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## **Response to MOD 34 09 Global Aggregation**

### **Introduction**

EirGrid and SONI, as System Operators (SOs) and Meter Data Providers (MDPs) to the SEM, welcome the opportunity to provide comments on the Consultation for Modification Proposal MOD\_34\_09 Global Aggregation. Global Aggregation is an important step in the development of a competitive retail market in Northern Ireland and Ireland and we support the achievement of a level playing field for all suppliers operating in the SEM.

### **Assessment of Options**

Given that there has been considerable discussion at the working group meetings in regard to all of the options proposed, we propose here to summarise our position in respect of Options A+ and E only.

Option A+ proposes to allocate the error as a balancing cost in the SEM. This option however does not satisfy the intent of the Modification i.e. does not allocate the error fairly and transparently to suppliers of interval and non-interval customers. As discussed in the working group meetings, meter errors arise for a number of reasons: profiling, theft, unmetered quantities and losses. Using historical RoI demand data it can be seen, however, that the use of profiling can be a significant cause of meter differences between initial bill month and M+13 bill month. Further to this, Option A+ also impacts the TUoS methodology in RoI as the error which is currently charged to ESB PES would need to be replaced with a k-factor (TUoS over/under recovery) type cost levied on all TUoS customers. As well as introducing complexity to TUoS tariffs, EirGrid and SONI do not believe this option is fair as the jurisdictional errors would not be allocated appropriately to non-interval and interval customers on per trading period basis.

Option E has merit as it meets the intent of the Modification and the error volumes will be allocated on fair and transparent means per trading period. This option also serves the objective of introducing retail market competition. In addition this option appropriately focuses attention on reducing meter errors through SMART metering and/or improvements to data accuracy and capture. In terms of the impact to TUoS, this option allows for the replacement of the PES error calculation with an error attributable to non-interval and interval customers. EirGrid believes this is a fair and transparent means of allocating the error to TUoS customers. To implement this option, there will be system implications for all MDPs but EirGrid and SONI are committed to delivering these

changes in a timely manner and are cognisant of the timelines for the Retail Market Harmonisation project already underway.

#### **Conclusion**

EirGrid and SONI as TSOs and MDPs to the SEM propose that Option E be implemented as it provides for a fair and transparent means of allocating the residual meter errors to the non-interval and interval customers on a per trading period basis.

**Dated: 16<sup>th</sup> July 2010**