Other System Charges
2010/2011

Explanatory Paper

22nd September 2010

EIRGRID

SONI
System Operator for Northern Ireland

1. EXECUTIVE SUMMARY

For the upcoming tariff period running from the 1st October 2010 to the 30th September 2011, the TSOs published a consultation paper[1] outlining a number of proposals. The TSOs received comments from eleven respondents on this consultation paper and having reviewed the responses that TSOs then made a number of recommendations to the RAs based on these comments. The RAs subsequently made the following approvals[2] based on the TSOs recommendations:

1. The TSOs recommend that the exchange rate of €1/£0.82 is used for the 2010/2011 tariff year. **The RAs have approved this exchange rate for the new tariff year**;
2. The TSOs recommended that the OSC rates remain unchanged for the 2010/2011 tariff year. The TSOs indicated in the consultation paper that since the rates in Euro are used as the reference rate, as is consistent with the approach used in the Single Electricity Market (SEM), the rates in GBP need to change due to the recommended exchange rate. **The RAs have approved that the rates in Euro remain unchanged except for the SND, Min on Time GPI and Max Starts GPI. The phased increase in these rates will be implemented from the 1 October 2010. The OSC rates in GBP have changed due to the new exchange rate;**
3. The TSOs recommend that the Min On Time and Max Starts design refinements are implemented for the start of the 2010/2011 tariff year. **The Min On Time and Max Starts design refinements have been approved by the RAs;** and
4. The OSC consultation identified a number of topics which need further investigation and these are summarised in this paper. The TSOs recommend that these topics are discussed with the RAs and that a detailed scope is developed for the second annual review[3] for OSC.

The finalised rates will be published in the Statement of Charges and this will be available from the respective EirGrid and SONI website[4]. The Other System Charges Methodology paper has also be updated to reflect the design refinements to the Min On Time and Max Starts GPIs. This updated document can be also found on both the EirGrid and SONI website[5].

1 “Harmonised Ancillary Services; Consultation” 9th July 2010, available at http://www.eirgrid.com/operations/ancillaryservices/consultationsworkshops/asconsultation/ and http://www.soni.ltd.uk/upload/Harmonised%20Other%20System%20Charges%202010-11%20Consultation.pdf

2 [SEM-10-064] “AS Rates and OSC for 2010-11 tariff year beginning 1 October 2010” 17th September 2010, available at www.allislandproject.org

3 The second annual review covers the tariff period 1st October 2011 to 30th September 2012

4 “2010/2011 Ancillary Services Statement of Payments & Charges”, available at www.EirGrid.com and www.SONI.ltd.uk.

5 “2010/2011 Other System Charges Methodology Statement”, available at www.EirGrid.com and www.SONI.ltd.uk.

2. INTRODUCTION

The aim of this paper is to summarise the Other System Charges (OSC) rates for the 2010/2011 tariff year, any design refinements from the current methodology and to respond to issues identified by respondents to the OSC Consultation paper[6].

On the 29th June 2010 the RAs in Ireland and Northern Ireland published an information note to service providers on Harmonised Ancillary Services (HAS) and Other System Charges (OSC)[7]. This information note set out the scope for the first annual review for HAS and separately for the OSC.

On the 9th July 2010 the TSOs in Ireland and Northern Ireland published separate consultation papers for HAS and OSC.

The OSC consultation paper proposed to keep the current OSC rates for trips, Short Notice Declarations (SNDs) and Generator Performance Incentives (GPIs) unchanged for the 2010/2011 tariff period, which runs from the 1st October 2010 to the 30th September 2011, other than those which may have resulted from changes in the final exchange rate. This proposal was made on the basis that the current arrangements have only recently been implemented, that the current rates are still considered to be valid and that a period of stability is required. The RAs approved this recommendation in their letter[8] to the TSOs apart from the SND charge rate and the Min On Time and Max Starts GPI rates. These rates were due to increase for the start of the 2010/2011 tariff period as per the RAs Decision Paper in January 2010[9]. The TSOs however recommended that the phased increase of the rates was delayed until the start of the 2011/2012 tariff year. The RAs decided that due to the original decision that the phased increase in these rates should be introduced from the start of the 2010/2011 tariff year.

