



Mr Jamie Burke
Commission for Energy Regulation
The Exchange Building
Belgard Square North
Tallaght
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Mr Billy Walker
Northern Ireland Authority for
Utility Regulation
Queens House
14 Queen Street
Belfast
BT1 6ED

25 July 2011

**SEM-11-036 Generator Transmission Use of System Charging - 2011/12
Indicative Tariffs**

Dear Jamie/Billy,

The NEAI welcomes the opportunity to respond to the Generator Transmission Use of System Charging – 2011/12 Indicative Tariff consultation paper.

The National Electricity Association of Ireland (NEAI) is an industry body representing a broad cross-section of the electricity generation and supply portfolio on the island of Ireland. Our mission is to contribute to the development and competitiveness of the electricity industry on the island of Ireland by representing the interests of our members at national and European levels and to advance the role of the electricity in support of social and economic development.

Inter-TSO Compensation

The NEAI requests clarification on the issue of the Inter-TSO Compensation (ITC) mechanism, which provides compensation for use of infrastructure and losses due to transit flows (i.e. cross-border flows) and is now binding pursuant to the Third Package (Regulation 713/2009). The NEAI would welcome a breakdown of forecast ITC payments and income for 2011/12 for both TSOs, including the transit flows these payments/charges relate to.

Transparency

The NEAI considers that insufficient detail on the calculation of the indicative tariffs has been provided. The NEAI therefore requests that the breakdown of the calculation for each generator be provided, including the assets contributing to the locational charge and the 'share' of this asset each generator is to pay for. This would allow generators to better understand their TUoS charge and to know when grid assets are expected to be delivered.

Interaction with SEM-11-018

Since there are a number of issues impacting Generator Transmission Use of System (TUoS) charges which are currently open to decision by the SEM Committee (SEM-11-018), the NEAI believes that this paper should have provided indicative tariffs based on the costing of each of the possible options.

The NEAI submits that as the consultations are inter-related, responses to both should be considered together and a proposed decision should be issued. It is not possible for stakeholders to thoroughly analyse the indicative tariffs when a number of underlying inputs are subject to change.

Best New Entrant

In our response to SEM-11-25, Fixed Cost of a Best New Entrant Peaking Plant & Capacity Requirement for the Calendar Year 2012 consultation paper, the NEAI requested that the cost of the Best New Entrant (BNE) Peaking Plant be updated to reflect the indicative Generator TUoS charges outlined in SEM-11-036 since these were not available at the time the BNE peaking plant cost was being calculated.

The NEAI would therefore reiterate this request and strongly urge the SEM Committee to recalculate the cost of the BNE peaking plant using, as a minimum, the indicative Generator TUoS outlined in SEM-11-36. However, since the Annual Capacity Payment Sum (ACPS) will not be finalised until the end of November when the Annual Capacity Exchange Rate is calculated, the NEAI sees no reason why the BNE peaking plant cost should not also be updated at this time for the actual 2011/12 Generator TUoS tariffs. The NEAI does not consider there to be any justification for calculating the BNE peaking plant using the historic Generator TUoS tariffs for 2010/11.

Please do not hesitate to contact me if you wish to discuss this further.

Yours sincerely,

Cormac Madden
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