Consultation Paper

ESB PES TARIFFS AND THE TRANSITION TO THE SEM

CER/06/002

16th January 2006
Commission for Energy Regulation

Consultation Paper

ESB PES TARIFFS AND THE TRANSITION TO THE SEM

1. Introduction

The introduction of the SEM on 1st July 2007 will have implications for work by the Commission for Energy Regulation in 2006 on setting tariffs to apply from 1 January 2007. This work includes the following:

- determining ESB PG and ESB PES allowable revenues in 2007;
- determining ESB PES tariffs in 2007;
- determining Public Sector Obligation charges in 2007;
- determining existing market prices - top up/secondary top up/spill in 2007;
- deciding on an appropriate capacity margin payment/charge in 2007, and;
- setting network revenues and loss factors.

The extent of the impact of the start of the SEM on this work will depend on the agreed approach taken to the particular elements during 2006. This is the focus of this consultation paper.

It is assumed throughout the paper that ESB PES will publish tariffs to apply to all customer categories. From time to time, representations have been made to the Commission on whether it should continue its role in tariff setting for large industrial and commercial customers. As part of this consultation the Commission is interested in the views of market participants on this particular issue.

This paper first describes the timetable the Commission usually follows in setting tariffs and the PSO. It then examines the potential impact on the process of introducing the SEM in July 2007. The paper goes on to outline four different options for dealing with each of these elements.

Each approach is considered against a number of criteria, namely:

- Impact on the independent sector and on competition;
- Impact on the regulated sector;
- Impact on customers;
- Robustness to SEM start date slippage;
- Impact on the SEM work programme; and
- Legal issues arising.
Invitation to Comment

Any comments on this Consultation Paper should be forwarded by 17:00 on Wednesday 8th February 2006, preferably in electronic format, to:

Caroline Johnston  
Commission for Energy Regulation  
Plaza House  
Belgard Road  
Tallaght  
Dublin 24  
E-mail: cjohnston@cer.ie

Comments submitted will be published on the Commission’s website, at www.cer.ie. If respondents submit confidential information which they do not wish to be published, this should be clearly labeled as such and included in a separate section.
2. Existing Timetables & Processes

The timetable for setting ESB PES tariffs to take effect in January of any year begins in March of the preceding year, i.e. work begins in March 2006 for a tariff to take effect in January 2007. A proposed decision on tariffs is published in early September and a final decision in early October. During the period March to September a number of key tariff inputs are finalised.

The Table below set out the key steps in the process. These steps are outlined in greater detail below.

<table>
<thead>
<tr>
<th>Table 1: Current Tariff Setting Timetable</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>February</strong></td>
</tr>
<tr>
<td>ESB PES proposal on Economic Purchase Obligation to be submitted to the Commission</td>
</tr>
<tr>
<td><strong>March</strong></td>
</tr>
<tr>
<td>ESB submit global assumptions which input into all regulated revenue submissions (ESB PG, networks and ESB PES) (e.g. customer numbers, demand, fuel costs, IPP generation, top up sales, plant availability, inflation, exchange rates etc.)</td>
</tr>
<tr>
<td><strong>April</strong></td>
</tr>
<tr>
<td>Commission signs off on global assumptions.</td>
</tr>
<tr>
<td>Information on PSO submitted to the Commission in accordance with Regulation 9 (3) (a) of SI No 217 of 2002</td>
</tr>
<tr>
<td><strong>May</strong></td>
</tr>
<tr>
<td>ESB PG, ESB PES, Network (TUoS and DUoS) revenue submissions. TUoS includes capacity margin and ancillary services submission (end-May).</td>
</tr>
<tr>
<td>Consultation on PSO and BNE price decisions. PSO draft decision to be issued no later than July 1st in accordance with Regulation 9 (3)(c) of SI No 217 of 2002</td>
</tr>
<tr>
<td><strong>July</strong></td>
</tr>
<tr>
<td>Final views following reviews of all regulated revenue reviews (end-July)</td>
</tr>
<tr>
<td><strong>August</strong></td>
</tr>
<tr>
<td>Tariff analysis and IPP analysis (against proposed tariffs)</td>
</tr>
<tr>
<td>Final PSO &amp; BNE decisions. PSO decision to be issued no later than August 1st in accordance with Regulation 9 (3) (e) of SI No. 217 of 2002</td>
</tr>
<tr>
<td><strong>September</strong></td>
</tr>
<tr>
<td>Proposed Decisions – ESB PES tariffs, ESB PG and PES revenue, DUoS and TUoS revenues and tariffs, TLAFs, Top Up prices (average annual price set by BNE decision), Secondary Top Up prices, ancillary services and capacity margin charges/payments</td>
</tr>
<tr>
<td><strong>October</strong></td>
</tr>
<tr>
<td>Final decision on above</td>
</tr>
</tbody>
</table>
a. **ESB PG costs**: following a review of ESB PG’s costs and expected market revenues, the Commission approves a € million amount that ESB PG is allowed to recover from ESB PES in the forthcoming calendar year. This is based on a number of assumptions, including:

