

# RAs' Perspective on Locational Signals Project

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# Locational Signals

- The location of power stations on the island has a cost due to:
  - Transmission infrastructure: Generator TUoS
  - Energy lost in transmission: Generator TLAFs
- SEM HLD provides for locational signals in generator TUoS and TLAFs
- Locational TUoS yet to be introduced in SEM
- SEM locational TLAFs already up and running

# Issues with TUoS/TLAFs

- Market Participants have raised issues with locational TUoS (RoI methodology) and SEM TLAFs
  - Signals are too volatile
  - Unpredictability of future tariffs/TLAFs
  - Concern with network costing
  - Interaction with Grid Development Strategies
  - Transparency
  - Choice of scenarios

# SO Review

- In January RAs tasked SOs to review options and methodologies for all-island generator TUoS & TLAFs
- Methodology to meet various objectives...drive efficient investment and dispatch, non-discriminatory, transparent, cost reflective, predictable, less volatile...some of these goals may involve trade-offs!
- In May RAs published SOs' various options for both TUoS & TLAFs

# SO Review

- On 26<sup>th</sup> November RAs published SOs' preferred options paper on TUoS & TLAFs
- Note: SO preferences only - RAs yet to make up mind & will consider public response!
- TUoS: "Hyrbid" Locational/Postalised
- TLAFs: Compressed in short-run, "splitting" in long-run
- Response Date: Fri 8<sup>th</sup> January

# Next Steps

- Taking on board public comments, RAs will develop a final decision for March
- New TUoS & TLAFs for decided method will then be consulted on
- Plan is go-live on 1<sup>st</sup> October – *maybe* earlier for TLAFs, depending on responses to public consultation