4 April 2000

Mary O’Rourke, T.D.
Minister for Public Enterprise
44, Kildare Street
Dublin 2

Dear Minister,

I am pleased to present to you the first annual report of the Commission for Electricity Regulation in respect of the period from its commencement in July 1999 to 31 December.

This report is presented in accordance with paragraph 25(c) of the Schedule to the Electricity Regulation Act, 1999.

Yours sincerely

Tom Reeves
Commissioner for Electricity Regulation
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The Commission for Electricity Regulation (CER) was established on foot of an order made by the Minister for Public Enterprise on 14 July 1999, under section 7 of the Electricity Regulation Act, 1999 (No. 23 of 1999). I was formally appointed to the Commission on 9 September 1999 although I had been in position as Commissioner Designate since 1 January.

Strictly speaking this report covers the period to end 1999. However, I consider it important for completeness to report on the work done up to and including the opening of the electricity market on 19 February 2000.

Before the Act was passed the focus was on putting in place the necessary resources to enable the Commission to achieve the immediate objective of having an effective market opening on the 19 February 2000. I acquired four heads of staff on secondment from the Department of Public Enterprise and on the establishment of the Commission formally appointed a consortium of consultants to assist the Commission in its task. The consortium is lead by PA Consulting and consists of NERA as economic advisers, Denton Wilde Sapte and Mason Hayes Curran as legal advisers, PB Power as technical advisers and BDO Simpson Xavier as accountancy advisers.

The Commission has had considerable interaction with the Department of Public Enterprise, the Electricity Supply Board (ESB) and industry representatives. I am pleased to recognise the efforts put in by many people in preparing papers, commenting on Commission papers, attending public meetings and acting as members of the Trading and Settlements Advisory Committee (TSAC). The work of the Commission has been helped in no small way by these efforts.

I have attempted to conduct the affairs of the Commission in an open and transparent manner. I have tried to get the necessary information to as many people as possible through publishing papers on the Commission’s website and in hard copy, speaking at conferences and meeting people at their request.

I am pleased to report that the market opened successfully on 19 February last, that there are now licensed operators in the market, that there are rules for trading electricity between generators and suppliers; that there is access to the transmission and distribution networks and to the interconnector with Northern Ireland; that there is considerable interest in building power stations here; and that the Minister for Public Enterprise has mapped out the policy for the next five years. I particularly welcome the establishment of an Independent Transmission System Operator and the full opening of the market by 2005.

It is now generally accepted that liberalisation of markets leads to lower prices and greater choice for consumers. About 60% of the overall EU market is already open to competition and industrial consumers who have changed supplier say they are enjoying prices that are 5 to 30% lower than under the previous arrangement. I fully expect that Irish industrial consumers will enjoy similar benefits as liberalisation continues and new players enter the market.

I have recently been asked by the Minister to conduct the process for the allocation of the remaining capacity in the natural gas system for the period prior to the construction of further gas transmission infrastructure. Progress is being made on this. The actual selection process, however, awaits the enactment of the necessary empowering legislation.

There are many issues which were dealt with at a high level in order to meet the opening date of the market and these need to be readdressed in more detail in 2000; there are many other issues still to be tackled. The outline work programme for 2000 is set out later in this report.

Tom Reeves
Commissioner
The Irish electricity industry is facing a period of unprecedented change, spurred by European Union policy and subsequent Government legislation. For the first time in almost seventy years Irish consumers will have a choice when purchasing electricity.
Traditionally, the electricity market in Ireland has been a monopoly, dominated by one player and typified by the absence of competition.

The traditional monopoly structure of the electricity business, however, is changing fast. In most developed economies the industry is being liberalised with the emphasis on liberalisation and competition, including trade across interconnectors, in a regulated environment.

Early in the last decade the European Commission assumed the leading role as driver for change in the electricity industry, pushing for the creation of a market where electricity could be traded in much the same way as any other commodity.


One of requirements of the Directive is that each member state creates a mechanism for the regulation of its electricity industry, primarily to ensure a level playing field but also to facilitate the establishment of a competitive market.

