

SWS would like to commend the system operators and regulators for initiating such a thorough and unrestricted review of locational charging. I won't go back over SWS's position in any detail at this point, but I'm sure you are aware of our view that volatile and unpredictable locational signals are completely ineffective as an investment signal, and indeed to active damage in adding to the cost of project finance.

While it is a commendable exercise in regulation and market design to try to come up with a system that fairly, transparently, predictably and reliably allocates the cost of new network and losses to particular generators, the fact that this has patently not been the case for the last 10 years means that it is already too late to fix, at least for Gate 2 and 3, and arguably even for Gate 4 and hence all wind generation planned until 2030.

I am certain that wind developers have entirely ignored the volatile and unpredictable TLAF signal in selecting and applying for sites over the last 10 years. They selected based on windiness, land availability and county development plans. They knew they were on a 5-10 year development cycle, and so they were not going to pay heed to a variable TLAF or TuoS signal which was only available a year ahead. And on top of that, the CER in choosing date order, selected a further subset of wind projects, again without any consideration to locational signals. As a result, there is no locationality in the current set of 3900MW in Gate 3 (as there was none in Gate 2). Since these projects aren't on wheels, it is now absolutely futile to apply a locational signal.

The only appropriate and fair solution for Gate 1, 2 and Gate 3 wind farms is therefore to apply a levelised TUoS charge and a flat TLAF across the board. In particular on the TLAF, we believe that a value of 1.000 is the most straightforward, and that demand quantities should be adjusted by 1.025 or so to take account of the overall transmission losses. There is simply no value in splitting some of this cost between demand and generation, it will all end up being paid by the consumer at the end of the day, and the shortest route to that point incurs the least administration and risk premiums.

It really may be this simple, but we are happy to support any more detailed discussions, and we look forward to the next stages in the consultation.

Regards,

Peter Harte
SWS Energy
h: <http://www.swsenergy.ie>
t: +353 23 8854131
m: +353 87 2463433