

All Island Transmission Use of System Charging and Loss Factors Workshop

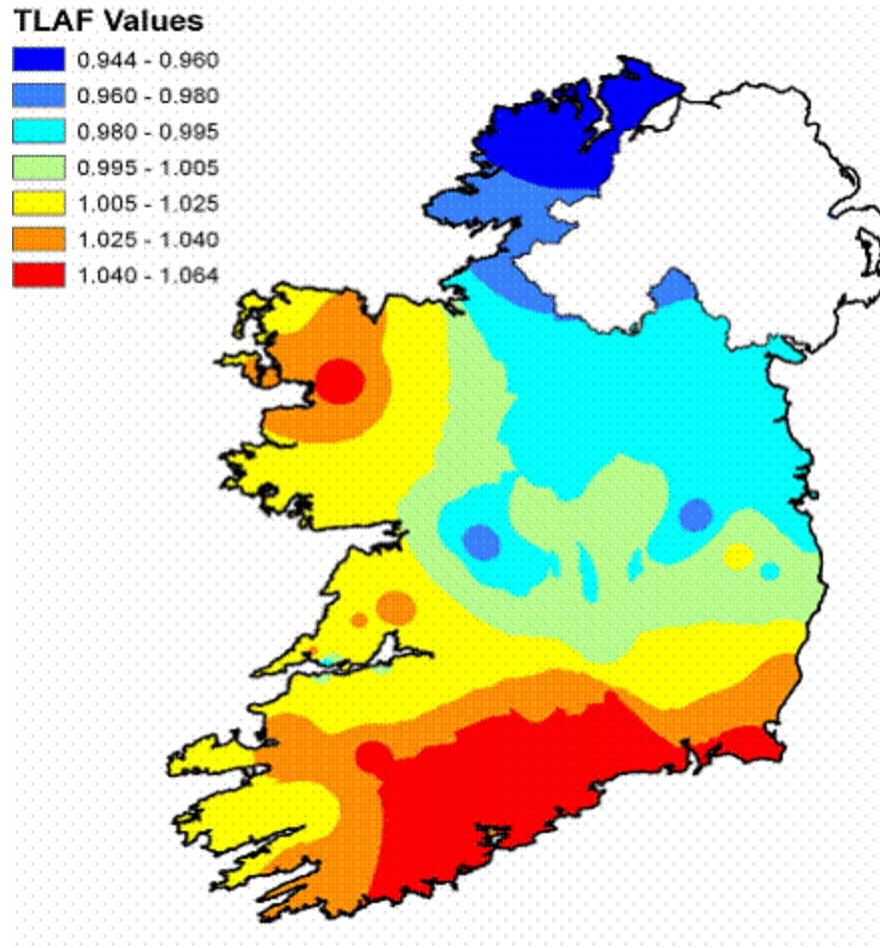
IWEA Position
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3 March 2009

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Current Situation

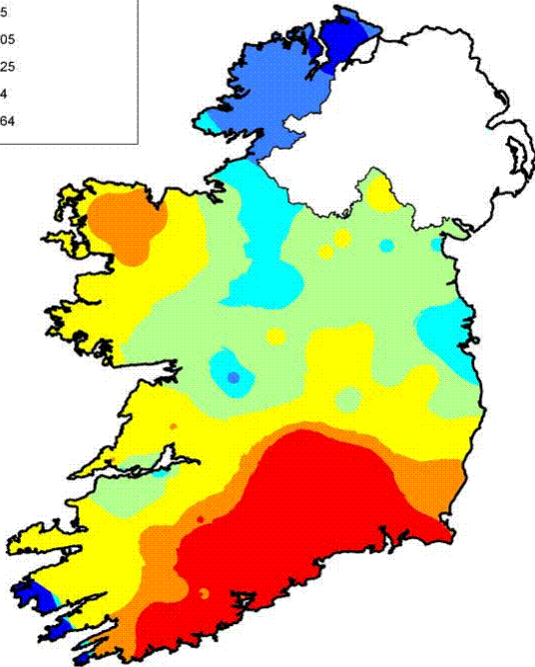
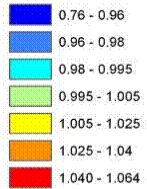
- TLAFs have significant bearing on the **viability** of generators
- TLAF **volatility** goes straight to the bottom line of generators
- Material **risk** to revenue
- Material effect on **competitiveness**
- A **volatile** TLAF system will **diminish investment** returns
- **Lack of predictability** will **undermine investments** going forward
- TLAFs **significantly impacted** by the appearance & disappearance of load
- In **direct contradiction to the Gate 3 process** of date order and central planning within GDS