In December 1998 the Minister for Public Enterprise published a Bill to establish the new industry regime and to set up the Commission for Electricity Regulation, independent in the performance of its functions, to oversee the liberalised electricity market. This Bill was enacted into law on 14 July 1999 and it provides the regulatory framework for the introduction of competition in the generation and supply of electricity in Ireland.

New Industry Structure

For more than seventy years, ESB has been the sole supplier of electricity in Ireland. It has served the country well and has contributed in no small way to the successful development of the economy. Ireland, however, in common with its EU partners, is now in the process of liberalising its electricity industry and, for the first time, will be exposed to competition in its home market.

The principal features of the new Irish electricity market are:

Market Opening - Initially 28% of the market or about 375 of the largest users of electricity (eligible customers) are now free to choose their electricity supplier. There is 100% market opening for renewable, sustainable and alternative sources of energy. Combined Heat and Power (CHP) developers are allowed to sell electricity to the main heat customer irrespective of size and to eligible customers.

Use of System - As it is not economic to duplicate the transmission and distribution grids, there will be a system of ‘regulated third party access’ to ensure transparent and non-discriminatory access to the transmission and distribution networks.

Transmission System Operator - An independent Transmission System Operator (TSO) will be established with responsibility for operating, ensuring the maintenance of and developing the transmission grid. The TSO will also be responsible for, inter alia, power station dispatch, the planned outage schedule and ancillary services. The TSO will also act as the Trading System Settlement Administrator. In addition, the TSO will have a duty not to discriminate between system users.

New Capacity - Independent generators will be entitled to enter the sector to serve eligible customers and will have a right of access to the transmission and distribution systems on the basis of regulated tariffs.

ESB Structure - ESB will remain a vertically integrated company with independent business units for generation, transmission system ownership, distribution system ownership, distribution system operation, and supply. ESB’s involvement in the eligible customer contract market will be by way of subsidiary generation and supply companies.

Separate Accounts - It will be mandatory for electricity companies to separate out their generation, transmission, distribution and supply activities, both at management and accounting levels. For ESB this will mean internal transfer prices for their various businesses so as to avoid discrimination, cross subsidisation and distortion of competition.
Regulating the Conduct of the Industry - The CER will license and regulate the generation, transmission, distribution and supply of electricity. The CER will authorise the construction of new generating plant and oversee access to the transmission system. It may also approve the construction of direct lines in certain circumstances. In due course it will have responsibility for regulating prices for those customers who do not have choice of suppliers.

The Role of the Commission for Electricity Regulation
The CER is empowered to license and regulate the generation and supply of electricity, authorise the construction of new generating plant and oversee third party access to ESB’s transmission and distribution systems. The CER’s primary duties are not to discriminate unfairly and to protect the interests of consumers.

In regulating the electricity market, the CER is committed to exercising its functions in a fair, non-discriminatory and balanced manner while at the same time taking full account of the legitimate concerns of different players in the market. We exercise our functions in an open and transparent manner performed at the highest levels of professionalism, integrity and accountability.

We believe that liberalisation of the electricity industry and particularly the introduction of competition can make a substantial and lasting contribution to Ireland’s continued economic growth and social well being. In implementing our statutory functions, therefore, the CER has adopted a developmental and forward-looking approach promoting increased choice for customers and good environmental practices.

The Commission’s Strategic Role
The introduction of competition is aimed at improving efficiency and quality and is one of the most effective ways of reducing costs. Due to the existence of natural monopoly in transmission and distribution, however, competition in the electricity sector is restricted to the generation and supply businesses. Furthermore, competition in the Irish electricity market is still in its infancy with only a limited opening of the generation and supply markets. It is in these circumstances where competition is not possible or where it has not yet been fully developed, that regulation is vital.

Consumers who are not in a position to benefit from competition must be protected. Where competition is being developed, the primary regulatory function is to ensure that access to the monopoly elements of the industry, the transmission and distribution elements, is on a fair and equitable basis and that an unfair advantage is not given to one market participant over another.

