

Single Electricity Market

**Preferred Options to be considered for the
Implementation of Locational Signals on the
Island of Ireland**

Consultation Paper

26th November 2009

SEM-09-107(a)

Cover Note

A review of Locational Signals project was initiated in January 2009 ([SEM-09-001](#)) by the Transmission System Operators (TSOs) to address the significant concerns raised by market participants in response to previous consultations on Locational Signals. These signals cover generator Transmission Use of System (TUoS) charges and Transmission Loss Adjustment Factors (TLAFs). This was with a view to implementing an all-island generator TUoS regime and amending, if appropriate, the all-island TLAF methodology which is already in place.

In May of this year the TSOs published a consultation paper ([SEM-09-049](#)) which presented a wide range of methodology options to be considered for the implementation of location signals on the island. Based on feedback provided to the May consultation and further analysis, the paper now being published for consultation is a preferred options paper developed by the TSOs. There has been significant input to this paper provided by the Regulatory Authorities (RAs, meaning the CER and NIAUR). The preferred generator TUoS and TLAF methodology options have been derived by the TSOs taking account of objectives for TUoS/TLAFs such as cost reflectivity, efficiency and the need to provide for predictability and reduced volatility for market participants.

It should be noted that the preferred options advanced by the TSOs in this paper do not necessarily represent the RAs views, in particular with respect to the preference for TSO purchase of losses as a long term approach to treatment of losses. Indeed they may not be the final options decided upon by the RAs in a future decision paper. Responses to this paper will be reviewed and carefully considered by the TSOs. These comments and TSO recommendations made to the RAs will be considered by the RAs when they formulate their final decision on all-island TUoS and TLAFs. It is anticipated that this final decision will be published in March 2010.