The TSOs proposed to make three design refinements to the current charges. Two of these refinements relate to the Minimum on Time and Maximum Starts in 24 hours charges and how these interact with the Minimum Generation design change. The TSOs proposed that this design refinement should be implemented for the start of the 2010/2011 tariff period. The RAs approved this design refinement in their letter to the TSOs.

The TSOs also proposed making a possible refinement to the Minimum Generation design to allow generators to take ambient conditions into consideration when making declarations. This refinement of the existing design would not be implemented for the start of the 2010/2011 tariff period. The RAs supported this approach in their letter to the TSOs.

6 "Other System Charges; Consultation" 9th July 2010, available at www.EirGrid.com

7 [SEM-10-42] "Harmonised All-Island Ancillary Services Rates and Other System Charges; Information Note to Service Providers" 29th June 2010, available at www.allislandproject.org

8 [SEM-10-064] "AS Rates and OSC for 2010-11 tariff year beginning 1 October 2010" 17th September 2010, available at www.allislandproject.org

9 [SEM-10-001] "Harmonised All-Island Ancillary Services Rates & Other System Charges" Decision Paper 4 January 2010

In parallel with this Explanatory Paper the TSOs will publish a summary of the approved changes and will also publish a revised Statement of Charges and Other System Charges Methodology Statement for the 2010/2011 tariff period[10].

10 These documents are available on the TSOs websites www.EirGrid .com and www.SONI.ltd.uk.

3. OTHER SYSTEM CHARGES CONSULTATION

3.1. PROPOSED EXCHANGE RATE

3.1.1. Introduction

The proposed exchange rate used in the OSC consultation paper uses the same methodology as that used in the previous TSOs HAS & OSC rates consultation paper[11] and that which is used in the annual SEM Capacity Pot calculation[12].

The rate proposed in the consultation paper for the 2010/2011 tariff period was €1/£0.86 and the TSOs proposed that this may be amended for the final published rates to reflect the exchange rate calculated at that time. The exchange rate used for the 2009/2010 tariff period was €1/£0.85.

3.1.2. Respondents Comments

Six respondents commented on the proposed exchange rate, with the majority of these supporting the TSOs' proposal. Two respondents commented that a more detailed review should be carried out for the 2011/2012 tariff year. One of these respondents felt that the generators were accepting and suffering in their finances an unnecessary risk with the current methodology and cited the CPM Medium Term Review[13] as an example of this. Finally one respondent commented that the rates should be set as close as possible to the tariff year and consideration should be given to utilising daily rates.

The TSOs note that the majority of respondents were satisfied that the current methodology for calculating the exchange rate remains in place for the 2010/2011 tariff year. One of the generators in Northern Ireland feels that the fixed nature of the exchange rate exposes them to a higher risk, while another generator in Northern Ireland has requested that the TSOs carry out a comprehensive review of the methodology during the HAS review. TSOs' Recommendation

The TSOs note in the consultation paper that a review of the forward exchange rate would be made closer to the final published rates and that the rates may be amended to reflect any new exchange rate. The exchange rate which was used in the consultation paper was €1 / £0.86 and this was the forward exchange rate for the 2010/2011 tariff year calculated in May 2010. The TSOs reviewed the 12 month forward exchange rate on the 31 August 2010 and this was calculated as €1/£0.82. The TSOs recommended to the RAs that this exchange rate is used for the 2010/2011 tariff year due to its close proximity to the start of the new tariff year. This rate also closely aligned to the rate proposed as part of the CPM Medium Term Review for the 2011 calendar year.

The TSOs will, in consultation with the RAs, consider including a review of the exchange rate methodology in the scope for the 2011/2012 HAS consultation process.

11 [AIP-SEM-09-062] "Harmonised Ancillary Services & Other System Charges; Rates Consultation" 8th June 2009

12 [SEM-09-103] "Trading & Settlement Code Annual Parameters; Decision Paper" 4th November 2009

13 [SEM-10-046] "CPM Medium Term Review" 23rd July 2010

3.1.3. RAs' Decision

The RAs have approved the exchange rate of €1 / £0.82 for the 2010/2011 tariff year for the purposes of OSC.