Regulation must be tough but fair and balanced. First and foremost, it has to protect consumers but it must also be fair to licensees and their shareholders. If regulation is weighted against consumers, excess profits will be earned by shareholders to the disadvantage of consumers. On the other hand, regulation that is weighted in favour of short-term gain for consumers would discourage investment and threaten the financial viability and the long-term sustainability - certainly not in the long term interest of consumers. Achieving the right balance is therefore paramount.

Public Consultation
The CER’s commitment to an open, transparent and accountable regulatory process is demonstrated by the wide ranging public consultation process in which the CER has been engaged. The Commission has consulted the public on all aspects of the future direction of the Irish electricity industry.

In the period to December 1999, the CER published 22 documents for public consultation; some prepared by the CER, others by relevant industry parties. Comments and submissions from interested parties were invited on each. Approximately 30 further papers have been published to date in 2000.
Each document was published on the CER's website and a notice advising of its publication was placed in major newspapers. Copies of these documents were circulated electronically to all interested parties, while hard copies were also made available from the CER.

At the end of each consultation period, all comments received were collated and, where necessary, clarification sought. The CER analysed the responses to each document and considered whether it was appropriate to expand or modify its opinion or proposals in the light of the responses received.

The CER's decision was then confirmed in a document, which contained a non-attributed summary of the comments submitted, identifying how each would be treated. Each of the summarised “decision confirmation” documents is referenced and published in the same way as the original consultation documents.

A complete list of published documents can be found in the appendices to this report.
The CER recognises that the importance of the early creation of an effective and consistent regulatory regime. As a new institution with limited resources, we faced a considerable task in putting in place a credible and effective regulatory process that engenders confidence amongst customers and market participants and promotes the long-term sustainability of the electricity industry in Ireland.

Our first priority was to implement the EU Directive by 19 February 2000. To achieve this we set ourselves a detailed work programme in each key area.
Licences and Authorisations
A key function of the CER is the granting, enforcement and administration of licences.

- Anyone wishing to construct a new generating station or reconstruct an existing generating station must obtain an Authorisation from the CER prior to commencing work.
- All electricity generators must hold generation licences under the 1999 Act.
- Anyone wishing to supply electricity to final customers must hold supplier licences under the 1999 Act.

Each document was developed following a public consultation process and details of the application processes and fees were made available in January last.

The CER granted the first licence, a Licence to Supply Electricity, on 17 February and over thirty applications for licences and authorisations have since been accepted by the CER.

Authorisation to Construct/Reconstruct a Generating Station
Under the Act no person may construct or reconstruct a generating station without the CER having first granted an authorisation enabling them to do so.

In October 1999 the Minister for Public Enterprise set out criteria by which the CER may determine an application for an authorisation to construct or reconstruct a generating station.

The CER then published for public consultation a draft Authorisation and associated application form. Following consideration of submissions the CER published the final licence in January.

Electricity Generation Licence
Under section 14 of the Act the CER may grant, or refuse to grant, to any person a licence to generate electricity.

In September the CER published a draft electricity generation licence for public consultation. Twenty-eight responses were received and a report summarising these comments was published in December together with the generation licence and the application form to be used.

The CER is now processing licence applications and will issue generation licences to successful applicants.

Electricity Supply Licence
The Act provides for three separate classes of supply licence:

1. To supply eligible customers.
2. To supply final customers with electricity produced from ‘green’ sources.
3. To supply final customers with electricity produced from combined heat and power to the single premises of the main heat customer.

In October the CER published a draft electricity supply licence and application form for public consultation and in January 2000 published the supply licence and application form.

Trading and Settlement Code
One of the functions of the CER is to publish proposals for a system of trading in electricity subject to a policy direction from the Minister for Public Enterprise. The CER received this policy direction from the Minister on 26 July 1999.

On 30 September the CER published “Proposals for a Transitional Electricity Trading System for Ireland” and engaged in a public consultation process, as stipulated under the Act. In appreciation of the complexity of the matters raised in the document the CER hosted a public forum to discuss and explain the issues raised in the consultation document. This forum was held in November and attracted an attendance of almost two hundred industry representatives.