- the GWhs ESB PG is expected to sell to ESB PES in the calendar year;
- the GWhs ESB PG will sell to the independent sector in the form of top-up (including secondary top-up);
- the GWhs of spill ESB PG will purchase from the independent sector;
- agreed profile for recovery of ESBPG costs;
- fuel prices;
- top-up prices, spill purchases; and
- other market-driven revenues (capacity margin, constraints, ancillary services) and expenditures (rates)

b. **BNE**: the Commission determines the cost of a BNE in the forthcoming year, based on forward fuel prices, exchange rates and a number of other assumptions. To date BNE has been used as the benchmark price for the PSO in accordance with the Notification of Public Service Obligations, November 2000.

c. **PSO**: ESB PES buys energy under contract from a number of generators at varying contract prices. For the purposes of the tariff, and in the absence of a market price, the opportunity price at which ESB PES is deemed to buy this energy is the BNE price. This, together with the cost of energy from ESB PG and the expected cost of spill purchases, determines ESB PES’s total energy costs. The difference between the cost to ESB PES of buying energy under these contracts at the contract price and at the BNE price is recovered through the PSO. The Commission consults on the BNE price annually and uses the resultant price for input to the calculation of the PSO levy. This must be done in line with legally defined timelines as outlined above.

d. **Top-up etc. prices**: the time-weighted average top-up price is set equal to the BNE price and is profiled over the hours in the year using a forecast of the system marginal cost plus a LOLE*VOLL element. The supplementary top-up price is a multiple of the top-up price, set such that, if ESB PES paid ESB PG that price, ESB PG would exactly recover its allowed revenues from ESB PES, given the expected load profile of ESB PG sales to ESB PES.

e. **ESB PES tariffs**: other formula-based and pass-through elements of the ESB PES tariff – transmission charges, distribution charges and ESB PES’s own supply margin – are added to ESB PES’s cost of generation (from all sources, including ESB PG) to arrive at a € million amount. This amount is then recovered through a schedule of different tariffs by ESB PES. The Commission consults on ESB PES’s proposed tariff schedule for the forthcoming year before directing ESB PES.
As illustrated, the different work streams listed above are interlinked. For example, the Best New Entrant (BNE) price feeds into the PSO and top up price calculations. The PSO decision links in with the PES tariff decision. Clearly each of these steps must be completed in advance of setting PES tariffs.
3. Single Electricity Market

The SEM will begin on 1st July 2007. Because tariffs are usually set for a full year beginning on 1st January, the SEM start date in mid-2007 poses a number of challenges for tariff-setting. These are discussed in the following paragraphs.

A key issue to bear in mind is that the ESB PES tariff remains the benchmark price for the competitive generation and supply markets.

3.1. Calculation of Wholesale Market Price

The pool price in the SEM will replace the current imbalance prices (top-up, supplementary top-up and spill). This change will have implications for the calculation in 2006 of revenues in 2007 for ESB PG and ESB PES and thus ESB PES tariffs in 2007. It will also have an effect on the calculation of the BNE (market price) required for the 2007 PSO decision.

A separate capacity payments scheme will be introduced in the SEM. ESB PG’s revenues are likely to be larger than those under the current capacity margin payment scheme. This will also have implications for ESB PG’s revenues in the second half of 2007. Again this will have an effect on the calculation of ESB PES tariffs.

3.2. Economic Purchase Obligation

ESB PES is legally required to purchase energy economically in the SEM. How ESB PES fulfils this obligation needs to be determined well in advance of the SEM becoming operational. This is because – if tariffs are to be set for 2007 on a full year basis - market participants will need to know ESB PES’s approach to its EPO prior to 2007 ESB PES tariffs being set.