3.2. TRIP CHARGE CONSTANTS & RATES

3.2.1. Introduction

The TSOs recommended not to change the trip charge formulae and trip constants as at the time of writing the OSC consultation paper the harmonised arrangements were only been in place for less than five months. Therefore the sample of data available was not sufficient to warrant change. The TSOs believe that the current design effectively ramps up the charge with increasing MW loss and that the trip design incentivises 'wind-downs' rather than trips if technically achievable.

While the proposed trip charge rates remained unchanged for the 2010/2011 tariff period, the proposed exchange rate changed. The rates in Euro are used as the reference rate, as is consistent with the approach used in the Single Electricity Market (SEM), therefore the rates in GBP changed to reflect this change in the exchange rate.

3.2.2. Respondents Comments

No comments on the proposed trip charges and constants were received from the respondents. There were a number of general comments on the trip charge methodology and these are addressed in section 4.1.

3.2.3. TSOs' Recommendations

The TSOs believe that the current design effectively ramps up the charge with increasing MW loss and that the trip design incentivises 'wind-downs' rather than trips if technically achievable.

The TSOs recommended keeping the current trip charge rates and constants unchanged for the 2010/2011 tariff year, other than the charge rate which has changed due to the final exchange rate of €1 / £0.82.

3.2.4. RAs' Decision

The RAs approved that the trip rates and constants should remain unchanged for the 2010/2011 tariff year. The final rates for the 2010/2011 tariff year are shown in Table 1.

Trip		
Direct Trip Rate of MW Loss	15 MW/s	
Fast Wind Down Rate of MW Loss	3 MW/s	
Slow Wind Down Rate of MW Loss	1 MW/s	
Direct Trip Charge Rate	€4,000	£3,280
Fast Wind Down Charge Rate	€3,000	£2,460
Slow Wind Down Charge Rate	€2,000	£1,640
Direct Trip Constant	0.01	
Fast Wind Down Constant	0.009	
Slow Wind Down Constant	0.008	
Trip MW Loss Threshold	100 MW	

Table 1: Trip Constants and Rates for the 2010/2011 tariff year

The final rates in Table 1 are being published in parallel with this explanatory paper in the Statement of Charges[14].

[14] The Statement of Charges for the 2010/2011 tariff year can be found on the TSOs website at www.eirgrid.com/customers/transmissionuseofsystemcharges/ and www.soni.ltd.uk/chargingstatements.asp.

3.3. SHORT NOTICE DECLARATION CHARGE CONSTANTS & RATES

3.3.1. Introduction

The TSOs proposed in the consultation paper not to change the SND constants, since at the time of writing the OSC consultation paper the harmonised arrangements were only been in place for less than five months, therefore the sample of data available was not sufficient enough to warrant change.

The RAs January 2010 Decision Paper stated that the charge rate for SNDs is to be phased in with the rate increasing from €20/MW to €40/MW for the 2010/2011 tariff period and to €70/MW from the 1st October 2011. The phased approach to the rates setting allowed all parties time to gain experience of the new harmonised arrangements. With limited experience of the harmonised SND charges to date the TSOs were of the view that the current rate is adequate and proposed an extension of this phased approach and to retain the lower initial rate of €20/MW for the 2010/2011 tariff year. This would remain at €20/MW for the 2010/2011 tariff period, with the rate increasing to €40/MW for the 2011/2012 tariff period and then to €70/MW for the 2012/2013 tariff period.

While the proposed SND charge rate remains unchanged for the 2010/2011 tariff period, the proposed exchange rate changed. The rates in Euro are used as the reference rate, as is consistent with the approach used in the Single Electricity Market (SEM), therefore the rates in GBP changed to reflect this change in the exchange rate.

3.3.2. Respondents Comments

Comments on this section were received from four industry participants. All parties supported the TSOs' proposal to keep the constants and rate unchanged for the 2010/2011 tariff year. Two respondents disagreed with the proposal to increase the SND charge rate for the following years and one respondent suggested that the rate should be kept under review and changed if necessary after a consultation process. The TSOs note that the respondents support the proposal to keep the rates unchanged for the 2010/2011 tariff year. Two comments were received on the increase in the SND charge rate over the next two years. This phased increase of the SND charge rate was initially due to be implemented from the 2010/2011 tariff year as per the RAs' Decision Paper[15], however the TSOs proposed that this be delayed for a period of one year due to the short duration that the harmonised arrangement have been in place.

