

EirGrid & SONI Ancillary Services and Procurement Policy

02/07/2015



Contents

1. Purpose and Scope	3
2. Services Required for the Management of the Power System	4
3. General Principles	5
4. Application of Policy	6

Disclaimer

EirGrid as the Transmission System Operator (TSO) for Ireland and SONI as the TSO for Northern Ireland make no warranties or representations of any kind with respect of this document, including, without limitation, its quality, accuracy and completeness. The TSOs do not accept liability for any loss or damage arising from the use of this document or any reliance on the information it contains. Use of this document and the information it contains is at the user's sole risk. In addition, the TSOs strongly recommend that any party wishing to make a decision based on the content of this document should consult the TSOs in advance.

1. Purpose and Scope

This document describes the principles for contracting of Ancillary Services to ensure secure power system operation by EirGrid plc & SONI Limited in their roles as Transmission System Operators (TSOs) in Ireland and Northern Ireland respectively.

The SEM Committee decision on the 19th December 2014 (SEM-14-108)¹ sets out the new System Service Arrangements with regulated tariffs from October 2016 for existing providers and competitive and/or regulatory arrangements from October 2017. In light of this timetable, the TSOs have indicated that they believe there is value for customers in entering into further arrangements under the existing Harmonised Ancillary Services (HAS) contractual framework where such are assessed by the TSOs as being beneficial to costs for end consumers i.e. taking account of HAS and Dispatch Balancing Costs (DBC) strictly for the period up to September 2016 only. (i.e. prior to the new System Services arrangement coming into force). This document sets out, for clarity, the TSOs' high level approach.

It should be emphasised that it is not the intention of this policy to change or remove any existing contract for Harmonised Ancillary Services from a service provider who does not wish an amendment.

This policy will be superseded by the "TSO Procurement Strategy" as highlighted in SEM Committee decision on 19th December 2014 (SEM-14-108).

This policy cannot cover every possible situation that the TSOs may encounter, but represents a generic statement of the principles that should be employed in all situations. This policy is not intended to be retrospective.

¹http://www.allislandproject.org/en/transmission_current_consultations.aspx?article=11d55fa2-e9cd-454c-aaa5-d689d434db20&mode=author

2. Services Required for the Management of the Power System

The TSOs require services to enable them to fulfill their statutory, regulatory and license obligations in respect of operating a safe, secure and economic power system. The existing services that the TSOs procured under current terms and conditions set out in Harmonised Ancillary Services contracts are:

- Reserve
- Static Frequency Service
- Reactive Power
- Black Start provision (EirGrid only)
- Flexibility Services

This policy does not extend to contracting for enhanced DS3 System Services. Procurement of these services will be via decision in SEM-14-108²

² http://www.allislandproject.org/en/transmission_current_consultations.aspx?article=11d55fa2-e9cd-454c-aaa5-d689d434db20&mode=author

3. General Principles

The following high level principles describe how the TSOs manage procurement of Harmonised Ancillary Services:

1. The TSOs contract for services in a manner that is consistent with relevant licence provisions and statutory obligations.
2. Before amending existing or entering into new Harmonised Ancillary Services contracts, the TSOs will undertake sufficient analysis to establish that there is a reasonable need for such services.
3. An assessment will be carried out by the TSOs before agreeing to amend or enter into a new Harmonised Ancillary Services contract to ensure that there are end consumer benefits.
4. The TSOs will endeavour to purchase from the most economic and efficient sources available at that time.

It should be noted that it is anticipated by the TSOs that current Harmonised Ancillary Services contracts will terminate and future procurement of such services will be conducted in accordance with DS3 System Services. The timeline for the implementation of the new DS3 System Services arrangements can be viewed in the Project Plan for the detailed design and implementation phase, which is available to view on the TSO website³. The TSOs and Regulatory Authorities will continue to work to assess and refine the plan during the implementation of the project. It is intended that the project plan will be finalised by September 2015 following a more detailed review of some of the design aspects.

³ http://www.eirgrid.com/media/DS3_System_Services_Project_Plan.pdf

4. Application of Policy

To apply for a change to an existing Harmonised Ancillary Services agreement or to create a new Harmonised Ancillary Service Agreement, please email:

AS@eirgrid.com

Any such applications shall be given due consideration by the TSOs.