

## **IWEA response to the consultation on Proposed GTUOS Charges for 2016/2017**

**12 August 2016**

The Irish Wind Energy Association (IWEA) welcomes the opportunity to comment on the Proposed Generator Transmission Use of System (GTUoS) Tariffs for 2016/2017.

IWEA welcomes the overall reduction in the revenue requirement for 2016/2017 as this reduces the costs associated with generation on the island. While the overall revenue requirement has reduced we note that the impacts on individual generators can vary significantly, and in some cases, generators are seeing a significant increase in their charges. It is notable from the consultation document that the tariffs are considerably higher for wind generation, given the distributed nature of wind. IWEA has repeatedly highlighted concerns in relation to locational tariffs as these are not appropriate for wind generation where the location is based on the resource available. It should also be noted that the locational tariffs have changed significantly and have gone from negative to positive in some cases, so the signal to invest in generation in a particular location became a penalty for investing in that location. The volatility in locational signals is therefore seen to remove the effectiveness of such a signal in influencing investment decisions.

IWEA requests an increased level of detail in relation to the calculation of the GTUoS charges, with a breakdown of the postage stamp and locational elements. It is not clear from the paper how the variation can be so large between different generators given that the locational aspect is only 30% of the overall charge.

The increased costs to some generators outlined within this document should not be viewed in isolation. There have been many recent changes to the cost base for wind generation in Ireland and this is yet another increased cost for many projects. It is essential to ensure that the methodology being used is fit for purpose and supports the market in moving to higher levels of renewable on the system.

IWEA has previously noted that it is critical to have an indication of what the tariffs will be in coming years if it is to provide a locational signal. In order to be able to prepare for changes in TUoS charges IWEA requests that more information be provided on what the TUoS charges are likely to be in the coming years through the provision of a forward curve. IWEA requests that the estimated TUoS costs for a period of 5 – 10 years be provided based on best available information. Similar to constraint reports, these figures could be indicative, but would give generators a better sense of potential for changes. This would enable generators to make a reasonable assessment of what charges are likely to be for their individual projects.