



For Approval 2012/2013 Transmission Loss Adjustment Factors (TLAFs) Accompanying Note

Version 1.7

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Background

The System Operators published a “For Approval” set of TLAFs on September 12th. This set was similar to that consulted on in August apart from one change: the December night values were compressed rather than being erroneously uncompressed in the August set. The SOs are now seeking approval of the set which were published on September 12th.

Additional Responses

In addition to the two responses to the TLAF consultations in July and August, PPB also sent through comments. The table below contains an update on the PPB comments (Query 5) in addition to the comments received earlier. The SOs have responded to each party individually at this point, but also have committed and will now deliver a methodology paper that explains the TLAF calculation process.

Queries Raised	EirGrid/SONI Answer
1) Drivers of change from last year should be identified including assumptions around Moyle and Carbon Price Floor	1) Since 2009 the TSOs and RAs have carried out a number of workshops and published a large number of methodology papers which described both the methodology and background to the TLAF calculation process. However, the TSOs understand the importance of transparency and, as a result, a paper is currently being prepared which describes the methodology used in 2012/2013. It will also include some analysis around how TLAF differed between 2011/12 and 2012/13. Certain assumptions remain confidential as they could have a material impact on the future market performance/behaviour of certain parties.
2) Endesa believe that an audit should be carried out on the TLAF process	2) While both TSOs understand the importance of transparency, EirGrid/SONI would not be comfortable with consultants having visibility of commercially sensitive information.
3) EWIC’s TLAFs varied considerably. Was the process used to calculate EWIC different to that used for other participants?	3) EWIC was included in the model and treated the same as other users of the system.
4) What is the process for approval by the RAs?	4) Draft TLAFs are provided to the RAs who review them. The SOs follow up with a public consultation before finalising the TLAF figures roughly one month in advance of commencement of the new market. The SOs then publish the final set of TLAFs.

<p>5) It is impossible to comment on the TLAFS in the absence of publication of the detail of the underlying assumptions which impact on your modelling of energy flows for the year that in turn drive the TLAFs.</p>	<p>5) See 1) above</p>
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