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Northern Ireland Authority for Utility Regulation  
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John Lynch  
Commission for Energy Regulation  
The Exchange  
Belgard Square North  
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Dublin 24  
Ireland

**Re** **Transmission Loss Adjustment Factors**

24<sup>th</sup> October 2008

Dear Sarah and John,

The Irish Wind Energy Association (IWEA) welcomes the opportunity to comment on the current methodology for calculating Transmission Loss Adjustment Factors (TLAFs). The volatility and lack of transparency of this methodology are a matter of serious concern to IWEA members.

Generators have experienced unexpected changes of 10-15% in TLAFs in recent years. Changes of this magnitude have the potential to eliminate the financial viability of generation projects and may lead to bankruptcy. The risk of these swings is now being priced in to the financial assessments of all projects and this is significantly increasing the overall costs of all generation development on the island.

The volatility of the mechanism acts as an uncontrollable risk rather than a locational signal in generation investment decisions. It is also worth noting that the signal is not in any way linked to transmission investment plans.

The IWEA requests the Regulatory Authorities to carry out a fundamental review of locational signals in SEM. The current TLAF system should be discontinued as soon as practical.

We would welcome an opportunity to meet with you to discuss these points in the near future.

Yours sincerely,

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Michael Walsh

CEO, Irish Wind Energy Association