

**RESPONSE TO THE**  
**PROPOSED RAS OPTION FOR ALL-ISLAND HARMONISED TRANSMISSION**  
**LOSS ADJUSTMENT FACTORS (TLAFS)**

Northern Ireland Manufacturing wish to formally respond to the current consultation on the "Proposed RAs option for all-island harmonised Transmission Loss Adjustment Factors (TLAFs)"

Northern Ireland Manufacturing wrote to the NIAUR and to the SEM Committee on 11<sup>th</sup> June 2010 urgently requesting information on these changes. To date have received no response. It is very disappointing that the Regulatory Authorities choose to ignore correspondence from an organisation representing a significant number of commercial users of all sizes in Northern Ireland.

We believe that the principles of transparency in the marketplace and consumer confidence require the immediate release of any financial impact modelling which supports the proposed decision as the right choice for customers in terms of cost reductions.

In the absence of any persuasive analysis provided by either Regulatory Authority (NIAUR or CER) this organisation does not support the proposal as we understand from the stakeholders briefing in NIAUR on 28<sup>th</sup> June and the costs indicated by Roy Foreman of NIE PPB at the workshop on 31<sup>st</sup> July 2010, that Northern Ireland is being disadvantaged by circa £7M on PSO charges alone, notwithstanding any increase in either wholesale energy or constraint costs as a result of the proposed decision.

We understand that at the Dundalk briefing there was unanimous acceptance that both the wholesale price of energy (SMP) and market constraint costs (imperfections) will increase as a result of the interim proposal by the Regulatory Authority.

We also understand that Shane Lynch on behalf of the RA's stated that in addressing the volatility in the current mechanism for setting TLAF's, the RA's accepted that the interim solution may not be in the best interest of efficiency or customers. This would appear to be a dereliction of some of the regulators primary duties.

It is our view quite simply, that any changes to the TLAF system must not result in increased costs for consumers. It would be quite wrong if consumers are asked to pay for poor commercial decisions made by generators regarding the location of new power stations.