One comment was received that the current SND threshold should be increased from 15 MW to 25 MW due to technical restrictions of certain units and gave an example of last years ice storms. The SND threshold was specially changed to accommodate this issue with CCGTs prior to go live in February 2010 at the generators request. The TSOs will however investigate this particular issue with the respondent and the TSOs can discuss with the RAs on whether this should be included as part of the scope for the detailed OSC review for the 2011/2012 tariff year.

15 [SEM-10-001] "Harmonised All-Island Ancillary Services Rates & Other System Charges" Decision Paper 4 January 2010

3.3.3. TSOs' Recommendations

The TSOs recommended that the SND charge rates and constants remain unchanged for the 2010/2011 tariff year, other than the charge rate which has changed due to the recommended exchange rate in section 3.1.

3.3.4. RAs' Decision

The RAs rejected the TSOs recommendation that the SND rates should remain unchanged for the 2010/2011 tariff year. The RAs' Decision paper in January 2010 set out that the SND rate would be phased in over a number of years. The RAs have decided that this phased increase in the rates should continue as set out in this decision paper. The final SND rate of €70 / MW is in line with the rates previously in Northern Ireland prior to Harmonised Ancillary Service Arrangements. These rates successfully procured improvements in performance in Northern Ireland so were therefore determined to be appropriate for the new harmonised arrangements.

The SND rate for the 2010/2011 tariff year is therefore €40 / MW. The SND rates and constants for the 2010/2011 tariff year are shown in Table 2.

Short Notice Declarations		
SND Time Minimum	5 min	
SND Time Medium	20 min	
SND Time Zero	480 min	
SND Powering Factor	-0.3	
SND Charge Rate	€40 / MW	£32.80 / MW
SND Threshold	15 MW	
Time Window for Chargeable SNDs	60 min	

Table 2: SND rates and constants for the 2010/2011 tariff year

The final rates in Table 2 are being published in parallel with this explanatory paper in the Statement of Charges[16].

[16] The Statement of Charges for the 2010/2011 tariff year can be found on the TSOs website at www.eirgrid.com/customers/transmissionuseofsystemcharges/ and www.soni.ltd.uk/chargingstatements.asp.

3.4. GENERATOR PERFORMANCE INCENTIVE CHARGE CONSTANTS & RATES

3.4.1. Introduction

The RAs' January 2010 Decision Paper stated that the charge rate for Minimum on Time and Max Starts in 24 hours is to be phased in with the rate increasing from €0.29/MWh to €0.60/MWh for the 2010/2011 tariff period and to €1.00/MWh from the 1st October 2011. The phased approach to the rates setting allowed all parties time to gain experience of the new harmonised arrangements. With limited experience with the harmonised GPI charges to date the TSOs are of the view that the current rate is adequate so proposed an extension of this phased approach and the retention the initial rate of €0.29/MWh for both the Minimum on Time and Max Starts in 24 hours GPI for the 2010/2011 tariff year. This would therefore remain at €0.29/MWh for the 2010/2011 tariff period, with the rate increasing to €0.60/MWh for the 2011/2012 tariff period and then to €1.00/MWh for the 2012/2013 tariff period. The TSOs also proposed not to amend any of the other GPI rates, other than those which were affected by the proposed exchange rate.

The TSOs proposed not changing any of the GPI constants for the new tariff period since at the time of writing the OSC consultation paper the harmonised arrangements were only been in place for less than five months, therefore the sample of data available was not sufficient enough to warrant change.

While the proposed GPI rates remains unchanged for the 2010/2011 tariff period, the proposed exchange rate changed. The rates in Euro are used as the reference rate, as is consistent with the approach used in the Single Electricity Market (SEM), therefore the rates in GBP changed to reflect this change in the exchange rate.

3.4.2. Respondent Comments

Comments on this section were received from four industry participants. All parties supported the TSOs' proposal to keep the rates unchanged for the 2010/2011 tariff year. Two respondents disagreed with the proposal to increase the Minimum on Time and Max Starts in 24 hours charge rates for the following years and one respondent suggested that the rate should be kept under review and changed if necessary after a consultation process.

