Mr Aidan Kearney
Commission for Energy Regulation
Plaza House
Belgard Road
Tallaght
Dublin 24

4th February 2005

Our ref: CRON c059
Your ref:

RE: Standard Pricing Approach for Generators

Dear Mr Kearney,

We write to you with regard to the recent ESB Networks submission to the CER on the proposed 'Standard Pricing Approach for Generators'. Wind Prospect have been engaged by Cronelea Wind Farm as Owner's Engineer for the construction of the project and it is with reference to this particular project that we write to you.

Wind Prospect worked in the wind industry in Ireland since 1998 and have managed numerous grid connection works on projects at 20kV, 38kV and 110kV. As a consequence of this we have substantial information regarding the historical cost of ESB Networks' connection works.

We wish to raise two items of concern regarding the ESB Networks Proposal. The concerns raised are only specific to the connection works that are relevant to Cronelea Wind Farm. No assumptions can be made as to our agreement of otherwise of any elements of the proposal that are not mentioned below.

1. Cost of Connection Works ***(refer to Schedule one on page 6.)***
We present below a table of the costs of each item as proposed by ESB Networks and the historical cost as experienced by Wind Prospect.

No.	Description	Unit	ESB €	WP €	% increase
4	MV 150AAAC/92 SCA Over-head line	per km	58,250	22,000-25,000	230%
6	MV Cubicle (110kV/MV Station)	per unit	56,670	45,000*	26%

9	MV Metering and Power Quality	per unit	25,220	19,000-22,000	14%

* depends on exact details of substation, this is an estimate based on our experience

The most obvious increase in cost is that for the 20kV overhead line. The overhead line works usually account for the largest portion of the connection works. Cronelea Wind Farm is 14km from the nearest feasible connection node, thus one would have expected the overhead line element of the works to have costed €350,000. Should the proposed new charges be approved, the overhead line works would cost €815,500. The level of this increase is such that it will seriously jeopardise the future of our Client's project.

It must also be stated that while seeking huge increases in connection costs ESB Networks is also limiting their risk in the event of unforeseen circumstances (see paragraph 5, page 4). Therefore, ESB Networks is also reserving the right to increase these costs even further under particular conditions

I remind you that there is currently no facility for developers to contest the ESB Networks connection costs at Distribution level. Contestability for distribution connection has been implemented successfully in Northern Ireland and Britain. With the appropriate certification and approvals process in place to achieve the required quality, contestability will lead to cheaper connection costs and hence cheaper green electricity to the consumer.

In our opinion, the proposed costs requested by ESB Networks are exorbitant and unwarranted. ESB Networks have been constructing infrastructure assets for the costs outlined above for the last number of years and to seek such an increase in costs at this stage is unjustified.

2. Payment Terms (refer to paragraph 2.3, page 5)

ESB Networks is seeking to be paid 100% of the shared infrastructure costs upfront. This requirement refers to any new infrastructure assets that are to be shared by two or more projects. In most cases this will involve the construction of new 38kV or 110kV assets that will require planning consent. For ESB Networks to require to be paid 100% of the final cost of a shared asset even before it has achieved planning consent is draconian. We believe that the payment terms should reflect the DSO's cash-flow during the course of the project and that large sums of money should only be paid when they are required by ESB Networks.

In summary, we believe that the terms of the ESB Networks' proposal are unjustified. We respectfully suggest that the CER takes the following actions to examine the nature of this proposal, and publishes the results of this review to all interested parties.

- CER to request historical pricing data from ESB Networks for the construction of connection assets over the last five years.
- CER to ensure that ESB Networks justify the increases in cost proposed to their satisfaction.

- CER to compare the payment terms of connection agreements with other Distribution Network Operators in Britain and continental Europe.

We trust that the above is clear and that if you require any clarifications you will not hesitate in contacting me.

We remain at your convenience,

John A. Brereton
Chartered Engineer

Cc: Mr. Douglas Wilson, Cronelea Wind Farm Ltd.
Cc: Mr. Peter McArdle, Ernst and Young.

Wind Prospect Ltd ● Estuary House ● New Street ● Malahide ● Co. Dublin ● IRELAND
Tel: +353 1 845 5031; fax: +353 1 845 5089;
www.windprospect.com