EU Regulation 838/2010: Option for Alignment in Ireland

Recommendations Paper

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1 Abbreviations

ACER	Agency for the Cooperation of Energy Regulators
CRU	Commission for Regulation of Utilities
DTUoS	Distribution Transmission Use of System
ESB	Electricity Supply Board
EU	European Union
GTUoS	Generator Transmission Use of System
MWh	Mega watt hour
NI	Northern Ireland
SEM-O	Single Electricity Market Operator
SONI	System Operator Northern Ireland
TSO	Transmission System Operator
TUoS	Transmission Use of System

2 Introduction

The Generator Transmission Use of System (GTUoS) Tariff is a tariff which charges producers[1] for use and access to the transmission system. The tariff is updated annually and seeks to recover a percentage of both Ireland and Northern Ireland's transmission network costs. The methodology for setting the tariff is set out in the All-Island TUoS Methodology Statement (SEM-11-079). This methodology was consulted on (SEM-11-018) and approved by the regulators. This tariff is charged based on producers' capacity.

In a European context, the Commission Regulation (EU) No 838/2010 ("the Regulation"), introduced a "common regulatory approach to transmission charging", requiring that "annual average transmission charges paid by producers in each Member State shall be within the ranges" set out in point 3 of part B of the Regulation. The annual average transmission charges paid by producers is the annual total transmission charges paid by producers divided by the total measured energy injected annually by producers to the transmission system of a Member State. For Ireland[2], the range prescribed in the Regulation is €0 to €2.5/MWh. For the avoidance of doubt, the Regulation does not allow for this range to be indexed for inflation.

Whereas All-Island GTUoS is charged based on producers' capacity, since the range prescribed in the Regulation is assessed on the overall charges recovered from producers divided by the total measured energy injected annually by producers, compliance with this cap can only be confirmed ex-post. This annual average transmission charge has been trending upwards over time and it has been identified that in calendar year 2023 and 2024, the annual average transmission charges paid by producers exceeded the cap of €2.5/MWh in Ireland[3].

To ensure alignment with the Regulation in Ireland, the overall quantum of network charges recovered from producers in 2023 and 2024 (and any subsequent year in which this may arise) needs to be adjusted to bring the annual average transmission charge back within the prescribed range. The process by which this reconciliation will take place is within the scope of this consultation. For the avoidance of doubt, whatever quantum of charges is deemed to be returnable to producers following the reconciliation will be recovered by EirGrid through DTUoS.

Ultimately the All-Island GTUoS methodology is within the remit of the SEM-C. Separately, the methodology underpinning the Transmission Network Tariffs and DTUoS in Ireland are within the remit of the CRU. The purpose of this paper is to provide the RAs with an option for aligning with the Regulation in Ireland as an interim measure until an enduring solution can be considered by the RAs.

Responses to this consultation are appended to this paper in consideration of the proposals herein. EirGrid will continue to engage with the CRU regarding the scope of costs recovered through GTUoS in Ireland.

[1] For the avoidance of doubt, "producers" is used in this document to refer to generators to align with the Regulation.
[2] And Northern Ireland, however Northern Ireland is outside the scope of this consultation.
[3] For the avoidance of doubt, the annual average transmission charge paid by producers in Northern Ireland remained within the prescribed range of the Regulation.

3 Consultation

EirGrid (the TSO) published a consultation paper on 20th December 2024 concerning the application of EU Regulation 838/2010 in Ireland. Comments on the consultation paper were received from eleven (11) respondents. Having reviewed the responses, in this paper the TSOs propose a number of recommendations to the Commission for Regulation of Utilities (CRU) for their consideration.

3.1 Calculation of Reconciliation per Consultation

As noted above, the actual annual average transmission charge to producers ("Average Ex-Post Charge") must be calculated ex-post to determine whether any refund is due to producers in Ireland. The calculation included in the consultation is outlined again below.

Using the approach outlined here, the total revenue recovered from producers in Ireland over a given period ("Total Actual Revenue from Producers") would be divided by the total energy exported by producers ("Total Energy Exported") over the same period ("t") which as specified in the regulation refers to a given calendar year.

$$Average\ Ex-Post\ Charge_t = Total\ Actual\ Revenue\ from\ Producers_t / Total\ Energy\ Exported_t$$

Per the Regulation, the Average Ex-Post Charge must not exceed €2.5/MWh, any quantum recovered in excess of this cap must be returned to producers. Therefore, where a previously approved GTUoS tariff has driven the Average Ex-Post Charge above the cap, we need to determine what delta is due to be returned to producers. To do this, the counterfactual revenue that would have been recovered from producers within the cap ("Counterfactual Capped Revenue from Producers") must be calculated, i.e., if:

$$Average\ Ex-Post\ Charge_t = \frac{Total\ Actual\ Revenue\ from\ Producers_t}{Total\ Energy\ Exported_t} > €2.5/MWh$$

Then we need to calculate:

$$Counterfactual\ Capped\ Revenue\ from\ Producers_t = €2.5 * Total\ Energy\ Exported_t$$

To identify the maximum revenue that the Regulation allows to have been recovered from producers in a given calendar year.

Taking the Counterfactual Capped Revenue from Producers and the Total Actual Revenue, the proportion of revenue which should be retained from producers ("Ratio of Retained Revenue from Producers") can be calculated as:

$$Ratio\ of\ Retained\ Revenue\ from\ Producers_t = Counterfactual\ Capped\ Revenue\ from\ Producers_t / Total\ Actual\ Revenue\ from\ Producers_t$$

Which gives the following ratio to be *returned* to producers in this scenario:

$$1 - Ratio\ of Retained\ Revenue\ from\ Producers_t < 1$$

To calculate the individual quantities to be returned to producers based on this ratio, we would take the actual revenue recovered from the unit in the time identified above ("Actual Revenue from Unit"), and multiply that by the above ratio to identify the quantum to be returned to producers from the start of the next tariff year:

$$Revenue\ Returned\ to\ Unit_{it} = (1 - Ratio\ of Retained\ Revenue\ from\ Producers_t) * Actual\ Revenue\ from\ Unit_{it})$$

Using the above formulae, we provide a worked example below, where if:

$$Average\ Ex - Post\ Charge_t = Total\ Actual\ Revenue\ from\ Producers_t / Total\ Energy\ Exported_t$$

$$Average\ Ex - Post\ Charge_t = \frac{€85{,}891{,}000}{30{,}753{,}000 MWh} = \frac{€2.79}{MWh} > €2.5/MWh$$

Then:

$$Counterfactual\ Capped\ Revenue\ from\ Producers_t = €2.5 * Total\ Energy\ Exported_t = \frac{€2.5}{MWH} * 30{,}753{,}000 MWh = €76{,}883{,}000^4$$

Therefore:

$$Ratio\ of\ Retained\ Revenue\ from\ Producers_t = \frac{Counterfactual\ Capped\ Revenue\ from\ Producers_t}{Total\ Actual\ Revenue\ from\ Producers_t}$$

$$= €76{,}883{,}000 / €85{,}891{,}000^5 \sim 0.895$$

Which yields:

$$1 - Ratio\ of Retained\ Revenue\ from\ Producers_t = 1 - 0.895 = 0.105 < 1$$

3.2 Worked Examples

Working from the above, two customer-level examples are provided below.

Example 1

Where the Ratio of Retained Revenue from Producers is 0.895 as calculated above, the quantum to be returned for a customer who had paid €3.9m would be:

$$Revenue\ Returned\ to\ Unit_{it} = (1 - Ratio\ of Retained\ Revenue\ from\ Producers_t) * Actual\ Revenue\ from\ Unit_{it})$$
$$= (1 - 0.895) * €3.9m = €0.4095m$$

Which would work out as a monthly adjustment on the GTUoS invoice of $€0.4095m/12 = €0.034m$, i.e., ~€34,125 per month for the 12 months in the refunding period which as noted above would be the subsequent tariff year.

Example 2

Where the Ratio of Retained Revenue from Producers is 0.895 as calculated above, the quantum to be returned for a customer who had paid €3.7k would be:

$$Revenue\ Returned\ to\ Unit_{it} = (1 - Ratio\ of Retained\ Revenue\ from\ Producers_t) * Actual\ Revenue\ from\ Unit_{it})$$
$$= (1 - 0.895) * €3.7k = \sim €0.3885k$$

[4] Exported Energy based on "Exported Energy Statistics" dataset where Export meter data for transmission-connected units are sourced from SEM-O. Export meter data for distribution-connected units are sourced from ESB Networks' "342" market messages.

[5] Subject to change, calculated at time of publication of consultation.

Which would work out as a monthly adjustment on the GTUoS invoice of $€0.3885k/12 = €0.032375k$, i.e., €32.38 per month per month for the 12 months in the refunding period which as noted above would be the subsequent tariff year.

The Total Revenue to Return to Producers would be recovered by EirGrid through DTUoS and would be returned monthly as a line item in the GTUoS invoices from the start of the next relevant tariffing year. In the first instance that would be the next tariff year at the time of writing (i.e., 2025/26), and the next possible tariff year for any subsequent years in which this issue arises.

