



TYNAGH ENERGY
L I M I T E D

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Sarah Friedel
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14 Queen Street
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Ref: TEL/EOD/09/217

24th November 2009

RE: Draft Transmission Loss Adjustment Factors 2010

Dear Sarah & John,

The views of Tynagh Energy Limited (TEL) in relation to the Draft Transmission Loss Adjustment Factors are outlined below.

As mentioned in our recent consultation response on locational signals, it is the view of TEL that in a cost allocation process where all parties are jointly responsible for the cost and where no method exists of accurately measuring who contributed most to causing the cost – there is no perfect solution. Unless the transmission system is designed to meter losses on a nodal level, attempting to attribute transmission losses on a nodal or zonal basis is a futile and inaccurate exercise.

The draft TLAF's for 2010 are based upon a methodology that attempts to calculate losses through dispatch and system modelling based upon assumed ex-ante forecasts of scenarios that might happen. This flawed fundamental assumption means these methodologies will always result in the wrong answer; the level of complexity involved in the process only serves to create a spurious impression of accuracy.

The calculation method currently employed results in loss factors being assigned to generators that in all likelihood bear no comparison to actual losses borne in reality and as can be seen in the values proposed for 2010 will result in a small number of generating subsidising the cost of the electrical losses generated by their competitors. Losses calculated in this manner will not result in the efficient dispatch of generators.

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It is therefore the opinion of TEL that it is appropriate that efforts be made to bring forward the introduction date of the new calculation methodology.

Yours sincerely



Eamonn O'Donoghue
Risk & Regulatory Manager