3.3. Public Service Obligation levy

The PSO Notification of 2000 requires that, once a market price is available, a ‘time-weighted average market price’ will be used as the benchmark price for the purposes of determining the PSO. The calculation of the market price has an impact on the calculation of the PSO and then directly on ESB PES tariffs. Currently more than 40 per cent of ESB PES electricity is bought from PSO sources.

The approach to determining the benchmark (market) price for the purposes of determining the PSO in 2007 should be consistent with that taken on determining tariffs in 2007 and imbalance prices (as the BNE price is the market price which influences top up prices). To do otherwise risks a mismatch between ESB PES tariffs and independent supplier costs. The choices available are to:

(a) use one BNE for first half of 2007 and a modelled SEM pool price for the latter half,
(b) use a time-weighted average of these two prices for the whole year;
(c) use a BNE price for the whole year; or
(d) use a modelled SEM pool price for the whole year.
Some of these options may pose difficulties of legal compatibility with the existing PSO Notification and governing legislation which would have to be addressed. To ensure that any changes are made in sufficient time, the Commission will have to consult on the methodology used for setting the market price and/or advise the Department of any necessary changes in legislation early in 2006.

3.4. **ESB PES Tariff Setting and Hedging by Market Participants**

When revenue reviews and the determination of the PSO are complete and the resulting ESB PES tariffs are set, it is to be expected that ESB PES will have implemented its EPO arrangement and that this is reflected in the calculation of tariffs.

This is of particular importance to other market participants who will want to hedge their exposure to the SEM pool price and compete against ESB PES prices to secure a customer base. Currently when the Commission sets tariffs in October, market participants (suppliers) are aware of year ahead top up and secondary top up prices and can reasonably predict spill revenues. Generators hedge their fuel requirements at this point.

Once the SEM starts, suppliers will be exposed to the SEM pool price and they will need to manage their exposure to these prices from the first day that the SEM is operational. Baseload hedges should be available from a number of sources. But it is likely that ESB PG and NIE’s Power Procurement Business (PPB) in Northern Ireland, as the owners of most of the mid-merit and peaking plant in the SEM, will be the major providers of shape.\(^1\) Making these hedges available and allocated will need to be done before September 2006, if tariffs are to be set from January 1 2007, for a whole year, to allow PES tariffs be set for 2007 and allow independents to contract with customers for the year beginning October 2006.

3.5. **Networks Issues**

There are a number of SEM network cost issues to be decided upon before a determination of the 2007 transmission revenues and tariffs can be made. The timetable for resolving these issues must be consistent with that of the PES tariffs. The transmission costs as described below will therefore need to be known by May/June 2006.

- **Constraint costs**: constraint costs will be recovered through an uplift to the pool price under the SEM. However, the System Operator will cover the difference, via Transmission Use of System (TuoS) charges, between payments made for constraints and the money recovered through the uplift. A decision on this recovery mechanism must be made well in advance of June 2006.

- **Ancillary Services costs**: any changes to ancillary services products or rates and the impact on costs under SEM will need to be known in setting transmission revenues and tariffs.

---

\(^1\) Broadly, selling energy and capacity at peak hours, buying energy (and possible capacity) in off-peak hours (especially at night)
c. Market Operator (MO) costs: a reconciliation of the 5-year determination and MO cost allowances for SEM needs to be carried out to ensure duplication is minimised.

d. System Operator costs: costs incurred by the TSO during the SEM readiness project will need to be taken into account in the 2007 allowed revenue requirement.

Network issues are not fully explored in the options section which follows.

3.6. Conclusion

If tariffs are to be set from 1st January 2007 for a whole year, final decisions on ESB PG revenues, the PSO, ESB PES revenues and networks revenues for 2007 will have to be made by September 2006, and those on retail tariffs by October 2006. If these decisions are to reflect the operation of the SEM from July 2007, a number of key elements/decisions arising out of the SEM work programme have to be available in time to meet the annual tariff round, ending in September 2006.
4 Options

In light of these issues, this section sets out four options for conducting the revenue reviews, calculating PSO charges and setting ESB PES tariffs in 2007 given the scheduled start of the SEM in July 2007.

All four options assume that ESB PES meets its economic purchasing obligation from July 2007. The four options described below are weighed against the criteria raised in Section 1 (legal issues, competition impacts, customer impact, regulated sector impact and SEM impacts).