4 Recommendations Summary

4.1 Manage Return on Tariff Year Basis

As noted above, GTUoS is an All-Island tariff for producers and is based upon the methodology as consulted on and approved by the Regulatory Authorities (the Commission for Regulation of Utilities (CRU) in Ireland and the Utility Regulator in Northern Ireland (UR)). The current tariff structure takes place annually over a tariff year from the 1st of October of year Y to the 30th of September of Year Y+1.

As the current tariff methodology for Ireland operates on a tariff year rather than calendar year basis, it is proposed that the overall costs to be recovered from/returnable to producers will be managed on a tariffing year basis (notwithstanding that the Regulation requires that compliance is analysed on a calendar year basis in the first instance).

4.2 Excess to be Returned per Calculation in Consultation

The TSOs propose that any producers who have paid GTUoS Charges for the 2022-2023 & 2023-2024 tariff period can be refunded per the approach outlined in the consultation and re-stated above.

4.3 Same Methodology to Apply in Future until Enduring Arrangements

The same methodology can be applied on an ongoing basis where there is a breach of the limit specified in EU Regulation 838/2010, however an enduring solution must be implemented as soon as is practicable.

4.4 Consultations Respondents

Responses were received from the following parties:

- Bord Gáis (BGE)
- Bord na Móna (BnM)
- Codling Wind Park (CWP)
- Electric Ireland (EI)
- Electricity Association of Ireland (EAI)
- Electricity Supply Board (ESB)
- Energy Storage Ireland (ESI)
- Ørsted
- RWE Renewables (RWE)
- SSE Renewables (SSE)
- Wind Energy Ireland (WEI)

No confidential responses were received.

Copies of the responses received have been appended to this recommendations paper, please note unit identification and email address information has been redacted.

Please refer to the Appendix for the responses in their entirety.

5 Consultation Questions and Responses

This section summarises comments received from Industry in relation to the proposal for calculation and issue of refunds following a breach of EU Regulation 838/2010. This section also contains the TSOs' response to the comments received and recommendations.

5.1 Question 1

Do participants agree with the proposal for the EU 838/2010 regulation refund to be calculated and carried out on a Tariff Year basis?

GTUoS refund based on Tariff Year data

BnM stated that they had no objection to the refund being processed on a tariff year basis, acknowledging that applying this on a calendar year basis would introduce unnecessarily complexity.

ESB stated that the calculation approach seemed appropriate as was the proposal to pay the refund on a monthly basis in the following year. It was asked that the total GTUoS refund calculated by EirGrid be shared with industry prior to any decision being made by CRU for allocation to the 2025/26 DTUoS tariffs.

TSO Response

2 out of 11 responses support the TSO's request to provide the potential GTUoS refund based on the Tariff year and to be returned monthly once sourced with acknowledgement that applying it on a calendar year basis would introduce unnecessary complexity. There were no objections to this proposal. The TSO is happy with this support as it allows the TSO to maintain the integrity of the locational signals given as part of the application of the GTUoS process.

The TSO recommends that the breach is identified on a calendar year basis, as required by the regulation, but to reduce complexity, refunds are processed and issued according to the nearest tariff year.

5.1.1 TSO's Recommendation

The TSO proposes to determine compliance with EU Regulation 838/2010 based on a calendar year calculation of the annual average transmission charge to producers in line with the regulation but proposes to maintain compliance with this regulation through a refund provided to producers based on the Revenue received on a tariff year basis. This methodology will ensure the integrity of the locational signals given as part of the application of the GTUoS process is maintained.

5.2 Question 2

Do participants agree with the proposal for how the EU 838/2010 regulation refund will be calculated in any year where the cap in the Regulation has been exceeded?

Basing revenue recouped on actual energy export on a unit basis would be fairer and more accurate.

BGE stated that the approach is based on the Annual GTUoS charge and does not differentiate for actual delivered power. Basing the revenue recouped on the actual total energy export would be a fairer way of recoupling the revenue.

RWE believe that rather than applying the ratio of retained revenue to the total GTUoS paid, the delta should be equally distributed back to the site on the basis of the proportion of total installed MW capacity/MEC per site.

TSO Response

There was broad support for/few objections to the methodology proposed, two of the eleven respondents were critical. RWE Renewables is of the opinion that refunds should be distributed back to site based on the total installed capacity/MEC per site irrespective of location. Bord Gáis Energy articulated a different view, that basing revenue recouped on actual energy exported on unit basis would be fairer and more accurate.

The TSO disagrees with both positions. It is the TSO's view that providing a refund based pro-rata on how the revenue was sourced as proposed by the consultation is in fact a fairer approach. This also maintains the precise locational signals as determined following the application of the regulatory approved GTUoS process and any other method of providing this refund would distort this locational signal.

TSO to provide transparency on their assessment of compliance with EU Reg 838/2010.

EAI suggested that the GTUoS Cap may have been breached in 2020 and 2021 if calculated to two decimal places.

Orsted requested further information on exported revenue and calendar year basis for all previous relevant years. Also, more detail was requested on what Total Actual Revenue from Producers' and Exported Energy comprised of, and where the relevant data originates from.

SSE requested clarity on how Total Actual Revenue from producers is derived and on what is included in the main inputs to the calculation for Ireland.

WEI asked if EirGrid can provide transparency by sharing data sources and web links underlying Exported Energy and Actual Revenue figures.

TSO Response

4 out of 11 responses expressed a desire for the TSO to provide transparency on their determination of compliance with EU Reg 838/2010. Regarding transparency, the TSOs have complied with submission of the compliance factor as part of ACER survey submissions but is happy

to provide an increased level of transparency. The historical calculation of GTUoS compliance is provided as part of this recommendation paper.

Calendar Year	Exported Energy MWh	Actual Revenue €	Average Tariff €/MWh
2009	26,758,591		
2010	26,999,185		
2011	26,185,168		
2012	25,856,280	3,964,004	0.2
2013	24,413,946	49,321,696	2.0
2014	24,546,675	56,617,289	2.3
2015	26,816,022	57,621,031	2.1
2016	28,812,887	60,764,376	2.1
2017	29,527,918	58,465,575	2.0
2018	29,322,456	61,937,562	2.1
2019	29,481,788	69,535,314	2.4
2020	30,738,337	75,705,099	2.5
2021	30,123,312	76,664,850	2.5
2022	32,172,183	76,354,824	2.4
2023	30,017,664	88,906,915	3.0
2024	29,567,950	87,710,329	3.0

Tariff Year	Exported Energy MWh	Actual Revenue €	Average Tariff €/MWh
2009/10	26,779,286		
2010/11	26,553,152		
2011/12	25,905,156		
2012/13	24,907,967	39,739,282	1.6
2013/14	24,266,599	56,000,788	2.3
2014/15	26,280,876	56,427,498	2.1
2015/16	28,432,836	61,749,402	2.2
2016/17	29,437,095	58,222,502	2.0
2017/18	29,471,692	59,747,334	2.0
2018/19	28,904,917	67,911,948	2.3
2019/20	30,554,938	74,781,652	2.4
2020/21	29,939,684	77,793,989	2.6
2021/22	32,041,857	73,171,875	2.3
2022/23	30,753,307	86,767,906	2.8
2023/24	29,270,843	96,098,230	3.3

Exported Energy is based on "Exported Energy Statistics" dataset where Export meter data for transmission-connected units are sourced from SEM-O. Export meter data for distribution-connected units are sourced from ESB Networks' "342" market messages.

Total Actual Revenue is the sum of the revenue sourced from producers by the TSO adjusted for post settlement.

The TSO notes that it was determined that in 2021 the rounded annual tariff divided by annual exported energy was exactly €2.5/MWh, therefore it was compliant with EU Reg 838/2010. The only years that exceeded the cap under EU Reg 838/2010 were 2023 and 2024 which are subject to this consultation.

5.2.1 TSO's Recommendation

The TSOs proposes to calculate any potential refund due to producers to maintain compliance with EU Reg 838/2010 pro-rata in alignment with the revenue framework. As noted, this approach has the merit of maintaining the GTUoS locational signal. The TSOs proposes to document details regarding compliance with EU Reg 838/2010 on future GTUoS publications and will also continue to provide transparency via ACER survey submissions.

5.3 Question 3

Are there any comments in relation to the proposal of how the revenue will be sourced and paid out to producers to maintain compliance with EU 838/2010?

Many of the respondents raised concerns in relation to the impact on DTUoS and requested that the total refund should be published prior to a decision on how and when a refund should be applied to DTUoS. Electric Ireland suggested that substantial rebates may require profiling over a number of tariff years, as opposed to a single DTUoS Year. They also requested that rebates should be made available to industry once determined, rather than being repaid on a monthly basis. The process of calculation, reviews and approvals should not delay publication of DTUoS.

