

**Bord Gáis Energy's  
response to the TSOs'  
DS3 System Services Tariffs  
(1 Oct 2017 – 30 April 2018)**

**30<sup>th</sup> May 2017**

Bord Gáis Energy (**BGE**) welcomes this opportunity to respond to EirGrid's and SONI's (the **TSOs**) Consultation on DS3 System Services Tariffs for 1<sup>st</sup> October 2017 – 30<sup>th</sup> April 2018.

Given the recent updates on DS3 included in the Regulators' (the **RAs**) paper issued in March 2017 ([SEM-17-017](#)) which set out a path for more investment certainty, we are disappointed to see that the next tranche of DS3 tariffs are only increasing by 5.3%.

The TSOs have stated that the increase of 5.3% is to align outturn DS3 expenditure with forecast expenditures while taking account of scalars and being mindful of the recent shortfall in spending over the initial period. From an investment perspective however, this approach does not provide the required confidence for investors to develop new, flexible technologies for providing fast services.

As a result, the the RAs' glide path<sup>1</sup> is now completely contradicted by the TSOs' proposal to maintain the same DS3 expenditure and the first opportunity to provide investment confidence has been undermined.

To ensure investor interest in DS3, we therefore believe that **more transparency is critical**. A thorough explanation of system volumes, applicable tariffs, scalars and forecast calculations must be provided in order to build confidence amongst energy generators that immediate investment in projects that benefit the consumer through grid stability will be rewarded. It is **imperative** that the logic behind tariff setting, scalar design, forecast volumes and overall spending is completely transparent and included in the upcoming consultation in July of 2017. There is no benefit to consumers in preventing stakeholders from understanding the basis for this market.

I hope you find the above comments useful. If you have any queries, please do not hesitate to contact me at anytime.

Sincere regards,

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Brian Larkin  
Regulatory Affairs - Commercial  
Bord Gáis Energy

{By e-mail}

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<sup>1</sup> The RAs' glide path was provided in the SEM Committee's DS3 Information Note, [SEM-17-017](#)