



Commission for Energy Regulation

An Coimisiún um Rialáil Fuinnimh

Key Industry Challenges Regulatory Perspective

Michael G. Tutty

Chairman

Commission for Energy Regulation

13 October 2009

Connections

- Gate 3 offers going to 3,900MW of Renewables
- Over 6,000MW of applications for conventional plant
- Decision will be made soon on criteria for determining what conventional plant should get connection offers
- East—West Interconnector moving ahead

Smart Grid/Meters

- Pilot roll-out of Smart Meters now completed
- Testing of response during 2010
- Time of use tariffs published
- Look forward to results of pilot
- Need to be involved in work on developing smart grids with European parties

Exporting Renewables

- Exporting on a large scale would require a different approach to network development and the SEM
- Glad to hear that the Renewable Energy Development Group is to set up a sub-group to examine this

SEM Interconnector Development and Regional Integration

- Looking at rules for Interconnectors in the SEM in context of East –West IC coming on stream and compliance with EU rules on cross border flows
- Also focusing on evolving EU developments towards regionally integrated markets and how SEM relates to this
- SEM Short to Medium Term Interconnection Issues Paper – published 23 April 2009 (SEM-09-042)

SEM Interconnector Development and Regional Integration contd/..

- Key Recommendations:
 - support development of shorter term products
 - implementation by SOs of timely and cost effective solution for SO/SO Trades
 - Establish working groups - RAs / MO and SO to outline potential SEM rule changes and policy developments in advance of increased interconnection, bring forth modifications as required
 - Investigate change in 80MW Moyle export restriction

SEM Interconnector Development and Regional Integration Contd/..

- SEM Regional Integration – paper on longerterm issues published 10 September 2009 (SEM-09-096)
- Engage with stakeholders and policymakers at European level to influence the development of regional integration
- Develop a coordinated approach to congestion management with Ofgem, and in particular the explicit auctioning of capacity on ICs

SEM Interconnector Development and Regional Integration Contd/..

- Develop UIOLI and intraday trading options with SO / MO and industry
- Depending on responses to consultation, further develop options for the market coupling of the SEM with its neighbouring markets

National Competitiveness Council

Statement on Energy

- *Reducing Energy Costs is essential for competitiveness*

-We can all agree with that

1. Prioritise reducing controllable domestic costs

- 5-year review of transmission and distribution already underway for 2011-2015 period
- Looking at what further efficiencies can be achieved
- A key issue will be the level of investment which should be targeted

2. Review SEM Rules

- Already being done but need to avoid too much change in new market

3. Reduce capacity payments further

- Already done for 2010 reflecting latest capital costs and decline in demand

*4. Recover carbon windfall from
generators*

- CER has proposed this before now and Government have decided to pursue it

5. *Reduce dependence on imported fossil fuels in a way consistent with cost competitiveness*

- no specific proposals recommended by NCC
- heading towards a two-source system: gas and wind
- only possible alternatives at present are coal with carbon capture and storage or nuclear or other renewables



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