A. Hybrid Approach

*Brief description of the option*

Under this option, ESB PES tariffs would be set in 2006 for the full calendar year of 2007. They would be set on the basis of regulated costs (including ESBPG and PSO contract costs) for the first six months of the year; and a modelled system marginal price (SMP) and capacity payments/receipts for the second six months. ESB PES would buy at a cost-based price in the first half of the year (as in 2006); and at a contract price that reflects the modelled SMP price and capacity payments in the second half of the year.

Independent market participants would buy and sell imbalances in the first six months of the year at regulated top up prices and sell to ESB PG at spill prices, as is the case currently. From July 2007 they would source energy and capacity from the pool with risk managed through CfDs. The prices in some of the CfDs issued by ESB PG could be based on ESB PG’s costs rather than the modelled market price, to the extent that ESB PG’s costs are below the market price and to the extent that there was merit in passing on the difference to end-customers.

The PSO would be based on the average of a BNE price for the first half of a year and a modelled pool price/capacity payment for the second half of the year. There would be a need for consultation on the PSO benchmark price during February 2006.

*Impacts on generators / suppliers / customers*

- **ESB PG and ESB PES**: Tariff setting would be complicated by the need to apportion costs between two half years, giving rise to a risk of under or over-recovery of costs by ESB PG and ESB PES. It would be difficult to correct any \( k \) factor in 2008 without distorting the tariff market. This distortion could be mitigated by use of consistently priced hedge contracts. Hedges would be required by September 2006. Robust and credible modelling of the pool price/capacity payments scheme would be required before March 2006.

- **Independents**: Distortions could be created by a disparity between the basis on which ESB PES tariffs and the PSO are set and costs incurred by independent sector in the SEM. Most of this distortion
could be mitigated by use of consistently priced hedge contracts. Hedges would be required by September 2006.

- **Customers:** On the assumption that customers would prefer an annual tariff/contract with independent suppliers, no obvious difficulties for customers are created by this option, provided that independent suppliers are able to hedge SEM pool price/capacity payments risks before October 2006.

- **SEM:** Option may not be robust to the SEM start date of July 2007 slipping. This could result in tariffs and independent generators’ and suppliers’ costs getting out of line. This could have an impact on competitiveness with potential supply market distortions created by setting tariffs on the basis of a single pool price when imbalances are cashed out at top-up/spill prices. Again, this distortion could be mitigated by use of consistently priced hedge contracts.

### Legal issue

- It is difficult to see how a hybrid approach would easily work with the existing PSO regime since it is *prime facie* at odds with clause 5.10 of the Notification of 2002.

### Other implications

- The SEM work programme timetable will need to deliver the following, pool price/capacity payments modelling starting in January 2006, final estimates on these during the summer and CfD contracts in place by September 2006 – this would have implications for the work programmes of all stakeholders in the SEM.

### B. Tariffs based on market-based approach for all of 2007

#### Brief description of the option

Under this option, ESB PES tariffs would be calculated on the basis of PES purchasing its residual requirements (after fulfilling its obligations under AER, EPO etc. contracts) at a forecast pool price/capacity payments scheme for the whole of 2007 (or some combination of pool price/capacity and CfD prices).

The PSO would also be based on a forecast market price/capacity payments scheme for the whole of 2007. The Commission would set this market price based on certain assumptions. This will require consultation in advance.

The existing imbalance market (top up/spill regime) would be adjusted to reflect this market price with associated required system changes to existing trading and settlement system etc.. To the extent that imbalance prices in the first half of 2007 were set close to or after real time, hedges would need to be made available to the independent sector.

#### Impacts on generators / suppliers / customers
• **ESB PG and ESB PES**: neither would have an assurance of allowable cost-recovery in the first half of 2007 and the resulting under or over-recovery by comparison with costs could not be recovered in 2008 without resulting distortions.

• **Independents**: Much debate could be expected on the appropriate market price for 2007. For example, what if the modelled market price is below independent costs? Hedges against the imbalance price would be required in good time, both for the first half of 2007 and for when the SEM is operational after 1st July 2007.

• **Customers**: Risk that tariffs would be set incorrectly (i.e., out of line with PG/PES and independents’ costs). Discrepancy would be difficult to correct in 2008 without adversely affecting competition.

• **SEM**: Slippage in SEM start date would not cause insurmountable problems.

