

Single Electricity Market

Treatment of Losses in the SEM

1 October 2011 – 30 September 2012

Publication of Loss factors

September 2011

SEM-11-081

INTRODUCTION

On 8 August 2011, the SEM Committee published a decision for treatment of losses in the SEM (SEM-11-067)¹.

This short note now indicates the publication of the 2011/12 loss factors and the approved methodology for 2011/12.

The SEM Committee will shortly be carrying out a consultation on the results of the TLAF Splitting modelling with a view to obtaining the views of market participants on an enduring solution for the treatment of TLAFs.

BACKGROUND

The SEM Committee has decided to continue the use of 'compressed TLAFs' for 2011/12 using the TSOs' locational methodology, but compressed by 50%. The SEM Committee has taken this decision because at this time it was not convinced that splitting the treatment of losses in the market schedule and dispatch could be considered without a detailed consultation and the opportunity for the Industry to put forward their views with regard to splitting and the results of their own analysis. Notwithstanding this, the forthcoming consultation, which will last for 12 weeks, will consider the full range of options for TLAFs.

METHODOLOGY

The methodology used by the TSOs is described in SEM-09-049 and with individual TLAFs compressed by 50% as described below:

TLAF Compression Methodology for 2011/12 and 2010/11 TLAFs

1) Compression Methodology

The algorithm is normalised around a monthly calculated value –“NN”, the Normalisation Number. The NN is approximately 0.98 but varies depending on the losses for each month.

¹ http://www.allislandproject.org/en/project_office_sem_publications.aspx?year=2011§ion=2

As per the previous TLAF methodology, the TLAFs are shifted to meet modelled transmission losses and prevent the over-recovery of such losses. The TLAFs are then scaled to meet the forecasted transmission losses. The Compression Algorithm is then applied to the TALFs for each month using the Normalisation Number which ensures that the forecasted transmission losses are recovered.

2) Methodology Algorithm for 2011/12 and 2010/11

Current (e.g. 50% Compression):

$$\text{If } X < NN, \frac{NN-X}{2*NN} + X$$

$$\text{If } X > NN, X - \frac{X-NN}{2*NN}$$

X= TLAF

NN = Normalisation number

TLAFs FROM 1st OCTOBER 2011 to 30 SEPTEMBER 2012

As requested by the SEM Committee the TSO's have submitted operational TLAF's using the locational methodology as described for the period 1 October 2011 – 30 September 2012.

These TLAF's are shown in the appendix 1 as follows:

Appendix 1:

- Set of TLAFs for All –Island Market Participants for 2011/12 uncompressed and compressed².

For any queries on this publication or next steps process please contact Juliet.corbett@uregni.gov.uk or billy.walker@uregni.gov.uk.

² Please note – it is the compressed TLAF value which applies in the market and in dispatch for 2011/12.