

From: [Denis McBride](#)
To: [Dane, Kenny](#); [Kevin Hagan](#); "[cbowers@cer.ie](#)"
Subject: RE: I-SEM Energy Trading Arrangements RLG1.2
Date: 24 October 2014 15:53:38
Attachments: [image002.jpg](#)
[image003.jpg](#)

Kenny/Kevin.

Following on from the 1st workshop below are some initial brief comments on the two issues presented.

Treatment of Transmission Losses

- AES supports the views put forward by some members of the Rules Liaison Group that TLAFs are ineffective and not relevant in influencing generation location and therefore do not provide the function for which they were designed and implemented. With generation sites now extremely rare and dependent on a number of other major factors such as availability of sites, proximity to hubs - gas and electricity, fuel access, environmental and public factors etc TLAFs do not hold any significant influence in the decision making process and do not fulfil the purpose for which they were intended.
- As a result AES believes that TLAFs should be removed completely as they provided unnecessary complication in the generator bidding process.
- AES also believes that the costs of transmission losses should be borne by the industry as a whole and not solely applied to generators as the transmission of electricity is a necessity for the system and benefits the whole of society. The costs should therefore be socialised and accounted for only at the market boundaries i.e. across the interconnectors.
- **Treatment of Interconnector Losses:** Of the two options presented AES believes that the interconnectors should be treated separately i.e. represented as two individual lines in Euphemia. Following the approval of the CACM Guideline AES understands there is a requirement for the RAs/TSOs to complete a bidding zone review within a 2 year period which could as a possibility, identify the requirement for two or more bidding zones and might then require the separation of any combined interconnector approach.

Treatment of Firm Access

- AES favours an option whereby generators can participate in the DAM and IDM up to the level of their firm access capacity, with all non-firm running achieved through the Balancing Market including priority dispatch units. AES is of the view that all firm access capacity should be in the DAM to set as robust a day ahead reference price as can be achieved. In this way non-firm access capacity is accommodated in the balancing market only when the system circumstances closer to real time allow, which we believe presents a simpler solution.

Thanks.

Regards

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From: Dane, Kenny [mailto:Kenny.Dane@uregni.gov.uk]
Sent: Friday, October 24, 2014 11:54 AM
To: Denis McBride
Cc: Kevin Hagan
Subject: I-SEM Energy Trading Arrangements RLG1.2

Dear Denis

The next Rules Liaison Group (RLG) of the I-SEM Energy Trading Arrangements (ETA) will be held in the Utility Regulator offices, Queens House, 14 Queen Street, Belfast at 10:30 on Wednesday 29 October.

Please confirm your attendance at this RLG to both me and Kevin Hagan (khagan@cer.ie)

It is intended to publish a briefing paper for this workshop later today.

Regards

Kenny

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