

Dear Mr Needham,

It was our understanding that the purpose of the paper was to address volatility in TuOS and TLAFs. It has failed to do so, and indeed quietly attempts to introduce some other matters, in particular the reduction of the TuOS threshold from 10MW to 5MW. Such a change ought to be presented clearly to projects in this range in a separate paper, and not slipped into a paper dealing primarily with other matters.

The key issues with SEM-09-107 Preferred Options to be considered for the Implementation of Locational Signals on the Island of Ireland Paper are as follows:

### **Volatility**

None of the solutions presented in this paper address Volatility. It would seem to remain impossible for a potential generation investor to predict, at the time of the investment decision, the likely TLAF which would apply to their station at the date of commissioning, let alone throughout the years of operation. Predictability also remains an issue and there seems to be little importance given to Transparency.

### **Focus on a perceived need for a Locational Signal**

One of the main key principles behind the concept of TLAFS was that they would promote the efficient location of generating plant. Historically the TLAF system has been ignored by developers as it is volatile and unpredictable. Even if the locational signal aspect was fixed now (by making it less volatile and more predictable), all the wind farms that are going to be developed for the next 10-15 years have already chosen a location and been assigned a grid queue position in Gate 3.

### **Lack of concrete analysis or consideration of the Financial Impact of proposals**

It is our belief that there is a lack of appreciation by the TSOs and the RAs of the financial impact of the current system of locational charging. Nowhere in this paper of preferred options are the commercial realities addressed. There is no quantifiable monetary value assigned to any option anywhere in the paper.

### **Reduction in TUoS threshold to 5MW**

We are strongly against a proposal included within the document to reduce the TUoS threshold from 10MW to 5MW. If the proposal is implemented it will have serious consequences for generators who have in place project financings for their projects, which is the case for the majority of windfarms in the 5MW-10MW category.

What is also concerning is that this proposal was somewhat buried in a complex and lengthy paper as a peripheral issue. This is a very serious issue and it would be completely unacceptable to us for this to be implemented as proposed.

There is a need to review how the TUoS threshold shall be applied. Need to apply TUoS charges to distribution connected generators for capacity **in excess** of the current **10MW** threshold.

### **Meitheal na Gaoithe believes that it is incumbent on the Regulators and the TSOs to facilitate market entry by smaller players.**

### **Proposed option of 40% postage stamp not resolving issues presented**

As a general point again, it is difficult to take a fully informed view given the lack of detail on the preferred option however, in principal, we would have strong concerns on the proposed option of 40% postage stamp for TUoS charging.

A key principal in the electricity industry is the shallow connection policy. Changing this policy to charge directly for deep reinforcements would be a major barrier to new entrants.

Indeed, Meitheal na Gaoithe has long advocated a change in the other direction, to one where the

system pays for Grid it will own (namely shared assets), and it is becoming apparent that this would be of economic benefit, due to improved financing costs.

Thomas W Cooke, Chairman,  
Meitheal na Gaoithe