

3 December 2003

Our Ref: 14600

Mr. K. J. O'Brien
Managing Director
ESB National Grid
Lower Fitzwilliam Street
Dublin 2

Dear Kieran,

Re: ESBNG Proposal to Limit New Wind Connections

I refer to your letter of 1 December 2003.

You are proposing under Section 34(4)(a) of the Electricity Regulation Act, 1999 that ESBNG be entitled to refuse to enter into connection agreements with intending wind generators to the extent described in your letter. Your accompanying information paper “**Interim Policy on Wind Connections**” sets out the basis for this proposal and, in particular, your serious concerns at the recent scale of proposed new wind generation and the implications this has for the stability of both the transmission and distribution systems.

Section 34(4)(a) of the 1999 Act provides that the transmission and/or distribution system operator must demonstrate to the satisfaction of the Commission that it is not in the public interest to commit beyond a given level of system capacity before requests for connection offers may be refused.

Your letter and accompanying policy paper clearly raise very important issues with regard to ensuring the overall reliability of the power system. By the same token, of course, the interim remedial measures which you propose for dealing with these issues have very serious implications for intending wind generators. The Commission must satisfy itself that these measures are both necessary and proportionate to the threat to system reliability posed by the scale of wind connections.

I think it is only fair and reasonable that, notwithstanding the urgency arising, interested parties be given an opportunity to submit their views on ESBNG’s analysis of the situation before the Commission takes a final

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decision on whether or not to approve your proposals. Accordingly, I am today publishing this correspondence on our website and inviting comments from interested parties by Friday, 19 December 2003. I will also be proposing to the industry that ESBNG host a public meeting on its analysis and proposals. Should the industry consider this would be helpful, I am sure you would be agreeable to hosting this forum.

In the meanwhile, I note that you propose that one of the five measures described in your letter should take immediate effect. This is that *“both the TSO and the DSO to cease issuing offers on wind connections between now and year end”*.

The Commission is naturally reluctant to approve an emergency type measure of this nature without any prior warning to the industry. Having said that, I do appreciate the critical importance of overall system reliability and your statutory responsibilities in this regard. Accordingly, on behalf of the Commission and on an exceptional basis I can agree to approve your proposal to cease issuing offers on wind connections between now and the end of the year.

I have consulted with ESB Networks, in its capacity as Distribution System Operator, and they have agreed to comply with your proposal regarding wind connections to the distribution system to year end.

Yours sincerely

A handwritten signature in black ink that reads "Tom Reeves". The signature is written in a cursive, slightly slanted style.

Tom Reeves
Commissioner

c.c. Mr John Shine, Executive Director, ESB Networks
Mr. Aidan O'Regan, Head of Regulatory Affairs, ESB