The TSOs note that the respondents support the proposal to keep the rates unchanged for the 2010/2011 tariff year. Two comments were received on the increase in the Minimum on Time and Max Starts in 24 hours rates over the next two years. This phased increase of these rates were initially due to be implemented from the 2010/2011 tariff year as per the RAs' Decision Paper[17], however the TSOs proposed that this be delayed for a period of one year due to the short duration that the harmonised arrangement have been in place.

17 [SEM-10-001] "Harmonised All-Island Ancillary Services Rates & Other System Charges" Decision Paper 4 January 2010

3.4.3. TSOs' Recommendations

The TSOs recommend that the GPI rates remain unchanged for the 2010/2011 tariff year, other than the charge rate which has changed due to the final exchange rate of €1 / £0.82.

3.4.4. RAs' Decision

The RAs approved that all GPI rates and constants should remain unchanged apart from the Min On Time and Max Starts rates. The RAs Decision paper in January 2010 set out that the Min On time and Max Starts rate would be phased in over a number of years. The RAs have decided that this phased increase in the rates should continue as set out in this decision paper. The final Min On Time and Max Starts rate of €1.00 / MWh is in line with the rates previously in Northern Ireland prior to Harmonised Ancillary Service Arrangements. These rates successfully procured improvements in performance in Northern Ireland so were therefore determined to be appropriate for the new harmonised arrangements.

The Min On Time and Max Starts rates for the 2010/2011 tariff year is therefore €0.60 / MWh. The GPI rates and constants for the 2010/2011 tariff year are shown in Table 3.

Generator Performance Incentive Charge Parameters & Rates		
Half Hour Trading Period Charges		
Minimum Generation	€ 1.18 / MWh	£ 0.97 / MWh
Max Starts in 24 hour period	€0.60 / MWh	£0.49 / MWh
Minimum On time	€0.60 / MWh	£0.49 / MWh
Reactive Power Leading	€0.29 / MWh	£0.24 / MWh
Reactive Power Lagging	€0.29 / MWh	£0.24 / MWh
Governor Droop	€0.29 / MWh	£0.24 / MWh
Primary Operating Reserve	€0.12 / MWh	£0.10 / MWh
Secondary Operating Reserve	€0.12 / MWh	£0.10 / MWh
Tertiary Operating Reserve 1	€0.12 / MWh	£0.10 / MWh
Tertiary Operating Reserve 2	€0.12 / MWh	£0.10 / MWh
Late Declaration Notice Time	480 mins	
Event Based Charges		
Loading Rate	€0.59 / MWh	£0.48 / MWh
Loading Rate Factor 1	60 min	
Loading Rate Factor 2	24	
Loading Rate Tolerance	110%	
De-Loading Rate	€0.59 / MWh	£0.48 / MWh
De-Loading Rate Factor 1	60 min	
De-Loading Rate Factor 2	24	
De-Loading Rate Tolerance	110%	
Early Synchronisation	€2.65 / MWh	£2.17 / MWh
Early Synchronous Tolerance	15 min	
Early Synchronous Factor	60 min	
Late Synchronisation	€26.47 / MWh	£21.71 / MWh
Late Synchronous Tolerance	5 min	
Late Synchronous Factor	55 min	

Table 3: GPI rates and constants for the 2010/2011 tariff year

The final rates in Table 3 are being published in parallel with this explanatory paper in the Statement of Charges[18].

[18] The Statement of Charges for the 2010/2011 tariff year can be found on the TSOs website at www.eirgrid.com/customers/transmissionuseofsystemcharges/ and www.soni.ltd.uk/chargingstatements.asp.

3.5. MIN ON TIME AND MAX STARTS DESIGN REFINEMENTS

3.5.1. Introduction

In the current GPI design, a generator is only exposed to both the Minimum on Time and Maximum Starts in 24 hour period charges in each half hour trading period when the generators Minimum Generation is non-compliant. This is consistent with the System Support Services Agreement arrangements which operated in Northern Ireland pre-harmonisation on which the GPI arrangements were based. Both the Minimum on Time and Maximum Starts in 24 hour period charges are calculated based on the declared Minimum Generation and are independent of the level of non-compliance with respect to either Minimum on Time or Maximum Starts in 24 hour period.

