

DS3 System Services Consultation – Interim Tariffs

This questionnaire has been prepared to facilitate responses to the consultation. Respondents are not restricted to this template and can provide supplementary material if desired.

Please send responses in electronic format to DS3@eirgrid.com or DS3@soni.ltd.uk

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Respondent Company	<i>Moyle Interconnector Ltd.</i>

Note: It is the TSOs' intention to publish all responses. If your response is confidential, please indicate this by marking the following box with an "x". Please note that, in any event, all responses will be shared with the Regulatory Authorities.

Response confidential

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The closing date for responses is Friday, 20 May 2016.

Question	Response
Consultation on Interim Tariffs	
<u>Question 1</u> : Should we take any other factors into account when determining the relative importance of each service during the interim period?	We have not identified other factors. We wish to emphasise that regulated tariffs should reflect the value of the services to the consumer – not just in providing stability to the network, but also in enabling higher SNSP, the increased use of lower cost renewable generation and lower constraint costs.
<u>Question 2</u> : Have you any comments on the methodology used to calculate the rates?	<p>We note that the tariffs for the interim year are based on the same total payments for the portfolio of seven existing services, with adjustments for the relative value of the full range of services. While the relative importance weighting ensures a degree of value-reflectivity, the starting point is the existing ‘pot’ size rather than a full evaluation of the value of the services. We acknowledge that this is a compromise and that the approach would not be appropriate other than for a short-term, interim arrangement.</p> <p>We note that inflation does not appear to have been applied to the ‘pot’. We suggest that an inflationary increase ought to have been applied.</p> <p>We suggest that the methodology should more explicitly consider scarcity. For example, if fast, dynamic services are of greater value but are scarce on the system, higher tariffs would provide a signal to encourage new providers.</p>
<u>Question 3</u> : Are there any other benefits from the interim arrangements that should be considered?	No comment.
<u>Question 4</u> : Have we set out the relevant impacts on service providers over this interim period?	We note that new providers or providers of new services will need to invest in performance monitoring equipment and interface(s) will be required with the TSOs’ Enhanced Performance Monitoring System. Early specification of such apparatus will facilitate implementation in short timescales of the DS3 system services regime.

<u>Other Remarks:</u>	<p>We note that tariffs have been proposed for the three ‘fast’ services that are not the subject of the current procurement exercise.</p> <p>We encourage early dialogue with providers to determine arrangements for contracts or trials from October 2016 in order that such services can continue to be provided to the system.</p> <p>Moyle’s sub-second frequency response service fits the FFR definition but suitable contractual and trial arrangements are required to ensure the continued provision of the service, which in the best interests of all parties.</p>
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