Following the forum, the CER published its response document that provided a detailed response to the matters raised during the consultation process. “Final Proposals for a Transitional Electricity Trading System*, which were approved by the Minister, were published on 27 January 2000. ESB National Grid, in its capacity as the independent transmission system operator (TSO), expanded these proposals into a Trading and Settlement Code. The Code contains the administrative, legal and commercial aspects of the trading and settlement arrangements, as well as the algorithms describing detailed settlement rules.
To help develop the Code, the CER established a Trading and Settlement Advisory Committee (TSAC). The TSAC first convened on the 10 December 1999, and consists of representatives of independent power producers, including combined heat and power and greens; suppliers, including the Public Electricity Supplier and independent suppliers; and the TSO. A representative of the CER chairs the TSAC.

The TSAC met on a weekly basis until February and will continue to meet on a monthly basis from now on. Minutes of each meeting are published on the CER’s website.

**Access to the Transmission and Distribution Systems**

**Draft Principles for the Regulation of Transmission and Distribution Revenues**

An important duty imposed on the CER by the Act is that of determining the terms and conditions for access to ESB’s transmission and distribution networks. These include charges for connection and use of the networks.

There are essentially two distinct and separate steps involved in the establishment of charges or tariffs for a regulated business providing services such as transmission and distribution:

1. The determination of the maximum allowable revenues that the business will be able to earn over a specified period.
2. The determination of a charge or tariff schedules which, when applied, will yield that level of revenues.

In regulating ESB’s distribution and transmission businesses, the CER’s aims are to:

- protect the interests of customers, both in respect of the prices charged for distribution and transmission services and the quality of service provided;
- ensure that ESB does not unduly discriminate between customers or classes of customers in access to its networks and the provision of transmission and distribution services;
- promote efficient competition and prevent the misuse of market power;
- facilitate efficient entry into generation and supply;
- promote efficiency in the production, transmission, distribution and use of electricity;
- facilitate efficient entry into generation and supply;
- promote efficiency in the production, transmission, distribution and use of electricity;
- facilitate the maintenance of a financially viable electricity sector, whilst giving ESB a reasonable rate of return on its assets.

In October the CER published for comment ESB’s proposals on the structure of charges for connection to and use of the transmission and distribution networks.

The CER also published for public consultation “Draft Principles for the Regulation of Transmission and Distribution Revenues”. This document set out the broad framework that the CER would use to determine the maximum revenues that ESB’s transmission and distribution businesses would be permitted to raise through tariffs and other charges.

A summary of comments received on each document was published in December and the CER approved and published a final statement of charges on 18 February 2000. Because of the limited time to develop the revenue and charging regime the CER decided to publish allowed revenues and tariffs for one year only. The CER intends during this year to carry out a detailed examination of the costs of ESB’s transmission businesses with the aim of putting in place a five-year price control for these activities.

More recently the CER published for comment draft agreements for connection to the distribution and transmission networks.
The Distribution Use of System Agreement sets out the terms and conditions agreed between ESB and its customers for use of the distribution system.

Transmission Use of System Agreement does this for transmission.

Approval of Industry Codes and Standards

In accordance with the Act, The ESB prepared a number of technical codes, for the CER's approval. These include:

- A Grid Code, for operation of the transmission system.
- A Distribution Code, for operation of the distribution system.
- A Metering Code, to cover metering, data collection equipment and associated procedures.

The operating procedures and principles governing ESB relationships with all users of the Transmission System are set out in the Grid Code. The Grid Code specifies day-to-day procedures for both planning and operational purposes and covers both normal and exceptional circumstances.

The Grid Code is designed to permit the development, maintenance and operation of an efficient, co-ordinated and economical transmission system. The code is made up of seventeen sections which the CER has divided into three separate parts.

The first part comprising five sections, essential to market opening, was published in November 1999. A second part concerning National Grid operations and procedures was published for public consultation in January and the remaining part will be published during the first half of 2000.

