked by	Question	Answer
		Unit QMLF, but then the charges are actually settled against all metered demand volumes (not just Supplier Unit QMLF) - as for current other TUoS?	
13	NK	It will be supplier unit volumes rather than general metered volumes in which it is charged against?	Yes, it will be the SEM QMLF demand. It is not a policy position regarding system services cost recovery from relevant storage units, but a mechanistic outworking through the methodology of the High Level Design (SEM-22-012), which requires the use of all-island demand as the demand base. The use of SEM demand / QMLF means that the relevant storage volumes are not included.
14	HS	When the Y-1 K-Factor was presented today I think I heard Varun [presenter] call it a within-year K-Factor. Can you say if your planning for the Y-1 K-Factor to be changeable at different times within the year?	By "within-year" K-Factor here, we mean the year in which the TSOs' submission of the FASS charge to the RAs is made i.e. Y-1.
15	CO	To follow up on SF's question on demand - can this demand forecast be published in advance? It usually just comes out as part of the Imperfections submission. Not sure on the timing of these charges vs imperfections info being published.	Covered response to Question 2.
16	PB	When you note that not levying the charge on storage is a mechanistic effect rather than a policy decision, are you flagging a risk that this could change? i.e. How reliable is it for a storage project to assume this won't be levied in the future in the context of an investment decision?	This is a TSO consultation on the implementation of the High Level Design Decision (SEM-22-012). The RAs have been made aware of this impact of implementing the charge in this way. This approach reflects the status quo in Northern Ireland. Network charges are kept under review by each RA and the QMLF algebra itself is subject to the T&SC modifications processes. This is an open consultation and both the TSOs and RAs will take all responses into account.

#	Question asked by	Question	Answer
17	PB	Is it likely that this point on storage will be addressed through this SS Charge Process?	If it is important to participants, then it should be included in their consultation responses as the SEMC will need to consider it as part of this consultation process. Please note, the consultation only relates to the portion of the demand tariff in Ireland that relates to payments to generators for system services, No other changes to the way that CRU/20/115 is implemented are considered here and no changes are proposed in Northern Ireland.
18	SF	Just building on HS' point, it is critical for suppliers who are bound by various metrics, that they are well aware when these charges will be required to be paid in advance.	Covered response to Question 4.
19	TOS	On the battery issue, will other negative generators be excluded from the demand forecast and excluded from this charge? For example, if renewable energy is used to charge a thermal (battery?), will the thermal unit be subject to the charge? Is excess renewables that charge up thermal storage to be used at a later time treated the same as an electrical battery?	The TSOs are aware of the position regarding batteries and pumped storage. If there are other technologies that respondents consider may be similarly impacted, we welcome additional views in the consultation responses. The application of the charge to thermal storage would depend on its treatment in the Trading & Settlement Code and whether it is included in the QMLF algebra.
20	PH	Was a socialisation fund (similar to the CRM) considered to address the cash flow risk?	The TSOs considered a range of options for mitigating cash flow risk and those that feature in the consultation paper are the combination that were considered optimal, with a socialisation fund not being taken forward as an option at this time.

#	Question asked by	Question	Answer
21	TOS	<p>Is there a risk of consumer's being charged both new and old System service charges at the same time? Dynamic charging is complicated. Not just for the TSO but for Suppliers to reflect this to consumers. And for consumers in deciding what technology to invest in. In light of 2030 decarbonisation targets, flexible demand targets, integrating RESe targets, it is important this is developed.</p>	<p>DS3 will come to an end and FASS will be implemented. It is not expected that there will be payments under both sets of arrangements at the same time (except for the run-off of the contribution to DS3 payments that will continue through the M+13 resettlement of the SSS tariff in NI over the first 13 months of the new regime). There will be reconciliation of TSO revenues related to DS3 through the SSS and DTUoS K-factor process, which will overlap with FASS cost recovery under this new charge, but the DS3 K-factor reconciliation will take place through the existing DTUoS/SSS tariffs and not via the FASS charge.</p>