

20th June, 2007

Mr. Denis O'Leary
Head of Asset Management
ESB Networks
Osprey House
Lower Grand Canal Street
Dublin 2

Our Ref: 33375

Dear Denis,

Re: Payment Schedule for Generator Connection Offers

As you are aware, windfarm developers have recently made representations to the Commission voicing their concerns in relation to the current payment schedule regarding connection costs to the distribution system. They contend that the current approved schedule (see Table 1) and specifically the 25% upfront payment at offer acceptance, places onerous financing requirements on developers, particularly given the potential lengthy lead times for connection.

Table 1: Current approved payment schedule for connection offers to the distribution system

Time of Payment	Percentage of Connection Cost
Offer Acceptance	25 %
Pre-Construction Stage	50 %
Final Energisation	25 %

In response to these concerns and to discussions with the Commission, ESB Networks, while maintaining that the current payment schedule is justifiable on cost grounds, submitted on 21st May a proposed revised payment schedule that would see the payment at offer acceptance dropping to 10 % and that at the pre-construction stage increasing to 65 %. This was designed by ESB Networks to help developers with the initial funding of their projects. This proposal from ESB Networks was welcomed and has been considered by the Commission.

Following on from our recent meeting and having reviewed and assessed your proposal the Commission deems the payment schedule detailed in Table 2 more appropriate and a reasonable balance between the legitimate interests of developers and of ESB Networks.

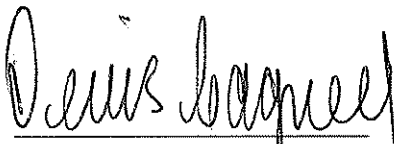
Table 2: Amended payment schedule for connection offers to the distribution system.

Time of Payment	Percentage of Connection Cost
Offer Acceptance	10 %
Pre-Construction Stage	55 %
Final Energisation	35 %

Accordingly, the Commission directs ESB Networks under Section 34(1) of the Electricity Regulation Act, 1999 to implement the payment schedule detailed in Table 2 for all generators connecting to the Distribution System. For the avoidance of doubt, this new payment schedule is to be applied to all connection offers within Gate 2, both those already issued and those in the pipeline, as well as all future applicants seeking connection to the distribution system.

If you have any queries regarding the above or would like to discuss the practical implementation of the amended payment schedule, please do not hesitate in contacting me.

Yours sincerely,



Denis Cagney
Director Energy Networks

c.c. Michael G. Tutty, Commissioner, CER
Tom Reeves, Chairman, CER