There was widespread concern of the length of time taken between the initial overcharge and subsequent rebate. Many respondents acknowledged that the EU Regulation states that recovery of GTUoS charges above the cap cannot be indexed for inflation but stressed that the resulting erosion of the value is significant given the level of inflation. Wind Energy Ireland suggested that inflation should be accounted for, RWE also raised the notion of interest being paid.

It was noted that the average GTUoS charge has been trending upwards, and highlighted that €2.5/MWh was a limit, not a target. It is not ideal that producers should be overcharged and then refunded, it would be preferable if charges were such that this was not necessary. An enduring solution to this issue is required.

Consideration should be made regarding issuing of refunds to producers who have ceased operations in the interim period.

Gap between GTUoS charge and refund is shortened.

BGE welcomed the consultation and was supportive for the reconciliation process to begin as soon as practical, asking that going forward the lag between the charging year in question and recovery of overcharges is closed to one year

CWP agreed that it is necessary to introduce an interim reconciliation process to refund historic GTUoS overpayments and stated that it would be useful if EirGrid could consider how to reduce the time between charging year end and the reconciliation.

EI stated that Rebates should be made available to industry once determined. Substantial rebates may require profiling over a number of tariff years, as opposed to single DTUoS Year. Industry, especially suppliers should have input into this process.

EAI sought a solution that reduces the time lag between payment and recovery, to minimise the significant value erosion of recovered revenue due to inflation.

ESB noted that the regulation does not allow indexation for inflation and would like to see a solution that reduces the time lag between payment and recovery.

SSE noted the considerable time lag between overpayment of 2022/23 GTUoS and payment of a refund from October 2025 and suggested that a reduction in time lag should be examined to avoid value erosion of revenue.

RWE would welcome discussions on the opportunity to speed up the repayment of any recovered monies.

WEI suggested EirGrid explore ways to shorten the timeframe between the end of the charging year and the reconciliation process.

TSO Response:

8 out of 11 responses stated that the gap between the GTUoS charge and the potential refund should be shortened. Doing so would require a bespoke process outside the existing revenue- and tariff-setting process, and would pose undue financeability risk on the TSO, and on that basis EirGrid does not see the merit on pursuing this option.

Regarding the scale of potential refunds, these will structurally be very small relative to the overall bucket of revenue to be recovered through DTUoS. In any case, seeking recovery over multiple years would compound the issue of excess revenue from producers, particularly in the absence of an enduring solution for compliance with EU REG 838/2010 (which in principle should avoid excess revenue recovered from producers in the first place). Thus, the consultation methodology proposed by the TSO provided the minimum time possible for funds to be sourced and provided to producers within these constraints.

Regarding the scale of potential refunds, it is unlikely that the scale of the refund due to producers will require recovery over multiple years. In addition, if GTUoS shortfall needs to be recovered via DTUoS in the following year, it will add to the problem.

GTUoS charges should be indexed for inflation

BGE noted that the recovery of GTUoS charges cannot be indexed for inflation and asked that the gap between GTUoS charges be shortened to a year to mitigate against this.

EAI sought a solution that reduces the time lag between payment and recovery, to minimise the significant value erosion of recovered revenue due to inflation.

RWE would welcome broader discussions on interest payable and the opportunity to speed up the repayment of any over recovered monies.

WEI asked for consideration to be given to how inflation will be accounted for and treated within the reconciliation process.

TSO Response:

4 out of 11 responses stated that GTUoS refunds should be indexed for inflation. The TSO acknowledge this request, and note that the EU regulation specifically precludes application of indexation to the cap. EirGrid will engage with the CRU on this matter.

Clarity on enduring arrangements

BnM noted the reference to an enduring solution to comply with the regulation as an interim approach and believed that what is proposed is acceptable. Further engagement with stakeholders

on the enduring solution would be welcome, overpayment of GTUoS and refunding in the future is not desirable for producers.

CWP believes that this proposal should only be an interim process and that an enduring process with robust forecasting should be established to avoid recurrence of overpayments.

EI suggested that as we move into the PR6 period, GTUoS charges should be designed and calculated in a way that will most likely comply with EU Reg 838/2010, reducing the requirement for a rebate.

EAI acknowledges that this is an interim solution seeks clarity on the enduring arrangements and requests that industry is consulted on such an enduring process.

ESB stated that the calculation methodology seemed appropriate but would like to see an enduring solution put in place as soon as possible to prevent the need for a reconciliation process in the future. It was acknowledged that this an interim process, and clarity was sought on what the enduring arrangements would be. Industry should also be consulted with on this.

RWE disagree with any assumption that the proposed methodology should persist until an enduring solution is created as this does not set any timeframe for policy certainty and clarity on future costs and cashflows.

SSE understands that this is an interim solution and supports and seeks clarity on an appropriate enduring solution, and a consultation to ensure industry has an input.

WEI requests that EirGrid, supported by the Regulatory authorities, starts the consultation process for the enduring solution once this interim reconciliation process has been completed.

TSO Response:

8 out of 11 responses requested further clarity on enduring arrangements to ensure compliance with EU Reg 838/2010. The TSO would also welcome the introduction of an enduring solution to compliance with EU Reg 838/2010, which would require a modification of the existing GTUoS methodology by the Regulatory Authorities.

Process to include producers that cease generating prior to reconciliation being made.

CWP suggested that there should be a process included to cover producers that cease generation prior to the reconciliation being made.

WEI asked for a defined process to be established to address scenarios where producers cease operations before reconciliation is completed.

TSO Response:

2 out of 11 responses expressed a desire to develop a process to reconcile producers that cease operation prior to the potential refund requirement being determined. The TSO note that the

GTUoS refund process for any such generators would align with existing TSO processes triggered when a unit ceases operations.

Concern over further increases to DTUoS.

EI stated that the process of calculating the refund should not result in any delays to the publication of DTUoS.

EAI notes that there is no consideration of the impact the increased DTUoS charge may have on consumers. Such analysis of these impacts to end consumers would provide greater transparency and accountability to any decision.

ESB asked that the total GTUoS refund calculated by EirGrid be shared with industry prior to any decision being made by CRU for the allocation of this refund to the 2025/26 DTUoS Tariffs. This reconciliation may require profiling over several tariff years as opposed to a single tariff year, and industry should have an early input into this process.

ESI notes that total revenue to return to producers from exceeding the cap would be recovered through DTUoS. Storage is exempted from GTUoS but subject to DTUoS. Increases to DTUoS will have a negative effect on storage investment unless changes are made to how network charges are levied on storage.

SSE noted that over the last number of years there have been increases in DTUoS, and there are other known increases to follow. This demonstrates that a more holistic approach to how network charges are recovered is required, which should form part of the forthcoming network tariff review. This review should include an assessment of the impact of significant network charge decision on customer bills and how these are best managed.

TSO Response:

5 out of 11 responses expressed concern that this would increase DTUoS. This concern is noted, however in the absence of any enduring solution the TSO has no choice but to offset any refunds to generators via proportionate recovery through demand TUoS.

5.3.1 TSO's Recommendation

The TSO proposes to provide any potential rebate to producers as soon as the revenue is sourced through demand tariffs per the consultation, however we echo the need for an enduring solution for compliance with the regulation to avoid the need for ex post refunds.

6 Appendix - Responses

6.1 Bord Gáis Response

EirGrid - submitted via the EirGrid consultation portal

24th January 2025

Response to 'EU Regulation 838/2010: Methodology for Alignment in Ireland Consultation'

Bord Gáis Energy (BGE) welcomes the opportunity to respond to the TSOs' consultation on the Methodology for Alignment of EU Regulation 838/2010 in Ireland. This response is not confidential and can be shared with the Regulatory Authorities.

Question 1: Do participants agree with the proposal for the EU 838/2010 regulation refund to be calculated and carried out on a Tariff Year basis?

We welcome the consultation which outlines the proposed process for reconciliation of the GTUoS charges above the €2.5/MWh cap. BGE is supportive for the reconciliation process to begin as soon as practicable. Furthermore, we ask that going forward the lag between the charging year in question and the recovery of overcharges is closed to one year to reduce the impact of inflation.

Question 2: Do participants agree with the proposal for how the EU 838/2010 regulation refund will be calculated in any year where the cap in the Regulation has been exceeded?

The approach is based on Annual GTUoS charge, and as a result the ratio of returned revenue for each participant is the average of the market. This does not differentiate for actual delivered power. Take the example below - two 400MW units with similar 'Network Capacity Charge Rates €/MW/Month'. Unit A has high levels of running and high volume of energy exported. Unit B undergoes unplanned outages and exports much lower levels of energy. Under the TSOs proposal, both Unit A and Unit B would recoup roughly equal revenue from overcharges.