It is logical for the charge calculation for Minimum on Time or Maximum Starts in 24 hour period to include the declared Minimum Generation. However, by not including the level of non-compliance a step change in the charge can occur. The TSOs therefore proposed to refine both the Minimum on Time or Maximum Starts in 24 hour period charge calculations, to take into account the degree of non-compliance and make them more reflective of the Minimum Generation charge.

3.5.2. Respondent Comments

Four comments were received on this section of the consultation paper. All respondents supported the proposal; however one of these felt that the degree of non compliance of the units minimum generation should also be taken into account in the design refinement. They noted that a large plant which is slightly outside of its required minimum generation will receive a larger penalty than a medium sized plant which is significantly outside of standard.

The TSOs note that all respondents supported the design refinements for Min on Time and Max Starts in 24 hours to include the degree of non-compliance of the unit with respect to these parameters. One respondent felt that the degree of non-compliance of minimum generation should also be factored into the design refinement. The TSOs have considered this and feel that the proposed design refinement will significantly reduce the charge as can be seen in Table 8 in the OSC consultation paper. The larger the unit which is outside of these standards then the more impact this will have on system operations. This is why the declared minimum generation is used to determine the severity of the GPI.

3.5.3. TSOs' Recommendations

The TSOs recommend that the Min on Time and Max Starts in 24 hours designs are refined as outlined in the OSC consultation papers in order to take into account the degree of non compliance of the unit with respect to these parameters and the Grid Code.

The TSOs will, in consultation with the RAs, consider including a review of whether the degree of non compliance of minimum generation should be considered in the scope for the 2011/2012 OSC consultation process.

3.5.4. RAs' Decision

The RAs have approved that the design refinements for the Min On Time and Max Starts GPIs are implemented for the 2010/2011 tariff year. The refined design for Minimum on Time has changed from:

MoT_ChargeX = TP * DMG * MoT_RATE

to

MoT_ChargeX = TP * DMG * MoT_RATE * [(DMoT – CMoT) / CMoT]

where: CMoT is the Required Minimum on Time

DMoT is the Declared Minimum on Time

The Maximum Starts in 24 hour period charge calculation has change from:

MxS_ChargeX = TP * DMG * MxS_RATE

to

MxS_ChargeX = TP * DMG * MxS_RATE * [(CMxS - DMxS)/DMxS]

where: CMxS is the Required Max Starts in a 24 hour period

DMxS is the Declared Max Starts in a 24 hour period

These design refinements have now been changed in the Other System Charges Methodology Statement[19].

[19] The Other System Charges Methodology Statement can be found on the TSOs website at www.eirgrid.com/operations/ancillaryservices/asothersystemcharges/ and soni.ltd.uk/chargingstatements.asp.

3.6. MINIMUM GENERATION DESIGN REFINEMENT

3.6.1. Introduction

The TSOs proposed to make a refinement to the existing minimum generation design to allow for the minimum generation requirement to vary based on the impact of ambient temperature conditions on the technical capabilities of certain units. If, after a technical appraisal, it is found that changing ambient conditions affect minimum output, the TSOs will consider an amended design. To carry out a full technical appraisal for the refinement of the minimum generation design would take some time and this proposal was included to obtain views on the proposed arrangements.

3.6.2. Respondent Comments

Three comments were received on this proposed design refinement to the minimum generation. All three respondents supported the proposal, however each respondent supported a different design approach. One respondent favoured option 1, one respondent favoured option 2, while the third favoured generator specific tolerances. The TSOs note that the respondents were all in favour of the high level design refinement, however that further work must be carried out to develop an approach that is appropriate. The TSOs are not in favour of implementing a design which will have the effect of increasing the minimum generation of all plant.

3.6.3. TSOs' Recommendations

The TSOs will, in consultation with the RAs, consider including a review of this design refinement in the scope for the 2011/2012 OSC consultation process.

3.6.4. RAs' Decision

The RAs have supported this approach. The TSOs will, in consultation with the RAs, consider including a review of this design refinement in the scope for the 2011/2012 OSC consultation process.

