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John Lynch
Commission for Energy Regulation
The Exchange
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18 November 2009

Re: Draft 2010 Transmission Loss Adjustment Factors

Dear Sarah and John,

The Irish Wind Energy Association (IWEA) welcomes the opportunity to comment on the Draft Transmission Loss Adjustment Factors (TLAFs) for 2010.

The consultation asks for views on the dispatch scenarios used to derive the TLAF values and the subsequent draft TLAF values proposed. The values have taken a significantly larger swing downwards than predicted by EirGrid in areas where wind power is connected, highlighting the unpredictability of TLAFs. The volatility and lack of transparency of the TLAFs remain a matter of serious concern to IWEA members. Generators have experienced unexpected changes of 10-15% in TLAFs in recent years. Changes of this magnitude have the potential to eliminate the financial viability of generation projects and may lead to bankruptcy. The risk of these swings is now being priced in to the financial assessments of

all projects and this is significantly increasing the overall costs of all generation development on the island. The volatility of the mechanism acts as an uncontrollable risk rather than a locational signal in generation investment decisions. It is also worth noting that the signal is not in any way linked to transmission investment plans. IWEA would like to see steady and predictable TLAFs and welcome the ongoing review of the methodology being used to calculate the TLAFs.

In the consultation paper it states that “it *may* be possible to introduce a new TLAF methodology earlier than October 2010”, and asks whether the early introduction in 2010 of the new methodology is appropriate. IWEA believe that this early introduction is appropriate and encourage the new methodology to be implemented as soon as is practical and certainly no later than early Q2 2010. It should be possible to start on work that would be required in advance of the decision now, e.g. in terms of any necessary modifications to the SEM, so that the new methodologies can be brought in as soon as possible.

IWEA would also like to request that there be a flat TLAF introduced in the interim period in 2010 while the decision on the new methodology is being made. As indicated in previous responses, it no longer makes sense to incentivise development of renewable generation in windless population centres instead of in locations with rich wind resources. IWEA call for the removal of these non-value added location transmission connection incentives in context of strategic grid development.

We would also welcome an opportunity to meet with you both to discuss these points in the near future.

Yours sincerely,

**sent by email, bears no signature*

Caitriona Diviney

Irish Wind Energy Association