



Commission for Energy Regulation

An Coimisiún um Rialáil Fuinnimh

VIPP4 Re-launch Comments Paper

13th May 2004

CER/04/192

Introduction

The CER published the VIPP4 re-launch principles paper on 23rd April 2004. Comments to the paper were received from four parties and were considered in advance of the CER publishing final decision paper on the VIPP4 re-launch on 7th May 2004. The Invitation to Bid documentation shall issue on 14th May 2004.

Comments and Responses

The following provides a summary of the key comments received and related responses from CER (in italics):

WPDRS

Allowing the introduction of WPDRS along with WDRI for PES customers this Winter will make it more difficult for potential VIPP customers to understand the discount attainable from VIPP. The modelling assumptions are inconsistent with the way that the WPDRS rolled out in 2003/04 and have not been agreed for WPDRS in 2004/05.

The re-launch prices are based on CER deciding that WPDRS is open to all customers, except for LV and GP customers. Any PES customers who are eligible for WPDRS cannot get WDRI if they opt for WPDRS. CER will review the future of the WDRI scheme in discussions with PES and National Grid.

Relinquished Options

Could CER clarify if unused options to this point will be automatically relinquished and will have to be bid for again in the re-launch process?

All unused options will automatically be relinquished after the 20th May 2004 and will have to be bid for again in the re-launch process.

Ramp Up Arrangements

It was requested that the deadline for paying a booking fee for non-firm options be extended by three months until Sept 04. This would more reflect the sales cycle required to sale to the LVMD and SME sector and the difficulty of the sales process during the months of July /August, the traditional holiday period in the business sector.

There will be no booking fee for non-firm options during June, July and August. Thereafter the booking fee will be 15% for September and then 25% until November. There cannot be exercisable options in December 2004, they must be either activated or relinquished.

Energy Price

The initial energy price of €35.60/MWh will this apply for the month of June 2004 and the fuel indexation formula only impact following months?

The energy and reserve prices are calculated as trading point prices. The initial energy price will be €35.60 /MWh, plus the monthly fuel indexation based on January 2004.