



Commission for Energy Regulation
An Coimisiún um Rialáil Fuinnimh

Renewables Newsletter

Volume 1 Issue 2

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Latest News

Welcome to the second issue of the Commission for Energy Regulation's Renewables (CER) Newsletter. In this issue we look back on a number of decisions published by the CER during the year that impact on renewables. In addition, we also highlight news items that are relevant to this area.

Launch of Energy Green Paper

On October 1st the Minister for Communications Marine and Natural Resources (the Minister) published a Green Paper on energy entitled "Towards a Sustainable Energy Future for Ireland". In the Green Paper the Government's commitment to significant growth in renewable energy is underlined. The Green Paper reiterates the Government's commitment to a target of 15% of electricity consumption to be met by renewable energy by 2010, with a further proposed target of 30% by 2020. The Green Paper identifies the need to expand the renewable energy technologies available for commercial deployment to move towards the 2020 proposed target of 30%. To this end, the Green Paper identifies technologies such as offshore wind, wave and tidal ocean devices as developing to a stage where significant deployment may become a commercial reality. The closing date for comments on the Green Paper was the 1st December 2006. Comments will be published on the DCMNR website in due course. You can view the Green Paper on <http://www.dcmnr.gov.ie/>. The CER's response to the Green Paper can be viewed on <http://www.cer.ie/>.

Results of REFIT Announced

On September 29th the Minister announced the list of successful applicants under the Renewable Energy Feed In Tariff (REFIT) scheme. The total MW to be supported under the scheme for each technology category are as follows:

Large Scale Wind	554.365 MW
Small Scale Wind	45MW
Biomass LFG	5.56 MW
Biomass CHP	2.9MW
Hydro	1.1MW

The total MW of renewable generation being supported under the scheme amounts to 608.925 MW. The original announcement of the scheme indicated that there would be at least 400MW of capacity supported. See <http://www.dcmnr.gov.ie/>.

Renewable Energy

Development Report

On 18th August the Minister launched the Renewable Energy

Development Report which gives a broad overview of current Irish renewable energy policies. The report consists of the output of four separate studies which examined bioenergy, ocean energy and CHP in Ireland and renewable electricity to 2010 respectively. See <http://www.dcmnr.gov.ie/Press+Releases>

Next Issue

Single Electricity
Market

Microgeneration



Revised Balancing Rules

National Energy Efficiency Campaign

Under existing legislation the CER is required to licence conventional, green and CHP suppliers separately. Under the terms of green and CHP supply licences the supplier is required to balance its green or CHP purchases in accordance with the balancing rules as laid out by the CER under the Trading and Settlement Code. Under the previous balancing rules, suppliers had to balance their green or CHP purchases and sales over a 12 month period, the balancing requirement was limited to 95% of a suppliers demand. Suppliers in balance were entitled to purchase all top up at first tier top up prices.



The CER decision paper, 'Revised Balancing Rules for Licensed Green and CHP Suppliers under the Trading and Settlement Code', <http://www.cer.ie/CERDocs/cer06086.pdf> amended by <http://www.cer.ie/CERDocs/cer06189.pdf> states that green or CHP suppliers with a percentage green or CHP of 51% or above will qualify for the equivalent percentage of their top-up requirements at first tier prices throughout their current balancing period. The decision paper extends the current balancing period for green and CHP suppliers until the commencement of the Single Electricity Market (SEM). This decision affords suppliers more flexibility by giving them an extended period to purchase green or CHP electricity to balance electricity purchased from conventional generation methods. The suppliers are also permitted to carry over any imbalance from the previous balancing period to the current balancing period.

In September 2006 the Minister for Communications Marine and National Resources launched the Power of One Campaign. This is a two year national energy efficiency campaign. The campaign aims to encourage individuals to reduce wasteful energy consumption.

Ireland has its part to play in the management and reduction of energy demand. This will only happen with



the active participation of consumers and economic sectors. The main objectives of the Power of One Campaign are;

- Increase awareness on types and sources of energy, costs and environmental impacts.
- Increase consumer energy efficiency awareness with regard to cost and environmental impact.
- Encourage individual responsibility and aid behavioural change.
- Stimulate collective action from all individuals to positively influence the use of energy.

The project is being overseen by the DCMNR in conjunction with Sustainable Energy Ireland. Other companies involved include ESB, Bord Gáis, EirGrid, Airtricity and the Department of Transport.