Inputs	
Cap €/MWh	2.5
Reveune €/MWh	2.79
Ratio	0.8961

	Network Capacity Charge Rate			Revenue Recovered Annual		Actual	Overcharge(€/MWh)
Proposed	€/MW/month	Annual Cost		Cost (1 - ratio (.8691))	Alternative	Running MWh	(2.79-2.5 = .29) x Vol
Unit A	550	€ 2,640,000	€	274,408.60		3,066,000	889,140.00
Unit B	500	€ 2,400,000	€	249,462.37		1,752,000	508,080.00
Ratio		Ratio		1.1		Ratio	1.75

Table 1: Comparison of proposed refund calculation methodology compared with an alternative methodology based on unit specific energy exports

Basing the revenue recouped on the actual total energy export on a unit basis as in the alternative approach above would be a more fair and accurate way of recouping the revenue.

Question 3: Are there any comments in relation to the proposal of how the revenue will be sourced and paid out to producers to maintain compliance with EU 838/2010

We appreciate the EU Regulation states that recovery of GTUoS charges above the cap cannot be indexed for inflation. However, the resulting erosion of the value is significant, especially given the inflation across the 3-year period from 2022/23 to 2025/26. **We ask that to mitigate the impact of inflation on generators, the gap between GTUoS charge and refund is shortened to a year.**

This is particularly relevant from an Irish context as for the most part GTUoS in EU countries has not exceeded the relevant legal limit. In the table below which covers 10 countries across 9 years, GTUoS charges only exceeded the relevant legal limit in two cases, Lativa in 2021 and Romania in 2013. In contrast Ireland exceeded the Legal limit in past two consecutive years, 2023 and 2024.

Table 13: Annual average transmission G-charges paid by producers [€/MWh]

Country	Annual average transmission G-charges paid by producers [€/MWh]									Legal limit [229] [€/MWh]
	2013	2014	2015	2016	2017	2018	2019	2020	2021	
Denmark	0.4	0.4	0.4	0.38	0.4	0.4	0.4	0.4	0.4	1.2
Finland	0.7	0.85	0.9	0.7	0.92	0.93	No data	No data	No data	1.2
Ireland	2.03	2.33	0	2.15	1.98	2.11	2.4	2.5	2.5	2.5
Latvia	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.535	0.5
Norway[230]	1.00	1.17	1.04	1.1	1.1	1.1	1.1	1.16	1.2	1.2
Portugal	0.5	0.5	0.5	0.5	0.46	0.5	0.5	0.5	0.5	0.5
Romania[231]	2.25	1.97	1.22	0.37	0.2	0.24	0.25	0.27	0.26	2
Slovak Republic	N/A	0.5	0.5	0.4974	0.48	0.5	0.5	0.5	0.5	0.5
Spain	0.5	0.5	0.5	0.5	0.5	0.5	0.5	N/A	N/A	0.5
Sweden	0.83	0.65	0.77	0.63	0.74	No data	No data	0.83	0.84	1.2

From a technical standpoint it's not clear why the duration between paying GTUoS and reconciliation of excess GTUoS is so long.

Yours sincerely

Eoghan Cudmore
Regulatory Affairs – Upstream Lead
Bord Gáis Energy

6.2 Bord na Móna Response

Bord na Móna

Consultation on
EU Regulation 838/2010:
Methodology for Alignment in Ireland

Consultation Response
31 January 2025

Bord na Móna (**BnM**) welcomes the opportunity to respond to the EirGrid's consultation EU Regulation 838/2010: Methodology for Alignment in Ireland. BnM is broadly supportive of EirGrid's proposals around calculating annual average transmission tariff and refunding generators where the cap has been breached. To add to the processes transparency, we believe EirGrid should publish the data used in calculating these figures to industry and for past years where the cap was almost breached.

Question 1: Do participants agree with the proposal for the EU 838/2010 regulation refund to be calculated and carried out on a Tariff Year basis?

BnM has no objection to the refund being processed on a Tariff Year basis. Given the currently existing tariff year applying the refund on a calendar basis would introduce unnecessary complexity.

Question 2: Do participants agree with the proposal for how the EU 838/2010 regulation refund will be calculated in any year where the cap in the Regulation has been exceeded?

BnM notes the reference to an enduring solution to comply with the Regulation as an interim approach and we believe what is proposed is acceptable. Further engagement with stakeholders on the enduring solution would be welcome. BnM understand the difficulty in predicting whether the cap will be breached ex-ante, given the difficulty of estimating "Total Energy Exported". However, over-payment of G-TuOS and refunding in the future is not desirable for generators. Renewable generators holding RESS contracts currently require large working capital facilities due to the PSO reconciliation process. Providing for large working capital facilities is a substantial expense and should be minimised as much as possible.

6.3 Codling Wind Park Response

Codling Wind Park Limited
Five South County
2nd Floor
South County Business Park
Leopardstown
Dublin
D18 H5H9

Ref: CWP-CWP-COR-01-LET-1008

31 January 2025

EirGrid
The Oval
160 Shelbourne Road
Ballsbridge
Dublin D04 FW28

Dear Transmission Charging Team

CONFIDENTIAL RESPONSE

EirGrid EU Regulation 838/2010: Methodology for Alignment in Ireland Consultation

1. INTRODUCTION

Codling Wind Park Limited (CWPL) is a 50:50 joint venture offshore wind farm project proposed in the Irish Sea, set in an area called the Codling Bank, approximately 13-22 kilometres off the County Wicklow coast, between Greystones and Wicklow Town.

The joint venture partners EDF Renewables and Fred. Olsen Seawind, are two leading developers, owners and operators of renewable energy assets, with many years of global experience in the renewable energy and offshore wind sector.

Subject to planning permission, the Codling Wind Park (CWP) project, will generate 1300MW and has been designated as one of the Phase 1 projects by the Government of Ireland. It was successful in the Government's Offshore Renewable Energy Support Scheme 1 (ORESS 1) auction last year. Once operational the proposed project would contribute just over a quarter of the Government's target of 5GW of grid connected offshore wind 2030, supporting CAP 24. The expected output of the offshore wind farm would be enough to supply the equivalent of over one million Irish homes with clean, Irish electricity.

Representing one of the largest energy infrastructure investments in Ireland this decade, the project will deliver substantial benefits to the regional and national economy, including a up to €200m Community Benefit Fund, more than 1,000 construction jobs and around 75 long-term jobs at its proposed operations and maintenance base.

2. OVERVIEW OF CODLING POSITION

CWP is pleased to respond to the EirGrid EU Regulation 838/2010: Methodology for Alignment in Ireland Consultation.

Generator TUoS charges are a substantial ongoing cost for generators. Being able to predict GTUoS charges is important for the financing and ongoing budgeting for generators. It is therefore critical that the policy for the calculation of GTUoS charges is clear and transparent.

Codling agrees that it is necessary to introduce an interim reconciliation process to refund historic GTUoS overpayments. Codling has no comment on the detail of the process and calculation, although it would be useful if

EirGrid could consider how to reduce the time between charging year end and the reconciliation. There should also be a process included to cover generators that cease generation prior to the reconciliation being made.

Codling believes that the proposal in this consultation should only be an interim process and that an enduring process with robust forecasting for both GTUoS and the GTUoS revenue/MWh be established to avoid recurrence of the over payments. Codling would like to highlight the need for an enduring process.

- Forecasting
  - The potential for a GTUoS breach of the EU €2.5/MWh has been predicted over the last years and indeed as the consultation referenced has now occurred twice in the 2022/23 and 2023/24 periods. It is not usual for network charges to go through a reconciliation process as proposed to be paid in arears, i.e. ex post. EirGrid does have methodology and experience of forecasting charging costs for network tariffs and should consider how to implement this immediately for future years, thereby avoiding overcharging and reconciliation.
  - It should be recognised that the €2.5/MWh cap is not a target for revenue collection but a limit, so EirGrid should be planning for the actual €/MWh to be at or less that €2.5/MWh. This will also help give EirGrid some margin to avoid needing to carry out reconciliation.

- Timing
  While not explicitly discussed in the consultation, we believe that EirGrid, supported the Regulatory Authorities, must commence the consultation process for the enduring regime. This is particularly pertinent for the Phase 1 offshore wind projects for two reasons.
  - The Phase 1 projects will represent a significant increase in system MEC and will result in system expansion and the associated costs increasing EirGrid's required revenue.
  - By 2026, the Phase 1 projects will be engaged in their FID processes. Being able to enter that process confident in a predictable maximum grid charge will be very useful in improving the cost of finance of the projects as this will help reduce the project financial risk and help ensure the delivery of the offshore projects to contribute to the 2030 targets.

  We would request that EirGrid, supported by the Regulatory Authorities (CRU and/or SEM Committee) start the consultation process once this interim reconciliation consultation is completed.

Should you wish to discuss this further, please contact Ellen Phelan at ellen.phelan@codlingwindpark.ie or myself.

Yours faithfully,

Scott Sutherland

Project Director

Scott.Sutherland@codlingwindpark.ie

6.4 Electric Ireland Response

Introduction

Electric Ireland welcomes the opportunity to respond to EirGrid's consultation on 'EU Regulation 838/2010: Methodology for Alignment Ireland'. We understand the importance of aligning GTUoS charges with EU Regulation 838/2010. We have provided some points on the proposed approach from a supplier/customer perspective.

