



The Single Electricity Market:

Draft Transmission Loss Adjustment Factors

A Consultation Paper

AIP-SEM-07-499

4th October 2007

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I. INTRODUCTION

In June 2005 the Commission for Energy Regulation (“CER”) and the Northern Ireland Authority for Utility Regulation (“NIAUR”), collectively known as the Regulatory Authorities, published a decision paper titled “SEM High-Level Design Decision Paper”¹. This paper outlined the design of the Single Electricity Market (the “SEM”) for the island of Ireland, and included a decision requiring that transmission losses in the SEM be accounted for on an all-island basis, using a consistent methodology involving the application of locational Transmission Loss Adjustment Factors (“TLAFs”) to the outputs of generators.

Following the publication of this paper, the Regulatory Authorities had extensive discussions on the issue with EirGrid and the System Operator for Northern Ireland (“SONI”), the transmission system operators in the Republic of Ireland and Northern Ireland respectively, leading to the publication in May 2006 of a consultation paper on the treatment of transmission losses². Following consideration of the comments received to the consultation paper, in August 2006 the Regulatory Authorities published a decision paper on the matter³.

¹ “The Single Electricity Market (SEM) High Level Design Decision Paper”, 10 June 2005, AEP/SEM/42/05.

² “The Single Electricity Market: Treatment of Transmission Losses. A Consultation Paper”, 24 May 2006, AIP-SEM-58-06.

³ “The Single Electricity Market: Treatment of Transmission Losses. Decision Paper”, 31 August 2006, AIP/SEM/112/06.

II. DRAFT TLAFs FROM 1ST JANUARY 2008

The Regulatory Authorities have already consulted on and published the TLAFs which apply for November and December 2007⁴. Submissions have recently been received by the Regulatory Authorities from EirGrid and SONI detailing the TLAFs they propose to apply from 1st January 2008 until 31st December 2008. These TLAFs apply to generators directly connected to the transmission systems operated by EirGrid and SONI as well as to generators directly connected to the associated distribution systems.

The Regulatory Authorities have reviewed the submitted TLAFs and consider them to be derived in a manner consistent with the principles laid out in their TLAFs decision paper of August 2006.

The submitted TLAFs are shown in the appendices for public comment as follows:

Appendix 1:

- set of indicative TLAFs for Republic of Ireland Market Participants; and
- set of indicative TLAFs for nodes on the transmission system in the Republic of Ireland.

Appendix 2:

- set of indicative TLAFs for Northern Ireland Market Participants; and
- set of indicative TLAFs for nodes on the transmission system in Northern Ireland.

⁴ “The Single Electricity Market: Transmission Loss Adjustment Factors. A Decision Paper”, 26 April 2007, AIP-SEM-07-124.

III. VIEWS INVITED

Comments are invited on these draft TLAFs by 17:00 on Friday 19th October 2007 and should be sent to jlynch@cer.ie and juliet.corbett@ofregni.gov.uk.

Following a review of comments received the Regulatory Authorities plan to publish the final TLAFs before the end of October 2007.