**Legal issues:**

• This option is at odds with the existing PSO Notification as the Commission would be estimating a market price which does not exist for the period up to July 2007. This could require legislative changes.

**Other implications**

• Tariff-setting timetable would need to be significantly advanced, with modelling of new market prices for all of 2007 starting in January 2006 and the determination and allocation of CfDs for both halves of 2007 achieved by September 2006.

C. **Tariff period extension – extend 2006 tariff decision until SEM commences in July 2007**

**Brief description of the option**

This option would involve extending 2006 tariffs (and the PSO) for six months to end-June at existing level; and setting new tariffs from mid-2007 for the rest of 2007 on the basis of a modelled market price.

**Impacts on generators / suppliers / customers**

• **ESB PG and ESB PES**: Significant risk of under-recovery in first half of 2007, given that fuel prices in 2007 could be higher than assumed in the calculation of the 2006 BNE and tariffs. ESB PES will face volume and price risk from the disparity between tariffs and underlying costs. Correction in 2008 distortionary.
• **Independents:** Again, given higher fuel prices, this approach would significantly distort competition in the retail market since BNE price/PSO and tariffs would most likely be out of line with independent costs in first half of 2007.

• **Customers:** Customers would see tariff changes in July 2007 and then probably again in January 2008. It is understood that customers generally would prefer a single tariff in a year for budgetary purposes.

• **SEM:** May not be robust to SEM slippage.

**Legal issue:**

• SI No. 217 of 2002 does not envisage two separate PSO periods within a calendar year nor does it provide for the extension of a levy period which is defined as ‘... a period of 12 calendar months commencing on 1 January in each period’. Thus legislative changes would be required under this option.

**Other implications**

• Two tariff rounds would be required in 2007 with concomitant impact on the Commission’s workload and that of other stakeholders.

**D - Two Tariffs in 2007 – one using existing methodology until July 2007 and an SEM-based tariff for the rest of 2007**

**Brief description of the option**

Under this option the Commission would approve, in October 2006, PES tariff proposals to apply from January 1 to June 30 2007. These tariffs would then be replaced by an SEM based tariff from July 1 to December 2007.

Under this option, the PSO Order will have to be amended to provide for two PSO periods for 2007. An additional Notification would also be required.

**Impacts on generators / suppliers / customers**

• **ESB PG and ESB PES:** It would be difficult to apportion ESB PG and PES costs between two halves of a year especially given that fuel and O/M costs tend to accrue in certain months. Currently these costs are recovered on an equal basis throughout the year.

• **Independents:** some independent sector customer contracts end in October 2006, presumably for renewal for a 12 month period. On this basis fuel and carbon hedging takes place by generators for those 12 months. It is not clear what independent suppliers and
their customers would do in these circumstances. Would suppliers continue to offer an annual contract from October 2006, in which case hedging SEM pool prices/capacity payments contracts would need to be available in September 2006?

- **Customers:** Customers would see tariff changes in July 2007 and then probably again in January 2008. It is understood that customers generally would prefer a single tariff in a year for budgetary purposes.

- **SEM:** Not robust to the SEM start date of July 2007 slipping. This could have an impact on competitiveness with potential supply market distortions created by setting tariffs on the basis of a single pool price when imbalances are cashed out at top-up/spill prices.

**Legal issue**

- SI No. 217 of 2002 does not envisage two separate PSO periods within a calendar year. Amendments to SI 217 would therefore be required. In addition, an additional Notification may be required.
5 Summary and Conclusion

The SEM is due to start on 1st July 2007, mid-way through the tariff year. Given the change in electricity trading arrangements a decision on how tariffs are to be set for 2007 is now required.

This paper has looked at four options. Two involve setting a single ESB PES tariff schedule for a full year, beginning 1st January 2007 and accommodating the change in market arrangements as follows:

A. *a hybrid approach*, under which the existing methodology would be used to determine ESB PG’s and ESB PES’s allowable revenues for the first half of the year; and a modelled system marginal price/capacity payments (perhaps linked in with CfD prices) for the second half;

B. *a market-based approach*, under which ESB PG’s and ESB PES’s allowable revenues would be determined on the basis of a forecast single market price/capacity payment scheme for the whole of 2007. This would involve changing the existing Trading and Settlement Code in such a way as to result in a single imbalance (ie spill, top-up and supplementary top-up) price in each half hour.

