

An Roinn Cumarsáide,
Mara agus Acmhainní Náúúrtha
Baile Átha Cliath 2.



Department of Communications,
Marine and Natural Resources
Dublin 2.

27 July 2006

Mr Tom Reeves
Chairman
Commission for Energy Regulation
Plaza House
Belgard Road
Tallaght
Dublin 24

East West Electricity Interconnector Project

Dear Tom,

I refer to your letter to the Minister dated 21 February last, setting out the Commission's views on how best to progress the East West electricity interconnector project, following the report to the Commission from a KPMG-led consortium.

On foot of this report, the matter was brought to Government for a decision on the steps to be taken to progress this project.

Accordingly, the CER is requested to arrange without delay the design of a competition to secure the construction of one East West electricity interconnector with a capacity of 500MW, at the earliest possible date before 2012.

Once completed, the interconnector should be owned by EirGrid plc, to ensure that this strategic asset remains in public ownership.

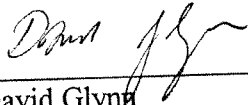
It should be noted in this context that the project should proceed on the assumption that there will be no exchequer funding, while the possibility of NDP funding is not ruled out.

The CER is also requested to arrange for the Transmission System Operator (EirGrid) and the Transmission System Owner (ESB) to expedite the technical work of selection of a sub sea route and other sites for the construction of the interconnector and necessary grid reinforcement works contemporaneously with the competition to select a developer in order to accelerate progress.

Finally, the Minister is committed to revert to Government for a final decision on foot of the results of the competition, prior to him granting consent to secure the interconnector construction.

In due course the Minister will be making a public announcement of the Government Decision and in the meantime I would suggest the matter be placed on the agenda for the next round table meeting between the Department and the Commissioners. This will provide an opportunity to clarify and address any outstanding issues flowing from the Government Decision.

Yours sincerely,



David Glynn
Principal Officer
Electricity & Gas Regulation Division