The key points for Electric Ireland are as follows:

- As we move into the PR6 period GTUoS charges should be designed and calculated in a way that will most likely comply with EU Regulation 838/2010, reducing the requirement for a rebate.

- Required rebates for any years since adoption of EU Regulation 838/2010, including any tariff years up to 2023/2024, should be made available to industry once determined. If rebates are deemed to be substantial, they may require profiling over a number of tariff years into the PR6 period, as opposed to a single DTUoS tariff year 2025/2026. We believe that industry, especially Suppliers (given the impact on DTUoS), should have input into this process. This is needed prior to any decision being made by the CRU.

- The process of calculating the refund and any required reviews and approvals should not result in any delays to the publication of DTUoS by the CRU. This is especially the case for the start of the PR6 period, given the expected network investment needs and pressure on tariffs from 2025/2026 onwards.

- All-island GTUoS tariffs account for the recovery of 25% of network costs of the overall all-island transmission revenue requirement, with the remainder of allowed transmission revenues recovered through DTUoS. We note that the CRU 2025 revenue requirement paper (CRU2024/82) simply states *'The All-Island Generator TUoS Tariffs for the period 1 October 2024 to 30 September 2025 will be published on EirGrid's website'*, while the joint EirGrid SONI GTUoS accompanying note, published on 29 August 2024, states that *'the 2024/25 GTUoS tariffs are based on an (all-island) revenue requirement of €124,310,084'*.

  The EirGrid consultation does not provide indicative breach € amounts. Given the impact this cap and associated rebates may have on DTUoS, in addition to, we ask EirGrid to publish the steps (and associated numbers / TUoS line-items) used to calculate the G-TUoS revenue requirement from 2024/2025 back to the 2020/2021 tariff years. Given the number of inter-year adjustments to the TUoS revenues over the PR5 period it can be difficult to ascertain what falls into the "network" cost allocation. This should be done both at all-island and jurisdictional level. We also ask that either EirGrid or the CRU (ideally both) publish these calculations steps going forward from the 2025/2026 tariff period.

- Further consideration is required in relation to the potential for over-recovery of monies. If GTUoS (Electricity Network Charges) are recovered through the PSO (for supported renewables) and the CRM (for all other Generators), it could be argued that these impacted Generators have already recovered the "overcharge" about the €2.5/MWh threshold. The

EirGrid proposal would mean that these Generators would receive monies in excess of the €2.5/MWh threshold again through a monthly adjustment to their GTUoS invoice. This potential 'double payment' would be at the expense of the DTUoS customer. We ask that this issue is clarified before any decision is made by the CRU on the allocation of rebates to the DTUoS customer.

6.5 Electricity Association of Ireland Response

6 Merrion Square North,
Dublin
D02 FF95

31 January 2025

EirGrid

160 Shelbourne Road

Dublin 4

D04 FW28

RE: **EAI Response to Consultation on EU Regulation 838/2010: Methodology for Alignment in Ireland**

Dear EirGrid Team,

The Electricity Association of Ireland (EAI) welcomes the opportunity to respond to this consultation on EU Regulation 838/2010 and makes the following comment.

GTUoS Methodology & Calculations

EAI has analysed a submission to ACER on Ireland's GTuoS arrangements for the last number of years, as detailed below. EAI notes that for the years 2013 to 2018 the average annual GTuoS charge is calculated to two decimal places. However, in the years 2019 to 2021 the decimal places were removed.

EAI is of the view that if the average annual GTuoS charge had been calculated to two decimal places, the €2.50/MWh cap may have been exceeded in 2020 and 2021.

We request that EirGrid provides details on these precise values, and the relevant amounts in euros that may have exceeded the threshold. This analysis is required to ensure that Ireland is compliant with the above EU regulation during those two years.

Table 13: Annual average transmission G-charges paid by producers [€/MWh]

Country	Annual average transmission G-charges paid by producers [€/MWh]									Legal limit [229] [€/MWh]
	2013	2014	2015	2016	2017	2018	2019	2020	2021	
Denmark	0.4	0.4	0.4	0.38	0.4	0.4	0.4	0.4	0.4	1.2
Finland	0.7	0.85	0.9	0.7	0.92	0.93	No data	No data	No data	1.2
Ireland	2.03	2.33	0	2.15	1.98	2.11	2.4	2.5	2.5	2.5
Latvia	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.535	0.5
Norway[230]	1.00	1.17	1.04	1.1	1.1	1.1	1.1	1.16	1.2	1.2
Portugal	0.5	0.5	0.5	0.5	0.46	0.5	0.5	0.5	0.5	0.5
Romania[231]	2.25	1.97	1.22	0.37	0.2	0.24	0.25	0.27	0.26	2
Slovak Republic	N/A	0.5	0.5	0.4974	0.48	0.5	0.5	0.5	0.5	0.5
Spain	0.5	0.5	0.5	0.5	0.5	0.5	0.5	N/A	N/A	0.5
Sweden	0.83	0.65	0.77	0.63	0.74	No data	No data	0.83	0.84	1.2

GTuoS tariffs account for the recovery of 25% of network costs with the remainder of the costs being recovered through DTuoS. We note that the CRU 2025 revenue requirement paper (CRU2024/82) simply states 'The All-Island Generator TUoS Tariffs for the period 1 October 2024 to 30 September 2025 will be published on EirGrid's website', while the EirGrid GTuoS accompanying note published on 29 August 2024 states that 'the 2024/25 GTUoS tariffs are based on a (all-island) revenue requirement of €124,310,084'.

Given the impact this cap may have on DTuoS and the lack of clarity around what years the cap has been breached and by how much, we ask EirGrid to transparently publish the methodology and inputs used (and associated numbers) to calculate the GTuoS revenue requirement from 2024/2025 back to the 2020/2021 tariff years.

This should be done at both the all-island and jurisdictional levels and specifically include how the 'Network Costs' element has been calculated (i.e. TUoS line-items used). We also ask that either EirGrid or the CRU (ideally both) publish these calculation steps going

forward from 2025/2026 tariff period in the associated revenue decision papers and associated GTuoS notes.

EAI also seeks that the total GTuoS refund, calculated by EirGrid, be shared with industry prior to any decision being made by the CRU for allocation of this refund to 2025/2026 DTuoS tariffs. This reconciliation may require profiling over a number of tariff years, as opposed to a single tariff year and we believe that industry, especially Suppliers, should have early input into this process.

Additionally, the Regulation does not allow indexation for inflation, as such the considerable time lag between the 22/23 GTUoS payment and recovery of GTUoS overcharge in 2025/26 will mean significant value erosion of recovered revenue. EAI seeks a solution that reduces the lag between payment and recovery.

Increased DTuoS Charge

Over the last number of years, Suppliers have been exposed to an increase of over €250 million to the imperfections charge, €350 million as part of the temporary emergency generation scheme, and future unknown costs related to the Future Arrangements for System Services (FASS). This decision to fund the GTuoS reconciliation through an increased DTuoS charge is a further reflection of this trend.

All of these costs have placed upward pressure on end consumer bills with limited transparency and accountability from the system operator and the CRU for these decisions.

EAI calls for the following actions to be implemented for future network tariff decisions:

1. **Standalone Analysis on End Consumer Impact**

   EAI believes that the CRU and the system operator should conduct analysis to determine the potential impact network tariff decisions may have on end consumer bills. We note from this consultation that there is no consideration of

the impacts the increased DTuoS charge may have on end consumers for the 2025/2026 tariff year. Such analysis on the impacts to end consumers would provide greater transparency and accountability to any decision.

2. Earlier Publication of Electricity Network Tariff Decisions

EAI members have expressed and continue to hold concerns surrounding the timelines for publishing electricity network tariff decisions. Last year, the 2024/25 tariff decision, published on August 27th 2024, contained a large increase in electricity network tariffs yet Suppliers had to implement this increase by October 1st. This compressed timeline between publication and mandatory implementation places significant difficulties on Suppliers when it comes to tariff decisions noting suppliers have a requirement to communicate tariff changes 30 days in advance to customers.

EAI highlights that gas network tariffs are published in mid-June allowing adequate time for Suppliers to implement changes. We believe that the timelines for electricity network tariff decisions should align with gas as much as possible. As we expect to see upward pressure on network tariffs in PR6 it is critically important that more time is given to suppliers to review the network tariffs to be applied for each coming year and therefore understand the impact of these changes.

3. Greater Transparency & Accountability

Network tariff decisions can have significant impacts on end consumer bills. EAI believes that greater transparency and accountability is needed from the SOs and the CRU to illustrate how any network tariff decision is made and the considerations made to the impacts their decision will have on consumer bills. This should include greater transparency in the approach CRU takes to its tariff

decision, publication of any consumer impact analysis and earlier publication of the network tariffs decision.

In conclusion, EAI believes that there is a significant need for a holistic approach to how and where network charges are recovered. While this will be considered in the forthcoming network tariff review[1], EirGrid and the CRU must assess the impact of major network charge decisions on customer bills before deciding on and implementing any changes.

