

**TYNAGH ENERGY  
L I M I T E D**

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Ref: TEL/CJD/16/018

8<sup>th</sup> February 2016

**RE: Consultation on a proposal for Rate of Change of Frequency Remuneration Mechanism**

Dear Amanda, Vivienne,

Tynagh Energy Limited (TEL) welcomes the opportunity to respond to this consultation.

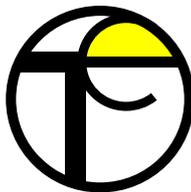
There are a number of points TEL would like to make in relation to the consultation.

**1. Remuneration Mechanism Methodology**

The unit size scalar (d) is not granular enough and disproportionately penalises or benefits particular generators. For example, a unit with a registered capacity of 399 MW versus one with 400MW is essentially the same from a TSO perspective yet the former would, given the exact same circumstances (study submitted on 1st June), recover €163,000 less. The discrepancy is even greater in the incentivized scenario: €206,000. Assuming the costs of the studies would be broadly similar and the service provision is identical, this appears to be grossly unfair and discriminatory.

Scaling the payment relative to the size of the unit is appropriate. Therefore, TEL would suggest that the payment should be linear in nature e.g.

Registered Capacity (MW)	Daily Rate	d
300	€1,125.00	0.750
301	€1,128.75	0.753
302	€1,132.50	0.755
...	...	...
350	€1,312.50	0.875
...	...	...
398	€1,492.50	0.995
399	€1,496.25	0.998
400	€1,500.00	1.000



## 2. Remuneration Mechanism Process

In example 3.1.2 where upgrades are required, a temporary derogation is necessitated and the unit successfully passes the test, it is unclear what event the payment will be effective from. It would be unfair to penalise a generator relative to scenario 1, especially considering they would have the additional expense of the upgrades. TEL would recommend that the payment should be effective from the date of the study submission. Diagram 3.3.1 in the consultation appears to illustrate this, however, it is not clearly stated in the consultation.

## 3. Testing Tariff Rates

The testing tariff rate A should not apply as this is too penal and costly on the generator. Considering the level of study involved in preparing the unit for the test, the risk should not be judged the same as a plant going through initial commissioning. The SEM Committee Decision, SEM Testing Tariffs 2016 (SEM-15-097) published in December 2015 states:

*“Tariff A, generally associated with commissioning units, is primarily increasing (only three of the ten tariff bands are decreasing), while Tariff B, associated with units in the latter stage of commissioning or general testing of existing units, is decreasing (in all tariff bands).”*

This appears to contradict that testing rate A should be applied to RoCoF testing.

## 4. Payment Rates

Given the large costs incurred by generators TEL would ask for the rationale behind the setting of the price to be explained. In general it is TEL's understanding that studies will cost well in excess of €1M and this does not include the exposure to testing charges and potential upgrade costs. TEL would ask that the rates be reviewed and benchmarked against different technology type expenditure levels.

Should you have any queries, please do not hesitate to contact us.

Yours sincerely,

**Cormac Daly**  
**Risk and Regulatory Manager**