The campaign targets households, small and medium enterprise, the public sector and the transport sector

<http://www.powerofone.ie/>





Fuel Mix Disclosure Green Virtual Independent Power Producer (GVIPP)

On June 30th 2006 the CER published a direction regarding the disclosure of information by electricity suppliers to final customers. Under legislation the CER is required to ensure that all suppliers provide reliable information on all bills and promotional materials sent to customers regarding the contribution of each energy source to the overall fuel mix of the supplier concerned over the preceding year.

Under the CER's direction, the Settlement System Administrator (SSA) will calculate the average fuel mix for Ireland and the fuel mix for each supplier in line with the CER approved methodology. The CER has approved the fuel mix for generators in Ireland, including those that operate on dual fuel, and the fuel mix of imports for input to the calculation for 2005. The resulting information will be provided by suppliers to customers in the new year.

In addition to information regarding fuel sources, customers must be informed of certain environmental impacts associated with the fuels used to generate the electricity they consumed.

This information must be included on either the front or back of all bills to customers. The CER direction can be found on the following link, <http://www.cer.ie/CERDocs/cer06117.pdf>



On April 7th the CER issued a final principles paper for GVIPP 2006/2007 <http://www.cer.ie/CERDocs/cer06041.pdf>. The GVIPP enables licensed green suppliers to increase their sources of green generation by successfully bidding for the right to purchase green electricity in an auction. The electricity made available through the auction is sourced from existing generators, which use renewable, sustainable or alternative sources of energy, contracted to ESB under the Alternative Energy Requirement (AER) scheme.

The output of a total of 191 MW was made available

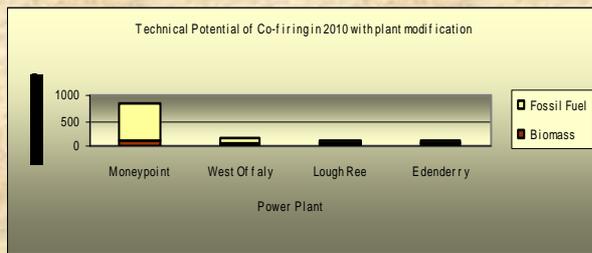


through two auctions. The first auction made the output of 40 MW available with output totalling 151 MW auctioned in the second auction. Output from the first auction was for domestic consumption only. Bids were in the form of the Best New Entrant (BNE) price at the trading point plus a €/MWh price. The price paid by successful bidders for output generated is profiled into a weekday and weekend/night price. This price is subject to change if the BNE is adjusted by the CER.

The trading period for the GVIPP electricity runs from 1st July 2006 until 30th June 2007. The successful bidders were Airtricity Ltd, Bord Gais Energy Supply, CHP Supply Ltd and Viridian Energy Ltd.

FOCUS ON CO FIRING

Co-firing is the simultaneous combustion of two fuels in a power station. At present co-firing is not carried out on a commercial basis in Ireland. The feasibility of co-firing in Ireland was investigated in 2004 when Sustainable Energy Ireland (SEI) commissioned consultants to examine its potential. Following this investigation SEI published a report entitled 'Co-firing with Biomass'. This report concluded that the three peat power stations and the coal station in Moneypoint could potentially burn biomass in tandem with their regular feed stock. In order to realise this potential there would need to be modifications made to the plant. Figure 1 taken from information contained in the SEI's report shows the installed capacity of the power plants suitable for co-firing and the technical potential capacity for co-firing.



Co-firing can either be carried out directly or the raw material can be converted to gas first in a gasifier.

In Ireland peat power stations possess positive attributes for co-firing. There are a number of materials which may be used including energy crops, dry agricultural residues and meat and bone meal (MBM).



Edenderry Power Ltd is actively progressing the co-firing of wood biomass and meat and bone meal with the primary fuel milled peat, at their plant. Edenderry Power Ltd is currently proposing to extend its peat purchasing contract by a number of years and reduce the amount purchased each year. This would essentially mean that they purchase the same volume of peat but over a longer period.

Their proposal is then to substitute the reduction in contracted peat with biomass. The most likely biomass crops to be used will be willow or miscanthus. Willow is a short rotation coppice crop and is classed as a woody biomass. Miscanthus is a high yielding grass crop that is harvested annually.

There is significant research being carried out in the development of energy crops. University College Dublin in conjunction with the Environmental Protection Agency is currently looking at the economics of growing energy crops on cut-away peatlands. This research is of particular importance as there is considerable areas of peatlands close to the power stations suitable for co-firing. Teagasc, the National Agriculture and Development Authority carries out and funds energy crop research.



The Green Paper "Towards a Sustainable Energy Future for Ireland" set out as a policy target 30% co-firing at the three existing peat stations by 2015. The Green Paper estimates that this could reduce emissions by up to 500,000 tonnes per annum. The paper points out that this will be subject to supply constraints.