



127 Baggot Street Lower,  
Dublin 2,  
Ireland.

20<sup>th</sup> of May 2016

RE: EAI Response to DS3 Interim Tariffs Consultation

To: [DS3@soni.ltd.uk](mailto:DS3@soni.ltd.uk) and [DS3@EirGrid.com](mailto:DS3@EirGrid.com)

Dear Sir/Madam,

I write to you on behalf of the Electricity Association of Ireland (EAI), the association which represents the primary generators, retailers and distributors of electricity on the island of Ireland. Our members have made significant investments in the all-island market to date and plan to continue to invest to meet the demands of the evolving system.

The DS3 revenue stream is a crucial revenue stream for our members, alongside revenue from energy and capacity payments. We have consistently argued for a step-wise and holistic approach to the introduction of any changes to these revenue streams to counter the uncertainty (and potential for an investment hiatus) that has been created by the ongoing project to introduce new arrangements across all three in 2017. The commitment to maintain the existing level of funding for existing services in the period Oct 2016-17 was welcomed by our members as a source of some certainty.

The proposals in this consultation, which appear to imply a significant reduction in funding for existing services (see appendix) are now a source of great concern and uncertainty for our members. In addition, the proposal to change the basis of payment as per the High Level Decision (SEM14-108) is a source of further concern for our members.

We now request that the proposals be revised to ensure that existing rates be retained for existing services and would welcome an engagement as soon as possible, before a decision is discussed at the SEMC, to outline our concerns and clarify the proposals further.

Yours sincerely,

Stephen Douglas  
Senior Advisor  
Electricity Association of Ireland (EAI)

## Appendix: EAI calculation of Interim Tariff Rates

2014/15 HAS				2015/16 HAS Rates		Proposed 2016/17 DS3 Rates			
	2014/15 Payments (€)	2014/15 HAS Rates	Volume of services	2015/16 HAS Rates	Payments based on 2014/15 Volumes at 2015/16 Rates(€)		2014/15 Volume of services	Proposed 2016/17 DS3 Rates	Payments based on 2014/15 Volumes at proposed 2016/17 DS3 Rates(€)
POR	5,997,822	2.34	2,563,172	2.36	6,049,085	POR	2,563,172	2.47	6,331,034
SOR	8,961,140	2.24	4,000,509	2.27	9,081,155	SOR	4,000,509	1.37	5,480,697
TOR1	8,941,887	1.87	4,781,758	1.89	9,037,522	TOR1	4,781,758	1.19	5,690,292
TOR2	5,373,694	0.93	5,778,166	0.94	5,431,476	TOR2	5,778,166	0.99	5,720,384
RRS	2,656,983	0.2	13,284,915	0.21	2,789,832	RRS	13,284,915	0.13	1,727,039
RRD	5,313,966	0.54	9,840,678	0.54	5,313,966	RRD	9,840,678	0.64	6,298,034
RP Leading	7,230,863	0.13	55,622,023	0.14	7,787,083	SSRP	55,622,023	0.1	5,562,202
RP Lagging	4,153,649	0.13	31,951,146	0.14	4,473,160		31,951,146	0.1	3,195,115
<b>Total</b>	<b>48,630,004</b>				<b>49,963,280</b>	<b>Total</b>			<b>40,004,797</b>
<b>Note :</b>									
The DS3 rate for SSRP of 0.1 is based on a RP factor of 0.5 (i.e. 0.2 * 0.5). If an RP factor of 0.65 (based on a Coal plant with a mingen of 35%) is applied the total payments under DS3 would increase to €42.6 million, a reduction of €7.3 million on the 15/16 HAS rates.									