The Distribution Code defines the technical aspect of the working relationship between the Distribution System Operator, the part of ESB licensed to distribute electricity, and all users of the system. This is to ensure an efficient, co-ordinated and economical system for electricity distribution.

The Distribution Code was published for public consultation in November 1999 and the CER approved the final version of the code in March.

The minimum technical, design and operational criteria to be complied with for metering and data collection equipment and associated procedures are dealt with in the Metering Code. Further work is continuing on this in co-operation with the Director of Legal Metrology.

Connection Charges - Direction

On 23 December 1999, the CER issued a Direction to ESB on the policy it should follow for connections to the transmission system.

Prior to the Direction ESB's offers for connection were on the basis of a deep connection policy. The Direction issued by the CER instructed the ESB to replace this charging method with a shallow connection policy.

Under a deep connection policy a generator or customer was required to pay for all the transmission assets which would not have been required if the particular generating station or grid supply point did not exist.

Under the shallow approach, generators and customers are required to pay only for the local assets specifically required to connect them to the transmission system and for the benefit of specific users.

The CER believes that deep connection charges are difficult and arbitrary to apply in practice making them discriminatory and non cost-reflective. For these reasons the CER favours a shallow approach when determining connection charges.

Shallow connection charges, combined with locational transmission use of system charges, provide appropriate locational signals consistent with the development of an efficient transmission system.
To stimulate competition and facilitate the development of the market the CER is currently developing proposals for a Virtual Independent Power Producer (VIPP) Auction whereby ESB will make available part of its capacity to licensed suppliers. Making this capacity available will have an effect similar to the introduction of a new IPP entering the market."
ESB has offered to make 400MW of VIPP capacity available for auction to all licensed suppliers who have registered an interest in participating in the proposed power auction. Capacity will be auctioned in 1 MW units and there will be a reserve price. Limits will be set on the amount of capacity that any one participant may purchase. It is proposed that the reserve price will be set at a discount to ESB’s average generation costs in order to stimulate competition.

In addition, the CER and ESB are proposing a Green Virtual Independent Power Producer auction (GVIPP), that is an auction of “green” electricity to licensed “green” suppliers. Under this auction, licensed green suppliers will be able to enter the green electricity market by successfully bidding for the right to purchase green electricity on the standard terms set out in the GVIPP agreements. The electricity made available for supply by this auction will be sourced from existing generators, which use renewable, sustainable or alternative sources of energy, contracted to ESB under AER and similar contracts.

The CER has published proposals for VIPP and Green VIPP capacity auctions, inviting comments and submissions on both.

Interconnector with Northern Ireland
Trade across the Interconnector between Ireland and Northern Ireland is another way by which competition in the new electricity market will be facilitated.

The interconnector was first commissioned in 1970 but was taken out of use after being damaged in the 1970s. It was restored to service in 1995. Since then it has been used mainly for providing mutual support for the two electricity systems. It has also been used for limited trading between the Electricity Supply Board (ESB) and Northern Ireland Electricity (NIE) and currently has a capacity of 300 MW.

Given the similarities between the trading systems now in place in both markets there is increased scope for both to benefit from cross-border trade, which would take place via the interconnector. Accordingly, in November 1999, the CER, in agreement with our Northern Ireland counterparts, OFREG, published Proposals for Trading across the North-South Interconnector. Comments were invited from all interested parties and in February last final proposals were published.

The CER and OFREG have agreed to auction available transfer capacity of 100MW (north to south) and 30MW (south to north) for the year from 1 April 2000. These auctions were held in March 2000, with rights to capacity to be held by successful bidders for a twelve-month period. The auction was held jointly by the transmission system operators, the CER and OFREG.

Capacity was auctioned in 1MW tranches and only one round of bidding was held. A single bidder can secure no more than 40% of all available capacity in any one direction.

Green Issues
At the same time as great change is taking place in the electricity market there has been strong international focus on greenhouse gas emissions and global warming. These issues have a direct impact on the energy sector, in particular the production of electricity, its distribution and use.

