

# Single Electricity Market Committee

**The Value of Lost Load in 2010**

**DECISION PAPER**

**1 September 2009**

**SEM-09-093**

## 1. Background

The Regulatory Authorities are required under the Single Electricity Market (SEM) Trading and Settlement Code to set a value for the Value of Lost Load (VOLL) in €/MWh four months before the beginning of the calendar year to which it applies<sup>1</sup>. In AIP-SEM-07-484, the Regulatory Authorities announced their decision, after due consideration of the responses to a Consultation Paper published on 2<sup>nd</sup> July 2007, that:

- for the period from 1<sup>st</sup> November 2007 to 31<sup>st</sup> December 2008 VOLL would be set to €10,000/MWh; and that
- its value in subsequent calendar years would be determined by taking its value in the preceding year and up-rating it by applying the weighted average of the year-on-year increase in the Irish Harmonised Index of Consumer Prices (HCIP) (using a weight of two-thirds) and the UK HCIP (using a weight of one-third) in the July of the preceding year by comparison with that a year earlier.

The sources for the data on HCIPs were cited as the Central Statistical Office (CSO) in Ireland and the Office of National Statistics (ONS) in the UK.

## 2. VOLL in 2010

The relevant data for the calculation of the 2010 value of VOLL using the specified methodology are as follows:

	Weight	July 2008	July 2009	% Change
<b>Irish HCIP (2005=100)</b>	2/3	109.5	106.7	-2.56%
<b>UK HCIP (2005=100)</b>	1/3	109.0	110.9	1.74%
<b>Weighted Average</b>	1			-1.13%

On this basis, given that VOLL for 2009 was €10,390/MWh<sup>2</sup> and using the specified methodology, VOLL for the calendar year 2010 will therefore be:

$$€10,390/\text{MWh} \times (-1.13\%) = €10,390/\text{MWh} \times (0.9887) = \underline{\underline{€10,273/\text{MWh}}}$$

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<sup>1</sup> See Code paragraph 4.95

<sup>2</sup> See SEM-08-167, 30<sup>th</sup> October 2008