EAI notes that this regulation has been in place since 2010. While we acknowledge that this is an interim solution, EAI seeks clarity on what the enduring arrangements will be and request that industry is consulted on such an enduring process.

Should you have any further queries regarding this response, please do not hesitate to contact this office.

Yours Sincerely

David Flanagan

David Flanagan

Policy Analyst

Electricity Association of Ireland

6.6 ESB Response

1. INTRODUCTION

This submission presents ESB Generation and Trading's ("ESB GT") response to EirGrid's Consultation: *EU Regulation 838/2010: Methodology for Alignment in Ireland*.

ESB is Ireland's foremost energy company, with around 7,000 employees. Established in 1927 by the Irish Government, and remaining 95% state owned, ESB created the first fully integrated electricity system in the world. ESB owns the transmission and distribution systems in Ireland and Northern Ireland and also has a supply business.

A central feature of ESB's business is to deliver benefits to consumers by investing in the most efficient renewable assets, particularly offshore and onshore wind at locations where the wind resource is highest. Being able to forecast Generator Transmission Use of System (GTUoS) charges and Demand TUoS charges with some degree of certainty is important to ESB's business and so we welcome the opportunity to respond to this consultation.

Network tariff decisions can have significant impacts on end consumer bills. We would like to see greater transparency and accountability from the TSOs and the CRU to illustrate how any network tariff decision is made and the considerations made to the impacts their decisions will have on consumer bills. This would include greater transparency in the approach CRU takes to its tariff decision, publication of any consumer impact analysis and earlier publication of the network tariffs decision.

2. RESPONSE TO THE CONSULTATION QUESTIONS

Question 1: ***Do participants agree with the proposal for the EU 838/2010 regulation refund to be calculated and carried out on a Tariff Year basis?***

The calculation approach seems appropriate as is the proposal to pay the refund on a monthly basis in the following charging year. We would ask that the total GTUoS refund, calculated by EirGrid, be shared with industry prior to any decision being made by the CRU for allocation of this refund to 2025/2026 DTUoS tariffs. This reconciliation may require profiling over a number of tariff years, as opposed to a single tariff year and we believe that industry, especially Suppliers, should have early input into this process.

We note that the Regulation does not allow indexation for inflation, as such the considerable time lag between the 2022/23 GTUoS payment and recovery of GTUoS overcharge in 2025/26 will mean significant value erosion of recovered revenue. We would like to see a solution that reduces the lag between payment and recovery.

Question 2: ***Do participants agree with the proposal for how the EU 838/2010 regulation refund will be calculated in any year where the cap in the Regulation has been exceeded?***

The annual average transmission charge has been trending upwards over time and, as well as the cap being exceeded in 2023, it is also expected that this cap will be exceeded in calendar year 2024 as well (but this will only be identifiable ex-post).

The calculation methodology for the refund seems appropriate but we would like to see an enduring solution put in place as soon as possible to prevent the need for a reconciliation process in future. We acknowledge that this is an interim solution, and we seek clarity on what the enduring arrangements will be and request that industry is consulted on such an enduring process.

Because All-Island GTUoS is charged based on generators' capacity, and the range prescribed in the Regulation is assessed on the overall charges recovered from producers divided by the total measured energy injected annually by producers, **compliance with this cap can only be confirmed ex-post**. This causes some issues for both generators and suppliers when trying to predict final TUoS charges, which can impact on other commercial decisions. This causes some issues for both generators and suppliers when trying to predict final TUoS charges, which can have an impact on other commercial decisions. The annual average transmission charge has been trending upwards over time and, as well as the cap being exceeded in 2023, it is also expected that this cap will be exceeded in calendar year 2024 as well (but this will only be identifiable ex-post).

Question 3: ***Are there any comments in relation to the proposal of how the revenue will be sourced and paid out to producers to maintain compliance with EU 838/2010***

The proposal for how the revenue will be sourced and paid out to producers to maintain compliance with EU 838/2010 seems appropriate. However, we believe that there is a significant need for a holistic approach to how and where network charges are recovered. While this will be

considered in the forthcoming network tariff review, EirGrid and the CRU must assess the impact of major network charge decisions on customer bills before deciding on and implementing any changes.

6.7 Energy Storage Ireland Response

EirGrid

31 January 2025

Submitted via EirGrid Consultation Portal

RE: EU Regulation 838/2010: Methodology for Alignment in Ireland

Introduction:

Energy Storage Ireland (ESI) is an industry representative association comprised of members who are active in the development of energy storage in Ireland and Northern Ireland. Our aims are to promote the benefits of energy storage in meeting our future decarbonisation goals and to work with policy makers in facilitating the development of energy storage on the island of Ireland. We represent over 70 member companies from across the energy storage supply chain.

We would like to make the following points in relation to the consultation.

We note that the total revenue to return to producers from exceeding the cap would be recovered by EirGrid through DTUoS.

In RoI, storage is exempted from the generation TUoS (GTUoS) but subject to demand DTUoS (both capacity and volumetric). There is no locational element and only a marginal time of use element in DTUoS. These charges are a significant cost to storage assets and a barrier to investment.

Currently network charges are not based on the costs users impose on the system rather they are set to recover the financial needs of the system operators. These charges fail to reflect the value that storage offers for relieving pressure on networks by charging and discharging in a manner that eases, rather than amplifies, network congestion.

This also results in double charging of the same unit of energy, once during storage and secondly at point of final demand.

Increases to DTUoS will have negative impact on storage investment unless changes are made to how network charges are levied on storage. We have recently published a study by

Economic Consulting Associates Ltd which recommends an alternative network charging arrangement that seeks to maximise cost reflectivity while retaining reasonable simplicity.[1]

The highlights are:

1. Apply locational charges on generation and locational/time of use on demand that better reflect the costs users impose on the network. Storage could be exempt or subject to a reduced charge if intended for congestion management or if it can demonstrate that its operational profile would not drive additional grid reinforcement.
2. The residual costs of the network should be recovered from final demand only. This is the same approach as in GB.
3. ECA analysed the impact of these alternative charges on the system and an assumed storage portfolio in 2030.
    1. Increase utilisation of storage assets by 30% - more charging during times of renewable output and discharging during times of peak demand/fossil fuel generation.
    2. Estimate economic benefit to consumers in excess of €50 million per annum due to lower wholesale prices.
    3. Improves investment case for storage, particularly for longer durations.

We are advocating that these changes to network charges are implemented to help drive investment in energy storage that can deliver significant to the grid and to consumers.

Conclusion

We would like to thank EirGrid for offering us the opportunity to respond to this consultation. We are available to discuss any of the points raised in our response.

Kind Regards,

Bobby Smith
Head of Energy Storage Ireland

6.8 Orsted Response

Eirgrid Consultation

EU Regulation 838/2010: Methodology for Alignment in Ireland

Ørsted IE Submission 31st January 2025

Intro

Ørsted is a world leading developer and operator of renewable energy assets and the world leader in offshore wind. In Ireland, we have invested over €800 million in renewable energy infrastructure, with 21 onshore windfarms now powering the equivalent of 250,000 homes. Our Irish pipeline is extensive including onshore wind, solar, storage and offshore wind. In 2026 we are proud to have two solar project at Garreenlen and Ballinrea and one wind project Farranrory at various stages of construction.

We thank Eirgrid for this important consultation. An efficient grid charging regime is critical to the Irish energy system. We believe that to function effectively it must encourage efficient behaviours from the TSO, generators and energy users. It is essential also that it provides predictability, transparency and continuity of methodology for developers/generators as uncertainty and risk have an adverse impact on risk and thus investment decisions and cost of energy.

G-TUOS in Ireland is amongst the highest across the EU. Given the programme of works in SOEF and likely further significant investment arising from Tomorrow's Energy Scenarios System Needs Assessment, it is inevitable that G-TUOS costs, as they are currently determined, will continue to increase. This could make Ireland less competitive for renewable investments compared to other jurisdictions. In addition, the frequency of breaching the regulation will increase, thus it would be more efficient to develop an enduring solution to compliance with EU 838/2010. Ørsted urges that in the decision on this proposal, a timeframe for developing an enduring solution is set out.

Question 1: Do participants agree with the proposal for the EU 838/2010 regulation refund to be calculated and carried out on a Tariff Year basis?

In principle, Ørsted does not object to calculating it on a tariff year basis.

Question 2: Do participants agree with the proposal for how the EU 838/2010 regulation refund will
be calculated in any year where the cap in the Regulation has been exceeded?

Noting EirGrid's clarification that the rounding applied in the example included in the consultation was not indicative of how the calculations will be carried out in practice, Orsted supports the proposal for how a refund will be calculated.

Question 3: Are there any comments in relation to the proposal of how the revenue will be sourced and paid out to producers to maintain compliance with EU 838/2010?

We note that monthly payments impose a significant administrative burden and that every effort should be focussed on getting charging right in the first instance should be the absolute focus. We urge that an enduring solution to comply with EU 838/210 is developed in the near term.