With this in mind the regulatory regime for renewable and other alternative forms of energy is being designed to encourage the generation of electricity from such sources. In particular the EU Directive permits member states to give priority to energy generated from renewable sources. In Ireland this is facilitated by the complete opening of the market for green energy and the requirement that the TSO give priority to such sources.

The CER also has a duty to take account of the protection of the environment and encourage research into methods of generating electricity using of renewable, sustainable or alternative forms of energy.

The CER is currently preparing a discussion paper on its approach to the regulation of green electricity.
Having successfully opened the market on 19 February, a comprehensive programme of work remains for the CER to complete over the coming year. The main areas in which the CER will be developing and progressing competition in the Irish market are set out below »
Licensing

Chapter IV of the EU Directive requires each Member State to designate and license an Independent Transmission System Operator (TSO). The TSO is responsible for system operation, including generator scheduling and dispatch, and ensuring the maintenance of, and expansion in, the transmission network. The TSO is also responsible for recovering transmission use of system charges and for administering the trading and settlement system. The CER is currently developing the Transmission System Owner and Operator Licences.

A Distribution System Operator Licence and Public Electricity Supply Licence are also in the development stage. The statutory basis for these licences will be provided for in regulations to be made by the Minister Public Enterprise.

Permission to Construct Direct Lines

A direct line is an electric line constructed to transport electricity for the purpose of supply. A licence holder may be permitted under certain circumstances to construct a direct line to facilitate supply of eligible customers. Permission to Construct Direct Lines underwent public consultation late last year and will be finalised by May 2000.

Agreements

As mentioned previously a number of agreements, including Transmission and Distribution Connection Agreements and Use of System Agreements are currently being developed. Final versions of these will be published later in the year.

Technical Codes and Standards

These are also nearing completion. Part 3 of the Grid Code will be published for public consultation in April this year and the final document will be published in June. The Distribution and Metering Codes will be published in April.

Trading and Settlement Code

Prior to market opening on 19 February 2000 the TSO published a Trading and Settlement Code which was approved by the CER. The Code will be further developed as necessary in accordance with the modification procedures set out in the Code.

The CER is currently developing a permanent and regular mechanism for Code modifications. In the meantime, the CER has decided on an approach to initial modifications, involving a public consultation process during the forthcoming months.

Agreed Procedures will be updated from time to time by the TSO or the Settlement System Administrator, with the approval of the CER.

Price Reviews

On 18 February the CER approved ESB’s statement of charges for 2000. Over the course of the summer and autumn the CER will undertake a thorough review of transmission and distribution operating and capital expenditures with the objective of setting allowable revenues over a longer period.

The CER’s intention is to regulate revenues in a way that gives ESB incentives to make efficiency gains which will benefit all users of the transmission and distribution systems.

Generation Capacity Requirements to 2006

The CER is currently examining ESB’s generating forecast statement. In this report, the main task is to relate the forecast demand for electricity to the projected generation resources, in order to identify any production/demand gap for a number of future scenarios.
Development of the Commission

A key role for the Commission has been the creation of an organisational structure that firstly supports the delivery of the CER’s strategy, goals and objectives and secondly provides a challenging environment to attract and retain the ‘right’ staff. Once this structure and its principles were agreed the recruitment process commenced in earnest.

The recruitment drive was initiated in early December with advertisements in the national media for the Heads of Function for both Generation and Supply and Transmission and Distribution in addition to a Financial Administrator. The Financial Administrator took up her responsibilities in mid-January and the two senior appointments were agreed in late February.

“Help us shape the future of the electricity market” was the heading on the advertisement placed in the national media on the 25th February 2000. This advertisement launched the Commission’s search for high calibre individuals motivated by the challenge of liberating the electricity market. These individuals will form the multifunctional team of senior analysts, analysts, administration and secretarial staff responsible for driving the delivery of the CER’s policy and implementing its tasks.

Once the full team are on board the senior management of the Commission will allocate tasks and responsibilities and put training and development and performance management processes in place to ensure the capabilities of staff are in line with the future needs of the Commission and its stakeholders.

