



Commission for Energy Regulation
An Coimisiún um Rialáil Fuinnimh

Monthly Newsletter

Volume 1 Issue 2

Progress on All-island Market

Inside this issue:

Significant progress has been made throughout the month of November on the All-island Market Project. In the last Newsletter, we gave details of the Joint Memorandum of Understanding signed by the Commission and our colleagues in the Northern Ireland Authority for Energy Regulation (NIAER), as well as stakeholder meetings convened to assess the views of market participants towards the design of the market. Since then the project has moved into the modelling phase and has also been given a boost by the Governments on both sides of the border.



On 22nd November 2004, the Minister for Communications, Marine and Natural Resources, Noel Dempsey TD. and Barry Gardiner MP., Minister for Enterprise, Trade and Investment launched the All-Island Energy Market Development Framework which provides the strategic blueprint for creation of an All-island Energy Market. The framework was produced in consultation with the regulatory authorities, industry and other stakeholders.

The framework outlines the policy context and benefits of an All-island Energy Market and identifies the short to medium term priorities. A high-level Development Programme setting out goals and timeframes over the next few years is also included.

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Market Modelling: Also on 22 November the Commission in conjunction with NIAER published a proposed programme that outlines the two Regulator's proposals for modelling the All-island Electricity Market. It specifically sets out the scope of the All-island modelling work programme, project governance and delivery responsibilities. *The framework paper and the proposed modelling programme are available on the All-island Project website at www.allislandproject.org*

Update on Retail Market Opening, February 2005



The retail market opening project is entering its closing stages, as the market opening date of 19 February 2005 draws nearer.

The new design for market transactions has been agreed by the MIG (Market Implementation Group) and approved by CER. It involves a change in messaging from e-mail

and attached files to a defined XML messaging standard and also paves the way for the operation of a competitive market.

Market participants must be able to send and receive data from ESB Networks (MRSO). Each market participant must design and implement systems which can interact with the new market hub which is being configured by ESB. This means they must be able to carry out important market processes such as billing and data transfer.

The MIG has appointed a Retail Market Readiness Testing Co-ordinator (RMRTC) on behalf of CER; its role is to carry out a series of market scenario tests on the IT solution of each business in order to certify ability to interact with the hub. More details on market opening communications can be found on Page 3. Contact Priti Dave-Stack at pdave-stack@cer.ie for more information.

ELECTRICITY GENERATION, NETWORKS AND INTERCONNECTION



Commission announces the result of VIPP5

In November's Newsletter, details of the fifth Virtual Independent Power Producer Auction (VIPP5) which was to take place on 12 November 2004 were highlighted. The Commission announced the results of this auction on 17 November.

The VIPP5 is a competitive process to provide licensed independent suppliers with a source of power to sell to their customers. Its aim is to increase competition in electricity supply in Ireland and to also encourage market entry for new generators.

The successful bidders in VIPP5 were:

- Bord Gáis Energy Supply;
- CH Power Limited;
- Direct Independent Energy Limited;
- Energia
- ESB Independent Energy Limited

A total of 385 MW was purchased in the auction. This outcome will result in the sale of additional volumes of generation capacity from independent suppliers to customers. Currently, 56% of the electricity market in Ireland is open to competition, with over 13,600 customers eligible to choose their electricity supplier. From 19th February 2005, the market will open fully, allowing all customers (domestic, commercial and industrial) to choose any licensed supplier. VIPP5 offered additional capacity to licensed suppliers to service these customers in advance of new generation plant becoming available.

In addition to VIPP, the power requirements of the eligible customer sector of the market may be met from the 394MW Synergen Plant (ESB/ Statoil) and the 343MW Huntstown Plant (Viridian). Overall, there is over 1000MW of capacity available to independent suppliers to meet the requirements of their customers. For further information please contact Garrett Fitzgerald at gfitzgerald@cer.ie

Results of North-South Interconnector Auction

The results of the North-South Interconnector Auction for the period 1 April 2005 to 31 March 2007 were announced by System Operator for Northern Ireland (SONI) on 1 December 2004. The auction involves the release of interconnector capacity to permit trading between Independent Power Producers (IPPs) and Suppliers in Northern Ireland and the Republic. The interconnector has a net transfer capacity of 330 MW in a north-south direction. The types of available capacity for sale were One year and Two year export in a north-south direction. All capacity available over the two years was purchased. The auction results are shown below. Further details can be found on the SONI website (www.soni.ltd.uk).

Company	1 Year (MW)	2 Year (MW)	Total (MW)
Viridian Energy Supply	20	80	100
ESB Independent Energy	155	0	155
Airtricity	45	0	45
Bord Gais Eireann	30	0	30
Total	250	80	330

ESB Networks Service Level Agreements (SLAs)

On 11 November 2004, the Commission published its decision paper on ESB Networks Service Level Agreements (SLAs) which will come into force from 4 January 2005, in conjunction with "go-live" of the new retail market design and in preparation for full market opening on 19 February 2005. The SLAs cover the services provided by ESB Networks as the licensed Distribution System Operator (DSO) to all Suppliers. ESB Networks is obliged to report on the level of achievement of the targets set out in each of the SLAs in the DSO Annual Performance Report.

The SLAs set out in a clear and concise manner the timelines in working days for completion of a particular transaction for a market participant. All SLAs are based on approved market rules with clearly defined triggers for the start and end of an SLA timeline.

The DSO will also be publishing a summary version of the SLAs at a future date for easy reference for suppliers. For further details, please contact Aidan Kearney at akearney@cer.ie



RETAIL MARKET OPENING

Market Opening Communications 2004

The Commission has produced a leaflet which will be circulated as a bill insert to the remaining approximately **140,000** businesses who will be eligible to change their electricity supplier from 19 February 2005. Details of this brochure are shown below. For further information, contact Fiona Hannon at fhannon@cer.ie

Now you can make a move.