Other Comments

The consultation lacked significant details including the historical information, transparency on the definition of Exported Energy and Total revenue for producers and what they include and how they are measured/calculated. Some of this information, but not all (the detailed definitions), was provided following a specific request to EirGrid. The consultation should have included this relevant data in the first instance. We would urge that any decision on this provides clear definitions for both Exported Energy and Total Revenue to avoid any ambiguity.

It is not clear from the consultation whether it is intended to include OG-TUOS in the revenue from producers or if offshore network developments will feature in the projects list for G-TUOS going forward.

As there is no forecast of G-TUOS it is very difficult for developers to estimate the impact over the lifetime of a project. For example, Kilgarvan Wind Farm (aka Coomagearlahy 1,2 & 3) has seen G-TUOS more than doubled in less than 15 years. In 2009 it was €458.7917/MW/Month and it peaked in the 2022/2023 tariff year at €1,344.2083/MW/month. This could not have been envisaged by the developer at the time of developing the project. We note that there is a 5-year forecast in the UK. Moving towards a regime where G-TUOS can be forecasted by the SO to give more certainty would be welcome. It would reduce ambiguity and thus risk from projects creating potential to reduce bid headline auction costs and thus the cost of energy. While only one lever in this pursuit, we believe all should be considered and actioned to help ensure Ireland is cost competitive for energy.

It is essential that Irish energy policy and regulation begins to address the essential requirement to facilitate repowering Ireland's existing renewable generation base which is the foundation on which all current targets sit. When establishing and enduring approach to GTUOS we strongly recommend a derogation from charges in the interim phase between the operation of old and construction of new repower assets. If GTUOS is charged in this interim phase could pose a significant barrier to the viability and competitiveness of projects and/or place unnecessary cost burden on consumers.

6.9 RWE Renewables Response

RWE

BY EMAIL
Via EirGrid Consultation Portal

Org-unit

Your ref.
Our ref. Cliona O'Sullivan
Contact Cliona.OSulli-
Email van@rwe.com

Kilkenny, 31/01/2025

EU Regulation 838/2010: Methodology for Alignment in Ireland Consultation

Dear Sir / Madam,

Thank you for providing us with the opportunity to provide comments on the above document. RWE is a leading global energy player active in almost 30 countries worldwide, with a 38 GW global generating capacity and ca. 18,200 employees worldwide. RWE is already one of the leading companies in the field of renewable energy.

RWE has been active in the Irish market since 2016 with two offices, one in Dún Laoghaire and one in Kilkenny. We have two operational battery storage projects in Ireland which are currently providing a range of services to EirGrid via the DS3 tariffs, an operational onshore windfarm and a growing pipeline of battery storage and onshore wind sites across Ireland. We were successful in the first offshore wind auction for our Dublin Array project and are considering further offshore projects, including Tonn Nua.

Key Messages:

- Ensuring existing locational signals are maintained, the repayment of the over recovery per generator should be calculated on a per MW rather than the proposed per MWh basis
- The proposed temporary solution should not extend beyond end of tariff year 2029/30 – given the scale of new network investment and changing generation planned.
- Interest should be payable on the monies over recovered, particularly if they are to be repaid over a tariff year (2+years post the tariff year in question)

Q1) Do participants agree with the proposal for the EU 838/2010 regulation refund to be calculated and carried out on a Tariff Year basis?

Broadly yes. Whilst we agree that the proposal to address any over-recovery in line with the EU Regulation 838/2010 will need to be managed on a tariff year basis (following the *ex post*

RWE

calculation of the average G-TUoS charges (on a MWh basis). Our concern is linked to the likely time to both calculate any over / under-recovery, time required to adjust the D-TUOS tariff charges that will ultimately be used to pay the over-recovery back to generators.

As set out in the document, this would likely result in at least a 2-year lag from the tariff year in question and we would welcome broader discussions on the interest payable, and opportunities to speed up the repayment of any over-recovered monies.

Q2) Do participants agree with the proposal for how the EU 838/2010 regulation refund will be calculated in any year where the cap in the Regulation has been exceeded

No, we do not fully accept the methodology as currently proposed.

Whilst we agree with the proposed methodology to calculate the counterfactual of the capped level, we do not support the proposal for allocating the over charges on a MWh basis (which results from using MWh to create the Ratio of Retained Revenue from producers), as this would distort the current locational signals within G-TUOS.

To be more specific, we support the proposal as to how the average ex post charge and counterfactual capped revenue are calculated (as set out in the worked example from on page 6 of the consultation; highlighted below):

However, **we disagree with the proposal** that would result in the assumed ratio of retained revenue (in the above example the 0.895) being applied to each individual generator's total G-TUOS revenue paid, as this would provide a **proportional** discount, meaning those generators with higher capacities or located in more expensive areas would receive a higher discount.

This would distort the objective of locational signals within G-TUoS.

$$Average\ Ex-Post\ Charge_t = Total\ Actual\ Revenue\ from\ Producers_t / Total\ Energy\ Exported_t$$

$$Average\ Ex-Post\ Charge_t = \frac{€85{,}891{,}000}{30{,}753{,}000 MWh} = \frac{€2.79}{MWh} > €2.5/MWh$$

Therefore:

$$Counterfactual\ Capped\ Revenue\ from\ Producers_t = €2.5 * Total\ Energy\ Exported_t = \frac{€2.5}{MWH} * 30{,}753{,}000 MWh = €76{,}883{,}000^{4}$$

Therefore:

$$Ratio\ of\ Retained\ Revenue\ from\ Producers_t = \frac{Counterfactual\ Capped\ Revenue\ from\ Producers_t}{Total\ Actual\ Revenue\ from\ Producers_t}$$

$$= €76{,}883{,}000 / €85{,}891{,}000^{5} \sim 0.895$$

Our preference would instead be to calculate the over-recovery as per the consultation, but rather than then applying the Ratio of Retained Revenue to the total G-TUoS paid, we believe

the delta should be equitably distributed back to the site on the basis of the proportion of total installed MW capacity / total MEC per site:

Using the worked example from the consultation to create **the delta** to be repaid on a per MW basis:

Total actual revenue	85,891,000	EURO
Total capped revenue	76,883,000	EURO
Delta between the actual and counterfactual (a)	**9,008,000**	EURO
Amount to be repaid to all generators		
Total installed capacity MW (*estimate*) (b)	12,609	MW
Delta for repayment / (total installed) MW – (a)/ (b)	714.41	€/MW
Example over recovery payment for a 50 MW site (c)	35,721	EURO
Monthly repayment – (c) / 12	2,977	EURO

Using a per MW basis for this element of the calculation would ensure all generators receive the same amount of payment EURO per /MW (that is then applied to site's MEC)– irrespective of their location.

Q3) Are there any comments in relation to the proposal of how the revenue will be sourced and paid out to producers to maintain compliance with EU 838/2010

No, we agree with the proposal to fund the repayment of the over-recovered G-TUoS via the D-TUoS tariffs, as there is no alternative to ensure compliance with EU 838/2010.

However, we disagree with any assumption that the proposed methodology should or could persist until an enduring solution is created, as this does not set any timeframe for policy certainty and clarity on future costs and cashflows.

Our recommendation would be for the Regulatory Authorities to approve the proposal (**to repay as per the proposed methodology on a MW basis**) and to encourage the SOs to set the level of revenue collection to be at or below 2.5 EURO/MWh given that the Regulation 838/2010 sets out the level **of a cap, not a target amoun**t. Furthermore, we would suggest that the proposed methodology to reconcile historical revenue over recoveries be limited; at the latest to the end of Charging Year 2029/30.

This would mean that by the start of charging year 2030/31 (October 1 2030) an enduring solution will have been implemented, aligning with the delivery of substantial grid reinforcements (as per SOEF), would ensure generation sites with emergency contracts TEG have ended and sets out the timeframe for an appropriate charging basis going forwards, as we believe it is no one's interest for continued over recovery and thereafter and recalculating tariffs to be allowed to continue.

RWE

Until the creation of the enduring scheme – and the expectation that generations may not receive their owed monies for at least 2 charging years, we would welcome confirmation that interest would be payable on any over-recovered monies, as an incentive to ensure the System Operators and Regulators design and agree upon an enduring solution as soon as is practicable.

If you have any questions regarding our response, please contact our Regulatory Affairs Manager, Kate Garth. Her email address is: kate.garth@rwe.com

Yours sincerely

Cliona O'Sullivan
Head of Onshore Development Ireland

6.10 SSE Response

SSE RESPONSE

SSE welcomes the opportunity to respond to the EU Regulation 838/2010: Methodology for Alignment in Ireland Consultation Paper from Eirgrid. This is a non-confidential response.

GTUoS

GTUoS charges in previous years

This Consultation relates to the GTUoS charges paid in Ireland compared with the cap set in the EU Regulation 838/2010. The paper refers to the GTUoS charges paid in 2023. SSE requests that the €/MWh paid in previous years should be published in a transparent manner, to demonstrate that they comply with the EU Regulation.