2008 TLAF Values

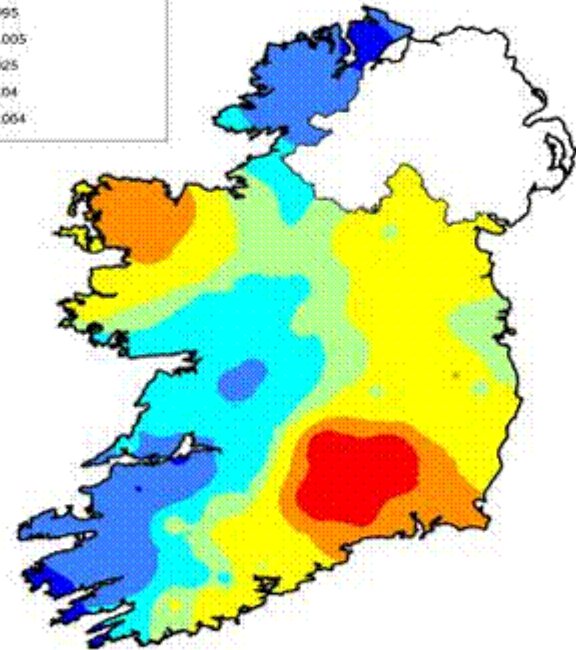
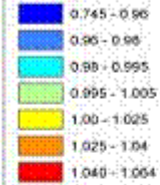


2009 TLAf Values

TLAF Values Jan-Aug 2009

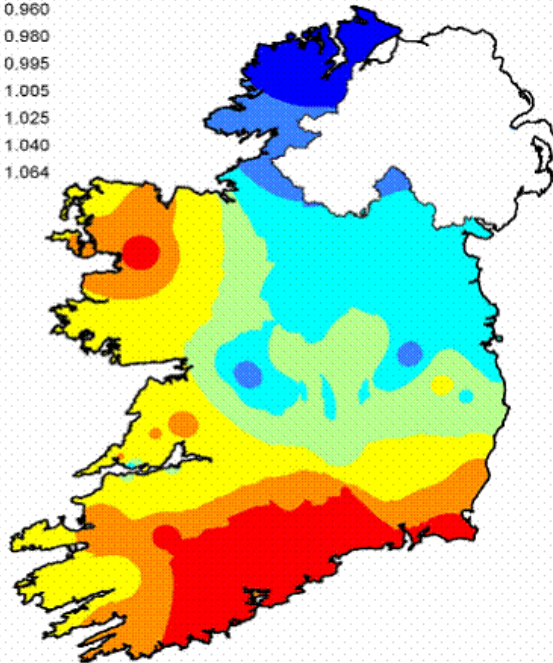
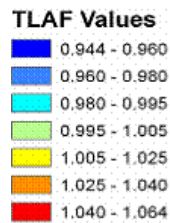


TLAF Values Sep - Dec 2009

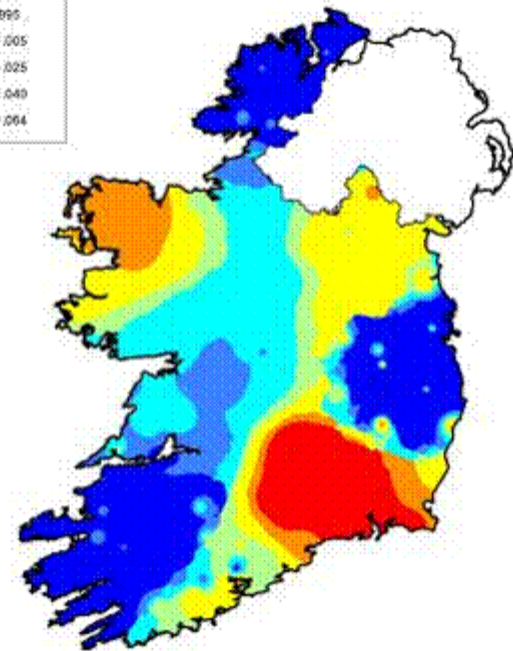
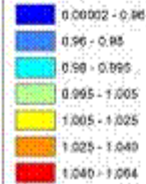


2008 Vs 2011 TLAf Values

TLAF Values 2008



TLAF Values 2011



Donegal Example

- 2004 TLAF Average approx 1.068
 - 2005 TLAF Average approx 1.019
 - 2008 TLAF Average approx 0.95
 - 2011 TLAF Indicative average approx 0.969
-
- Change from 2004 to 2008 of approx 11%
 - Reduces gross revenue by this factor
 - Almost impossible to forecast these changes



Questions to Ask?

- Is the current TLAf situation helping to promote the efficient location of generating plant ?

NO

Questions to Ask?

- Is the current situation supporting efficient real-time dispatch of the system or providing operating efficiencies?

NO

Solution

- **Removal** of these non-value added location transmission connection incentives in context of strategic grid development

Benefits

- A Stable Investment Framework
- A Fair, Predictable and Transparent Operating Environment
- Consistent with the Grid Development Strategy

Thank You