The other two options would effectively involve setting two ESB PES tariff schedules in 2007

C. *extension of 2006 tariffs*, under which the 2006 tariffs would be extended for the first six months of 2007, after which a new schedule would be set, based on the SEM trading arrangements;

D. *two tariffs in 2007*, under which tariffs for the first half of the year would be set using the existing methodology and for the second half on the basis of the SEM.

These options were evaluated against a number of criteria, including:

- Impact on the independent sector;
- Impact on the regulated sector;
- Impact on customers and competition;
- Robustness to SEM slippage;
- Impact on the SEM work programme; and
- Legal issues arising.

Table 2 below summarises the evaluation, in qualitative terms, of each of the four options.
## Table 2: Evaluation of Tariff Setting Options

<table>
<thead>
<tr>
<th>Criterion</th>
<th>Hybrid</th>
<th>Market-based</th>
<th>Tariff extension</th>
<th>Two Tariffs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Impact on independent sector (IS)</td>
<td>Risk of a disparity between tariffs and IS costs, which might be capable of mitigation through use of hedge contracts</td>
<td>Risk of a disparity between tariffs and IS costs, which might be capable of mitigation through use of hedge contracts</td>
<td>Significant risk of disparity between tariffs and IS costs, which may not be fully mitigated through the use of hedge contracts</td>
<td>Impact would depend on whether independent suppliers continued to offer annual contracts to customers to apply from October 2006. If they did, hedging contracts would be required by September 2006</td>
</tr>
<tr>
<td>Impact on the regulated sector</td>
<td>Cost recovery would be at small risk from difficulty of apportioning costs between two halves of the year.</td>
<td>No assurance of cost recovery in the first half of 2007.</td>
<td>Risk of under-recovery in first half of 2007.</td>
<td>Cost recovery would be at small risk from difficulty of apportioning costs between two halves of the year.</td>
</tr>
<tr>
<td>Impact on customers and competition</td>
<td>No particular difficulties created for end-customers</td>
<td>Significant risk that tariffs would be set incorrectly as a result of insufficient information. Discrepancy would be difficult to correct in 2008 without adversely affecting competition.</td>
<td>Significant risk that tariffs would be set incorrectly as a result of insufficient information. Discrepancy would be difficult to correct in 2008 without adversely affecting competition.</td>
<td>Customers, who might generally prefer a single tariff in a year for budgetary purposes, would see tariff changes in July 2007 and then again in January 2008.</td>
</tr>
<tr>
<td>Robustness to SEM start date slippage</td>
<td>May not be robust to SEM slippage</td>
<td>Robust to SEM slippage</td>
<td>Not robust to SEM slippage</td>
<td>May not be robust to SEM slippage.</td>
</tr>
<tr>
<td>Impact on the SEM work</td>
<td>SEM work programme would have to be</td>
<td>SEM work programme would have to be</td>
<td>No impact on SEM work</td>
<td>No impact on SEM work</td>
</tr>
<tr>
<td>Criterion</td>
<td>Hybrid</td>
<td>Market-based</td>
<td>Tariff extension</td>
<td>Two Tariffs</td>
</tr>
<tr>
<td>-----------</td>
<td>--------</td>
<td>--------------</td>
<td>-----------------</td>
<td>-------------</td>
</tr>
<tr>
<td>programme</td>
<td>accelerated to allow hedge contracts to be in place by September 2006</td>
<td>accelerated to allow hedge contracts to be in place by September 2006</td>
<td>programme</td>
<td>programme</td>
</tr>
<tr>
<td>Legal issues arising (associated with the PSO SI and Notification)</td>
<td>Legislative changes likely to be required</td>
<td>Legislative changes likely to be required</td>
<td>Legislative changes likely to be required</td>
<td>Legislative changes a and a new Notification would be required</td>
</tr>
</tbody>
</table>
The Commission is now seeking the views of interested parties on the important issues raised in this Consultation Paper with a view to reaching a decision in early February. Comments should be forwarded by 17:00 on Wednesday 8th February 2006, preferably in electronic format, to:

Caroline Johnston  
Commission for Energy Regulation  
Plaza House  
Belgard Road  
Tallaght  
Dublin 24  
E-mail: cjohnston@cer.ie

Comments submitted will be published on the Commission’s website, at www.cer.ie. If respondents submit confidential information which they do not wish to be published, this should be clearly labeled and included in a separate section.