ACER publishes a report on transmission data in Europe every 2 years, with the next report due in early 2025. The following Table 13 is an extract from the last ACER report.

Table 13: Annual average transmission G-charges paid by producers [€/MWh]

Country	Annual average transmission G-charges paid by producers [€/MWh]									Legal limit [229] [€/MWh]
	2013	2014	2015	2016	2017	2018	2019	2020	2021	
Denmark	0.4	0.4	0.4	0.38	0.4	0.4	0.4	0.4	0.4	1.2
Finland	0.7	0.85	0.9	0.7	0.92	0.93	No data	No data	No data	1.2
Ireland	2.03	2.33	0	2.15	1.98	2.11	2.4	2.5	2.5	2.5
Latvia	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.535	0.5
Norway[230]	1.00	1.17	1.04	1.1	1.1	1.1	1.1	1.16	1.2	1.2
Portugal	0.5	0.5	0.5	0.5	0.46	0.5	0.5	0.5	0.5	0.5
Romania[231]	2.25	1.97	1.22	0.37	0.2	0.24	0.25	0.27	0.26	2
Slovak Republic	N/A	0.5	0.5	0.4974	0.48	0.5	0.5	0.5	0.5	0.5
Spain	0.5	0.5	0.5	0.5	0.5	0.5	0.5	N/A	N/A	0.5
Sweden	0.83	0.65	0.77	0.63	0.74	No data	No data	0.83	0.84	1.2

The ACER data in Table 13 shows the level of €/MWh annual average transmission Generation charges paid by producers up to 2021, with the €/MWh numbers for Ireland shown to two decimal places up to year 2018. However, for years 2019-2021, the decimal places are removed, so it is not clear if the cap is exceeded in those years. SSE suggests that Eirgrid should publish these decimal places for clarification.

The ACER report shows that Ireland hit the €2.5/MWh cap in years 2020 and 2021. We request that Eirgrid confirm if the cap was exceeded in these years and if so, to detail the level of exceeded revenue from generators. Also, the upward trend in the ACER analysis indicates that it was likely that the cap was likely exceeded in subsequent years.

GTUoS Calculation Transparency

The ex-post calculation of the GTUoS refund for Tariff year 2022/23 is described in the Consultation which is welcome. The formula is detailed in the EU Regulation i.e.

'$Average\ Ex-Post\ Charge = Total\ Actual\ Revenue\ from\ Producers/Total\ Energy\ Exported$'

The origin of the 'Total energy exported' is explained as a footnote in the Consultation that exported energy is based on 'exported energy statistics' data set where export meter data for transmission-connected units are sourced from SEM-O. However, clarity is needed about how the 'Total Actual Revenue from Producers' is derived, to detail what is included/ excluded in this part of the Calculation.

The GTNUoS cap has been a well-documented requirement in Britain with the regulation applicable to the UK post-Brexit. Britain has been at the cap for many years and there has been debate about what should be included/ excluded in the calculation of the cap. More transparency should be provided around what is included in the main inputs to the calculation for Ireland.

Tariff years

There is a considerable time-lag between overpayment of 2022/2023 GTUoS and payment of a refund from October 2025 which means some value erosion of recovered revenue. A reduction in the time-lag should be examined to avoid this value erosion.

GB deals with this via an adjustment credit where it effectively discounts all GNTUoS up to the cap after the calculation is made. This is then incorporated into the DNTUoS as a charge in the same charging year. There are differences between the charging arrangements for GB and Ireland but the principle of recovering the refund close to the charging year should be examined.

Northern Ireland and All Island

It is not clear how Northern Ireland is currently captured as the Regulation applies to countries, not markets. The GTUoS tariff seeks to recover a percentage of both Ireland and Northern Ireland's transmission network costs i.e. the tariff is set based on the All-island revenue to be recovered from Generator TUoS. Given this All-island approach, the GTUoS numbers and inputs for Ireland, Northern Ireland and All Island should be transparently published, from current years back to 2020 tariff year.

Decisions about changes which impact Network tariffs should be published with sufficient notice to Suppliers to allow for timely implementation of changes. Some instances of short timelines between publication of the changes and their implementation have resulted in significant challenges for Suppliers who have to consider end-customer tariff decisions in unfairly compressed timeframes.

DTuOS

Once the total GTuOS refund calculations have been finalised, these should be published prior to a decision on how and when the refund should be allocated to DTuOS tariffs. The method by which the refund is profiled within DTuOS should be consulted upon to allow Suppliers to have an input.

Increased DTuOS charges

Over the last number of years, there have been increases in DTUoS e.g. due to imperfections charges, and there are other known increases to follow including from the Future Arrangements for System Services. This additional increase is part of that trend.

This demonstrates that a more holistic approach to how network charges are recovered is required, which should form a part of the forthcoming network tariff review. This review should include an assessment of the impact of significant network charge decision on customer bills and how these are best managed. We also note that the current projections for ESB Networks PR6 are indicated as a 33% increase.

Timelines and Transparency on changes to Network tariffs

Decisions about changes which impact Network tariffs should be published with sufficient notice to Suppliers to allow for timely implementation of changes. Some instances of short timelines between publication of the changes and their implementation have resulted in significant challenges for Suppliers. An example of a more optimal way is seen in the publication of gas tariffs which allow for adequate time for Suppliers to implement changes.

Also. there should be greater transparency and accountability around how network tariff decisions are made and the impact on consumer bills. This includes CRU tariff decisions and the publication of consumer impact analyses.

Interim vs Enduring Solution

This EU Regulation has been in place since 2010. This is understood to be an interim solution as there is a reference to an enduring solution to comply with the EU Regulation in the Consultation. SSE supports an appropriate enduring solution and seeks clarity and a Consultation to ensure industry has an input.

6.11 Wind Energy Ireland Response

31 January 2025

Wind Energy Ireland Submission to the EU Regulation 838/2010: Methodology for Alignment in Ireland Consultation

Introduction

Wind Energy Ireland (WEI) welcomes the opportunity to engage with EirGrid and provide feedback on the EU Regulation 838/2010: Methodology for Alignment in Ireland Consultation.

WEI is the nation's largest renewable energy organisation with more than 200 members who have come together to plan, build, operate, and support the development of the country's chief renewable energy resource. We work to promote wind energy as an essential, economical, and environmentally friendly part of the country's low-carbon energy future.

The potential for a GTUoS breach of the EU €2.5/MWh has been predicted over the last years and indeed as the consultation referenced has now occurred twice in the 2022/23 and 2023/24 periods. It is not usual for network charges to go through a reconciliation process as proposed to be paid in arears, i.e. ex post. EirGrid does have methodology and experience of forecasting charging costs for network tariffs and should consider how to implement this for future years, thereby avoiding overcharging and reconciliation.

It should be recognised that the €2.5/MWh cap is not a target for revenue collection but a limit, so EirGrid should be planning for the actual €/MWh to be at or less than €2.5/MWh. This will also help give Eirgrid some margin to avoid reconciliation in the first instance. Large working capital facilities (O)RESS are already subject to a reconciliation process through the PSO mechanism, and it would be helpful if EirGrid can work with industry to avoid additional cash flow issues via G-TUoS.

Comments on the Reconciliation Process

WEI agrees that in the interim, there should be a reconciliation process but at this time has no comment on the detail of the process and calculation. We thank Eirgrid for their constructive engagement and for providing clarity on the Exported Energy and Revenue figures for the relevant tariff years. We do however have a number of general comments/suggestions in relation to implementation of Regulation (EU) No 838/2010:

- EirGrid is encouraged to provide transparency by sharing the data sources and web links underlying its "Exported Energy" and "Actual Revenue" figures, enabling greater industry insight.
- Additionally, EirGrid could explore ways to shorten the timeframe between the end of the charging year and the reconciliation process.
- Consideration should also be given to how inflation will be accounted for and treated within the reconciliation process.
- Furthermore, a defined process should be established to address scenarios where generators cease operations before reconciliation is completed.

Considerations for the Enduring Regime

While not explicitly discussed in the consultation, we believe that EirGrid must commence the consultation process for the enduring regime. This is particularly pertinent for the Phase 1 offshore wind projects for two reasons:

- The Phase 1 projects will represent a significant increase in system MEC and will result in system expansion and the associated costs increasing EirGrid's required revenue.
- By 2026, the Phase 1 projects will be engaged in their FID processes. Being able to enter that process confident in a predictable maximum grid charge will be useful in improving the cost of finance of the projects as this will help reduce the project financial risk and help ensure the delivery of the offshore projects to contribute to the 2030 targets.

We would request that EirGrid, supported by the Regulatory Authorities (CRU and/or SEM Committee) start the consultation process once this interim reconciliation consultation is completed.

Thank you for the opportunity to provide feedback on this Consultation. We hope you consider the comments and recommendations made within our submission and we would be happy to engage at any point to discuss.

Yours sincerely,

John Bourke

John Bourke
Policy Analyst
Wind Energy Ireland