



The Consumer Council

Elizabeth House,  
116 Hollywood Road,  
Belfast BT4 1NY  
Tel 028 9067 2488  
Fax 028 9065 7701  
e mail info@consumercouncil.org.uk

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Ref: PD20010582

Billy Walker  
Utility Regulator  
Queens House  
14 Queen Street  
BELFAST  
BT1 6ER

Dear Billy,

**Re: Proposed RAs option for all-island harmonised Transmission Loss Adjustment Factors (TLAFs)**

The Consumer Council is a Non-Departmental Public Body set up in legislation to safeguard the interests of all consumers, and particularly the vulnerable and disadvantaged. The Consumer Council is an independent organisation which operates to promote and protect the consumer interest.

We welcome the opportunity to respond to this consultation on the Proposed RAs option for all-island harmonised Transmission Loss Adjustment Factors (TLAFs)

It is the position of the Consumer Council that any change to the regulatory structure of the Northern Ireland Energy Market should only be undertaken if it is in the interest of the Northern Ireland consumer. With fuel poverty levels in Northern Ireland reaching crisis levels, with one in two households struggling to adequately heat their home, it is important that the regulatory structures look to minimise the cost of energy to consumers.

We believe it is our role to make a positive contribution for consumers in Northern Ireland. Given the barriers placed on us by the RAs through this consultation it has not been possible to determine what decision would result in a positive impact for consumers.

The Consumer Council is concerned about the potential impact that any change in the allocation method of TLAFs may have on consumers in

Northern Ireland. The consultation does not provide the necessary level of detail to enable respondents to make an accurate decision about the optimal way forward.

Following the stakeholder event held in Dundalk it was noted that many of the attendees felt that the data available to the RAs that had been used for impact assessments should be provided. In particular the results of any impact assessments should have been made available as part of the consultation exercise. It is disappointing that the RAs have failed to share this information within the consultation period. Therefore it has not been possible to ascertain whether locational or uniform TLAFs represent the optimal solution for Northern Ireland consumers in the interim.

The consultation paper shows no evidence of how uniform TLAFs will affect the different generators in Northern Ireland and in the Republic of Ireland. Nor does it suggest the impact on consumers. After liaising with the various generators it is not clear what the best option will be. All generators have presented conflicting views yet the RAs have failed to provide a single definitive dataset that allows the final impacts to be correctly analysed both for generators and supply companies.

On 11<sup>th</sup> August at 17:30 a uniform TLAF study was published through the All Island Project website. It is unacceptable that such a study, which would seem important to this consultation, is made available less than 48 hours before consultation responses are required. This document gives no clear outputs or comparisons to existing procedures and therefore does not allow the Consumer Council to draw an opinion on what is the optimal interim solution for the consumer.

The current processes in place between the RAs come across as highly inefficient. There is a need for a clear and easily understandable roadmap to be developed for TLAFs along with other regulatory decisions which may have consequences for consumers.

The Consumer Council is also concerned that this issue was agreed in principle at a SEM Committee meeting in April 2010 after previously being rejected in a consultation paper in December 2009. There is no clear reason given as to why such a reversal of opinion took place.

The Consumer Council has a statutory role to reply to this consultation. It is unacceptable that we are unable to make a clear decision with the information provided.

It is the position of the Consumer Council that any changes in regulatory structure should have no detrimental impact on consumers.

We expect that the RAs and the SEM Committee undertake robust analysis that will lead to the decision which is most beneficial to all consumers in Northern Ireland. The Consumer Council would also like the results of this analysis to be published prior to any decision being made.

The Consumer Council would like the Utility Regulator to keep in mind that its primary objective of any decision is to protect the Northern Ireland consumer;

I hope that these comments are helpful and are given due consideration. Please contact me if you require any clarification.

Yours Sincerely,

Andrew Murray  
Senior Consumer Affairs Officer