The Irish electricity market has undergone significant changes since 1999. Competition has been introduced gradually and from 19th February next you will be free to select a licensed electricity supplier of your choice.

The Commission for Energy Regulation regulates and oversees all changes in the energy market. It is the Commission's goal to benefit consumers through the introduction of competition which facilitates improved services and increased competition in this sector.

Electricity Supply

The way in which the market is organised means that your supplier cannot 'run out' of electricity. This takes any risk out of changing supplier.

The operation, maintenance, safety and development of the Irish electricity distribution system will continue to be carried out by ESB Networks on behalf of all electricity customers, regardless of their electricity supplier. This means that there will be one independent body to deal with all local faults and emergency response.

Changing Supplier

When you are choosing an electricity supplier there are some useful things to remember:

- Have your most recent electricity bill ready to hand as it contains useful information which suppliers will need to give you an accurate quote;
- Read your electricity meter if you change supplier. The reading will assist your new supplier in the transfer process; and
- Understand the tariffs quoted and the terms and conditions of any offer or contract prior to signing.

A list of suppliers can be found overleaf.

Once you have accepted an offer, your new supplier will arrange the transfer of your electricity account. Shortly after this, you will receive a final bill from your old supplier after which you will be billed by your new supplier.

For further information on how to change supplier you can call the independent supplier of your choice or your current supplier. Additional information on changing supplier is also provided on the Commission's electricity customers' website www.electricitycustomers.cer.ie

GAS MARKET ISSUES

Commission Publishes Gas Safety Vision

The Department for Communications, Marine and Natural Resources has engaged with the Commission on the necessary revisions needed to the safety regulation framework in light of present and expected changes within the Irish gas market.

The Department has now prepared a consultation paper on its proposals for the new legislation (the Gas Safety Bill), the overall objective of which will be to establish a revised regulatory framework for natural gas safety.

Two of the key elements of the Department's proposals are the appointment of the Commission as the regulatory authority for gas safety and the regulation of all gas installation work.



The Commission has been invited to present its vision for the regulation of natural gas safety which will inform the public of the proposed implementation of key aspects of the new regulatory framework as set out in the accompanying draft legislation. On the 19th November, the Commission published its "Vision for the Proposed Safety Framework for the Natural Gas Market in Ireland". The Department has published its Gas Safety Bill consultation paper on its website (www.dcmnr.ie). The Commission's high-level vision is set out in its document (comments invited by 10th December 2004). Should you have any comments or queries on this matter, please contact Garrett Fitzgerald at gfitzgerald@cer.ie.

Gas Consumer Protection

The Commission has issued for consultation, draft guidelines for gas suppliers on two important consumer protection issues. These detail proposed requirements for a Code of Conduct for Marketing and a Code of Practice for Customers with Special Needs. These are both requirements of the Gas supply licence. They will be followed by guidelines on disconnection, billing and complaints handling. Details can be found on the CER's website: www.cer.ie. Submissions should be sent to Fiona Hannon at fhannon@cer.ie

RENEWABLE ENERGY AND ELECTRICITY INTERCONNECTION

Resuming Connection Offers to Wind Generators

In last Month's Newsletter, we reported on the successful industry forum on the Group Processing Approach for Renewable Generator Connections to the National Grid. Following on from this, the Commission issued a proposed Direction for public consultation in relation to the joint TSO/DSO proposal for processing and issuing offers to renewable generators based on a group processing approach.



This proposed Direction was issued on the 15th November 2004. It is very much focused on making the ending of the moratorium effective and making quick inroads into the large build up of applications in a manner which is fair, responsible and practical. The Commission proposed that the 33 applications deemed complete before the 3rd December 2003, comprising 330MW, would be prioritised and processed within Gate 1. All Gate 1 applicants would receive a connection offer within approximately four months of the final direction.

Under this proposal, if all Gate 1 offers are accepted the cumulative contracted wind generation on the system would be of the order of 1250MW adding significantly to Ireland's renewable generation obligations. For further information contact David Naughton at dnaughton@cer.ie



And Finally: *The Commission and staff of the Commission would like to wish all our Newsletter Readers and all our energy industry partners a very Happy Christmas and a successful New Year. We look forward to working with renewed enthusiasm with you all in 2005, in the spirit of partnership and co-operation. Nollaig Shona Daoibh.*



Political Will Favours Second North-South Interconnector

The Minister for Communications, Marine and Natural Resources Mr. Noel Dempsey TD. and Northern Ireland's Minister for Enterprise, Trade and Investment, Mr. Barry Gardiner MP., have endorsed plans for a second North-South electricity interconnector. Speaking following a meeting on 22 November 2004, the two Ministers indicated their support for the project based on the recommendation provided by the Commission for Energy Regulation (CER) and the Northern Ireland Authority for Energy Regulation (NIAER). Minister Dempsey said that the proposed second North-South electricity interconnector would provide increased system security and reliability and would be a positive step toward further developing competition in energy markets on the island. At present a 220/275 kV double circuit line runs between Tandragee and Louth.

Minister Gardiner said that the Regulators had made a sound economic and strategic case for the project. A Joint Report was submitted to the two Departments on 12 October 2004 recommending the construction of the second interconnector. The Ministers encouraged the Regulators and Transmission System Operators to meet soon to consider operational arrangements for the project. They also emphasised the importance they attach to the early construction of the interconnector and asked to be provided with regular reports on progress. For more information please contact David Naughton at dnaughton@cer.ie



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