



Commission for Energy Regulation

An Coimisiún um Rialáil Fuinnimh

**Best New Entrant Price October to December
2004**

A Draft Decision by the Commission for Energy Regulation

CER/04/298

Background

The Commission published the 2004 BNE price on 23rd September 2003 (CER/03/234) of €47.9/MWh. The Commission has defined a Best New Entrant (BNE) power plant in terms of plant type, output, investment and operating costs. These parameters were used to quantify monies to be paid by independent operators to ESB for the provision of 'top-up' electricity.

It is the opinion of the Commission that a review of the 2004 BNE price is appropriate at this stage to reflect movements in fuel prices this year. The Commission's recent decision on fuel prices and PES tariffs (CER/04/284) is relevant in this regard. As a consequence the Commission wishes to take account of higher fuel prices in a revised BNE price to apply from October 1st to December 31st 2004 and has used the average of actual prices for third quarter of 2004 and the projected prices for the fourth quarter of 2004. Table 1 details the revised breakdown of costs, including the new fuel price.

The combined changes contribute to a BNE price for 2004 for October to December of €52.1/MWh in comparison with the BNE price for 2004 of €47.9/MWh.

Table 1: BNE Component Breakdown

Item	Units	Original 2004	BNE Revised 2004
1. WACC	%	6.9%	6.9%
2. Exported Capacity	MW	379	379
3. Plant cost inc. IDC	EuroM	278.48	278.48
4. Transmission connection	EuroM	2.23	2.23
5. Gas Connection	EuroM	4.67	4.67
6. Total Capital	EuroM	285.38	285.38
7. Capital specific	Euro/kW	752	752
8. Life	years	15	15
9. Cap. Specific /year	Euro/kW.year	81.99	81.99
10. Fixed O&M, Rates, etc.	EuroM/yr	24.05	24.05
11. Fixed O&M specific	Euro/kW.yr	63.41	63.41
12. Var. O&M	Euro/MWh	0.05	0.05
13. Mature FOR	%	4.00	4.00
14. Average SOD	weeks p.a.	2.29	2.29
15. Availability	%	91.79	91.79
16. Utilisation factor	%	99.00	99.00
17. Capacity factor	%	90.87	90.87
18. Unit output	GWh p.a.	3019	3019
19. Fuel price	Ecents/therm (GCV)	41.44	47.42
20. GCV/NCV Factor		1.10	1.10
21. Energy price	Euro/GJ (NCV)	4.32	4.32
22. Efficiency	% (NCV basis)	53.40%	53.40%
Unit Cost			
23. Capacity	Ecents/kWh	1.03	1.03
24. Fixed O&M, Rates, etc.	Ecents/kWh	0.80	0.80
25. Var. O&M	Ecents/kWh	0.05	0.05
26. Energy	Ecents/kWh	2.91	3.33
Total	Ecents/kWh	4.79	5.21