



Electricity Supply Board

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Caroline Johnston,
Commission for Energy Regulation,
The Exchange,
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CONSULTATION PAPER: CER/07/131

Proposed Changes to the Winter Peak Demand Reduction Scheme 2007/2008

Dear Caroline,

ESB Customer Supply (ESBCS) welcomes the opportunity to respond to this consultation paper seeking views on the proposed changes to the WPDRS scheme as operated by Eirgrid.

Generally the modifications proposed are to be welcomed as they provide participating customers with greater clarity. In particular the opportunity for a customer to contribute to demand reductions and qualify for payments in a number of Trading Periods between 17.00 & 19.00hrs on Business Days should enhance the effectiveness of the scheme.

It is not clear to us from the consultation documents how the proposals for monitoring WPDRS participants who may also be a Demand Side Bidder in SEM are going to operate satisfactorily in the context of market operations. Section 3.3 of the Eirgrid document includes references to an Eirgrid paper on DSM Harmonisation submitted to CER which it is understood is not (yet) a public document.

As presented in this consultation it appears that Eirgrid intend to independently monitor WPDRS participants where the customer notifies Eirgrid of their intention to participate in SEM and/or Eirgrid will expect the customer's supplier to provide information on the customer's participation in SEM. Has this been discussed with the Market Operator? Are any modifications to SEM implied in this proposal? To what extent is a supplier going to be liable for a particular customer's declarations to Eirgrid as part of its participation in the WPDRS scheme?

Traditionally the number of eligible customers that participate in WPDRS is relatively low (1 in 8 last year) which possibly reflects the practicalities of participation in that the relatively smaller customers do not have the resources to engage at a level that provides them with sufficient return for their efforts. Nevertheless the actual reduction in peak demand that is achieved is an important contribution to the system and must be encouraged.

The availability of customer baseline and benchmark data from Eirgrid together with the outcome of this consultation (including rules for WPDRS 2007/2008) leaves eligible customers and their suppliers with very little time to evaluate the potentials of participation. [Eirgrid require completed application to be lodged no later than Oct 19th]. For this coming year ESBCS has almost 400 MV customers who will need to have their WPDRS capabilities evaluated in order to consider participation in the scheme. Heretofore they automatically participated in WDRI.

The uptake by newly eligible customers is likely to be affected by these tight timelines. It is noted from last year's Decision Paper [CER/06/224] that Eirgrid are of the view that *"increasing the number of eligible customers has a negligible effect on the demand reduction delivered by WPDRS"*. The increases in eligible customer numbers is not being matched with an appropriate schedule that allows for communication, understanding, evaluation and commitment by customers to the scheme. These processes need to be critically reviewed for subsequent years if there is a desire to increase the performance of the scheme through greater customer participation.

Yours sincerely,

Tony Dunlea,
Energy Regulation,
ESB Customer Supply.