The CER will soon move from its temporary accommodation at South Frederick Street in the city centre to a purpose built complex at the Plaza Centre, Belgard Road, Tallaght, Dublin 24.
## Appendix 1: Documents published by the CER September to 31 December 1999

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<td>Application for Authorisation to Construct or Reconstruct a Generating Station</td>
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<td>Electricity Supply Licence</td>
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<td>Draft Direction - Charges for Connection to ESB's Transmission System</td>
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Appendix II: Documents published by the CER in the period from January to March 2000

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ESB0008 Distribution Use of System Agreement

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0007a Appendix 7 of the Code - Trading and Settlement Rules
0007b Framework Agreement
0007c Trading and Settlement Code Modification Letter
0007d1 Agreed Procedure 1 - Interface data
0007d2 Agreed Procedure 2 - Ex-post Unconstrained Schedule
0007d3 Agreed Procedure 3 - Green Customer Demand Reconciliation
0007d4 Agreed Procedure 4 - Demand Forecast and Generation Scheduling and Dispatch
0007d5 Agreed Procedure 5 - Short Notice Declaration Compensation
0007d6 Agreed Procedure 6 - Interconnector Trading
0007d6a Attachment to Agreed Procedure 6 - Interconnector Capacity Request Form
0007d7 Agreed Procedure 7 - Instructions Profiling
0007d8 Agreed Procedure 8 - Settlement for Units with Shared Metersing Systems
0007d9 Agreed Procedure 9 - SSA Entry Process
0007d9a Attachment 1 to Agreed Procedure 9 - SSA Entry Process
0007d9b Attachment 2 to Agreed Procedure 9 - SSA Entry Process
0007d9c Attachment 3 to Agreed Procedure 9 - SSA Entry Process

Appendix IV: Regulations


The EU directive concerning the internal market in electricity came into force on the 19 February 1997 and must be implemented in Ireland by 19 February 2000. The Directive requires that approximately 28% of the Irish electricity market be opened up to competition at that time, increasing to about 32% by February 2003. This will allow independent electricity generators and/or suppliers to contract directly with designated eligible customers for the supply of electricity.

Electricity Regulation Act, 1999

The Electricity Regulation Act, 1999 provides the regulatory framework for the introduction of competition in the generation and supply of electricity in Ireland. The Act provided for the establishment of the Commission for Electricity Regulation and gives it the necessary powers to license and regulate the generation, distribution, transmission and supply of electricity.

Policy Direction - Trading in Electricity

One of the functions of the CER under Section 9(1)(a) of the Electricity Regulation Act, 1999, is to publish, pursuant to a policy direction or directions of the Minister, proposals for a system of trading in electricity.
The Minister for Public Enterprise signed this policy direction on 26 July 1999.

Statutory Instrument No. 213 of 1999:
Electricity Regulation Act, 1999 (Commencement) Order, 1999.
This Order brought the provisions of the Electricity Regulation Act, 1999 into operation on 14 July 1999.

Statutory Instrument No. 214 of 1999:
This Order appointed 14 July 1999 to be the establishment day for the purposes of section 8 of the Electricity Regulation Act, 1999.

On that day there shall stand established the CER, to perform the functions conferred on it by the Electricity Regulation Act, 1999.

Statutory Instrument No. 309 of 1999:
This order set out the criteria in accordance with which the CER may determine an application for an authorisation to construct or reconstruct a generating station for Electricity Regulation.

Statutory Instrument No. 382 of 1999:
This order imposes a levy on certain specified classes of electricity undertakings, for the purpose of meeting expenses properly incurred by the CER for Electricity Regulation in the discharge of its functions under the Act.

Statutory Instrument No. 436 of 1999:
This order imposes a levy on certain specified classes of electricity undertakings in 2000, for the purpose of meeting expenses properly incurred by the Commission for Electricity Regulation in the discharge of its functions under the Act.

Statutory Instrument No. 43 of 2000:
This regulation, made with the consent of the Minister for Public Enterprise, establishes a system of trading in electricity, having taken into account the matters raised in the public consultation process carried out under section 9(1)(b) of the Act.