

Commission for Energy Regulation

Information Note August 2002

Re-launch of Virtual Independent Power Producer (VIPP2) Auction

As a result of the agreement brokered by the Commission for Energy Regulation, on May 31st, the European Commission cleared the joint Venture between Statoil and ESB regarding the 400 MW Synergen CCGT power station located at Ringsend in Dublin.

The Synergen plant's commissioning date was 1st August 2002.

One condition of the joint venture clearance was that 50 per cent of Synergen output would be offered for sale to non-ESB independent suppliers. The remaining 50 per cent will be sold to ESBIE, the ESB subsidiary, which sells power in the competitive market. Any unsold output would be then sold to ESBIE.

ESBIE must on the purchasing of the Synergen capacity relinquish the equivalent amount of power purchased at the second auction of VIPP power (VIPP2) which was held on October 26th 2001 for reauction to other independent suppliers.

The auction of this power is being re-launched today, 2nd August 2002.

This launch is in response to requests from the market to make available the soon to be relinquished ESBIE VIPP2 options, as determined by the clearance conditions of the Joint Venture, for the outstanding VIPP2 period.

The VIPP2 re-launch will be identical to the original VIPP2 product subject to the following:

- ?? ESBIE must relinquish its VIPP2 capacity to take up its Synergen capacity. This implies that between 190 MW and 240 MW of options will be available for auction.
- ?? Non-green independent suppliers must provide up to date security cover.
- ?? To facilitate non-green independent suppliers and customers non-firm capacity will be offered for a month.
- ?? VIPP will only be offered to any non-green independent supplier who through a combination of its own generation and purchases from Synergen would have less than 400MW.
- ?? ESBIE can bid in the VIPP auction but its total volume (VIPP and Synergen) cannot exceed the lower of 400MW or the volume available to the next largest Independent Supplier.

?? Non-green independent suppliers may purchase a maximum of 50 per cent of VIPP2 capacity.

?? The volume of VIPP that non-green independent suppliers and their related entities can have is 400MW minus their own generation.

The time-table for the re-launch is as follows:

?? 8th August 2002 Bid documents released

?? 21st August 2002 Closing date for bids

?? 23rd August 2002 Bids awarded

?? 1st September 2002 Take up

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