4. GENERAL COMMENTS

In addition to receiving comments on the sections of the paper which the TSOs were consulting on further comments were received on more general issues with OSC. These are summarised in the following sections.

4.1. TRIPS

Two respondents commented that units are already incentivised not to trip and that they are also subject to a short notice declaration charge in the event of a tripping. They believe that the current arrangement over penalises generators and that the charge is only a revenue generating exercise. The TSOs believe that the current trip design is appropriate as it effectively ramps up the charge with increasing MW loss and that the trip design incentivises ‘wind-downs’ rather than trips if technically achievable. In the event of a unit tripping the TSOs may need to constrain on an additional generator incurring extra charges. The larger the MW loss, the larger the impact this will have.

Two respondents commented that there is no requirement in the Northern Ireland Grid Code to provide slow wind down or fast wind capability and that the units do not currently have this capability. The TSOs note that this is also not a requirement in the Ireland Grid Code, however that the trip charge has incentivised generators to provide this capability. This greatly improves system operation.

Two comments were received requesting that the TSOs publish the number of trips within each trip category during harmonisation to date, the overall costs recovered in relation to such trips and the differences between TSO forecasts. The TSOs will consider options for reporting on OSC outturn in consultation with the RAs.

Finally one respondent proposed that generators in SEM are given a standard trip allowance per annum and that reliability should be positively incentivised. They further add that certain events which cause the unit to trip, such as lightening, should be excused. The TSOs have noted the first comment, however we feel that such a proposal to offer a trip allowance would not support the objective of ensuring security of supply on the island. Generators are incentivised to maintain their availability through various mechanisms such as capacity payments, ancillary service payments, SND charges, etc, therefore we would not consider it appropriate to offer an additional incentive not to trip. Finally the TSOs do not apply trip charges caused by transmission system issues outside of a generator’s control. If the generator feels that a trip was as a result of an issue outside of its control then the TSO will investigate this on a case by case basis.

4.2. Short Notice Declarations

One respondent requested that the TSOs publish the extent of SNDs during harmonisation to date and the extent of level of payments received. The TSOs will consider options for reporting on OSC outturn in consultation with the RAs.

One respondent noted that a double penalty for short notice declarations could occur in certain circumstances. The TSOs do not understand what is being stated in the response and will investigate this issue with the respondent. The TSOs may then, in consultation with the RAs, consider including a review of this potential issue in the scope for the 2011/2012 OSC consultation process.

One comment was received which stated that units current incur both an SND and trip charge in the event of a tripping. They believe that the current arrangement over penalises generators and that the charge is only a revenue generating exercise. The TSOs believe that the current SND design is appropriate as the TSOs may need to constrain on an additional generator incurring extra charges.

Finally one respondent commented that they would have welcomed a more detailed analysis of SNDs to date. The TSOs will, in consultation with the RAs, consider carrying out a more detailed review of SNDs as part of the review for the 2011/2012 tariff year.

4.3. Generator Performance Monitoring

Two respondents commented that they welcome the new performance monitoring structure and that they would like early engagement with the TSOs on this.

4.4. Grid Code

One respondent commented that some of the underlying criteria for GPIs differ in the Grid Codes and that the GPIs are therefore not fully harmonised. The TSOs carried out a review of the GPI requirements in both Grid Codes pre-harmonisation and it was determined that these were sufficiently aligned in both jurisdictions.

This respondent also noted that there is currently no procedure for harmonising Grid Code derogations in both jurisdictions.

4.5. Future GPIs

A comment was received from one respondent where they note that they do not support potential future GPIs which the TSO proposed. The TSOs would like to note that any potential future GPIs will be consulted on with the industry and will be subject to RA approval.

4.6. Transparency

One industry respondent wanted transparency on whether the other system charges are being used to offset dispatch balancing costs.

The TSOs undertake to consider how appropriate reporting of actual AS and OSC outturn can be provided to participants. Since the introduction of OSC in February 2010, the income collected by the TSOs for Other System Charges has been held in trust by the TSOs. This is a temporary arrangement pending the resolution of number of implementation issues that need to be resolved before the charges can be used to offset Dispatch Balancing Costs.

The TSOs are keeping the RAs informed of this the process and will continue to do so in the future.