

### Single Electricity Market goes 'Live'

The new Single Electricity Market (SEM) for the island of Ireland has gone Live. Since 1 November, wholesale electricity is traded through the new pool market with the old markets in each jurisdiction ceasing to exist.

The SEM is a ground-breaking cross border project involving the integration of the two separate wholesale electricity markets in the North and South of Ireland into one cross-border market.

It is a single set of wholesale electricity trading arrangements. This means that all electricity produced on the island of Ireland will be sold into one large 'pool', supply companies will then buy their power from this pool.

An estimated €4.6 Billion in payments will be exchanged annually in the SEM between Generation and Supply Companies. This is the first cross border market of its kind in Europe and represents a new culture of cooperation in the energy field.

The SEM has been specifically designed to benefit customers, North and South. The combination of the two smaller markets will bring enhanced competition leading to a greater choice for consumers across the island and a more positive price outlook than would be otherwise possible.

An estimated savings of €147 million will be made over the next 10 years with the bulk of this passing directly to consumers. The integration of the two markets will also bring greater security of supply and efficiency benefits to the island

The Commission and the Northern Ireland Authority for Utility Regulation (NIAUR) both strongly welcome this final step in the implementation of the SEM and acknowledge the significant effort and co-operation across the industry in achieving this goal.

The SEM has also been welcomed by chief industry figures and by the Minister for Communications, Energy and Natural Resources, Mr. Eamon Ryan.

Further details of the Single Electricity Market can be found on the project website, [www.allislandproject.org](http://www.allislandproject.org)

- SEM Go Live
- New Towns Analysis - Phase 2
- Gas Safety
- Smart Metering
- DCENR Statement of Strategy
- 3rd Energy Package
- Security of Supply



In addition to the commencement of the SEM, electricity prices were reduced by 6.1% on average on 1 November. The price reductions have been implemented 2 months earlier than normal leading to further savings for consumers throughout the Winter months. The average domestic customer can expect to see a savings of approx €50 on their annual bill. This reduction follows a gas reduction of on average almost 11% which was implemented on 1 October 2007.



## 6 Additional Towns to be connected to the gas network

The Commission was pleased to announce in early October, a further six towns to be connected to the natural gas network over the coming years. These towns are, Gort and Loughrea in Co. Galway, Ballinrobe in Co. Mayo, Cahir and Cashel in Tipperary and Monasterevin in Co. Kildare. The towns were selected as part of phase 2 of the New Towns Analysis and are in addition to the 11 towns currently being connected as part of phase 1.

The announcement follows a detailed study carried out by Bord Gáis Networks (BGN) on phase 2 of the New Towns Analysis. The six towns were selected after an economic analysis of the viability of their connection to the gas network. Connection to the gas network will bring greater energy choice to existing consumers in the selected areas and also provide an incentive for future investment in these areas.

BGN's Report on Phase 2 of the New Towns Analysis sets out the background, terms of reference, criteria and methodology employed when analysing the viability of connecting towns throughout the country. The report also identifies the towns to be evaluated as part of Phase 3 of the study.

Full details of the New Towns Analysis — Phase 2 report can be found on Bord Gáis website; [www.bordgais.ie/networks](http://www.bordgais.ie/networks)



## Gas Safety

On 24 October 2007 the Commission published its decision paper and accompanying high level implementation timetable for the natural gas safety regulatory framework as provided for under the provisions of the *Energy (Miscellaneous Provisions) Act 2006*. The decision paper takes cognisance of the issues raised by respondents to the recent consultation paper (CER/07/104).

In addition, the Commission held four information sessions for Natural Gas Installers in October. The purpose of these sessions was to explain the Commission's proposals regarding the regulation of natural gas installers with respect to safety from 1 January 2009.

The Commission was pleased with the high attendance numbers at each of the sessions held in Dublin, Cork, Kilkenny and Athlone with in excess of 600 people attending in total. Each session was attended by a mixture of Registered Gas Installers (RGI) and non registered installers. The Commission received positive feedback on the introduction of regulation within the industry; however a range of issues were highlighted by the installers for the Commission to consider before issuing its final vision paper in November.

Overall the Commission believes the information sessions have provided for a greater understanding of its proposals within the Gas Installer Industry.

The implementation of the gas safety provisions of the *Energy (Miscellaneous Provisions) Act 2006* will be the key focus of the Commission's Gas Safety team in 2007-08.



In addition, the implementation of the electricity safety provisions of the *Energy (Miscellaneous Provisions) Act 2006* will be the key focus of the Commission's Electricity Safety team in 2007-08.

Further information on the Commission's functions with regard to Gas and Electricity safety can be found on the Commission's website, [www.cer.ie](http://www.cer.ie)

# Smart Metering

On 5 November the Commission published a Smart Metering information paper - "The Next Steps in Implementation". This paper follows a consultation paper (CER/07/038) published earlier this year which considered measures that would encourage consumers to use electricity more efficiently and thus reduce their energy costs and impact on the environment.

Smart meters are a modern system of metering where each meter contains a display unit capable of delivering a range of useful real time information to customers, for example regarding their electricity consumption and pricing data. Smart metering is believed to be one technology whereby end-use energy efficiency can be encouraged, and thus emissions of greenhouse gases reduced. The Commission's consultation paper discussed at a high level the benefits and potential impacts of a smart metering programme in Ireland.

Smart metering technology has the potential for use at many different stages of the electricity supply chain. This information paper proposes a framework in which the future scope of smart metering arrangements that will replace conventional electro-mechanical metering can be established. The Commission has decided to work with ESB Networks, suppliers and other stakeholders in structuring and implementing the roll out of an optimally designed universal smart metering programme. This programme will embrace all aspects of smart metering relevant to the Irish electricity market.

The Commission is now establishing a working group that embraces all stakeholders in the market and also a steering group. Both groups will be chaired by the Commission and are expected to be in place before the end of November 2007. The ESB Networks programme currently envisages the first meters being installed during April 2008.

For further details, please refer to the Information paper on the Commission's website [www.cer.ie](http://www.cer.ie) (CER/07/198).



## DCENR Statement of Strategy

The Commission welcomed the opportunity to provide input into the Department of Communications, Energy and Natural Resources (DCENR) statement of strategy for the period 2008 - 2010. The CER's submission focused on energy policy in Ireland and the strategic framework which the Department should continue to implement in order to assist the development of the energy market in Ireland.

In its submission the Commission has suggested some areas which it views as being of primary importance in order to assist in the continued growth and development of Ireland's energy sector. In particular emphasis is placed on the strategic implementation of the policies outlined in the Government's White Paper on Energy.

A brief description of the policies and strategies which should receive attention in the Department's strategic plan was provided under the following headings:

- *Electricity and natural gas market development;* This focuses particularly on the importance of the Single Electricity Market (SEM) and all island energy cooperation.
- *Sustainability, reliability and security of supplies;* Emphasis is placed on improving energy efficiency and on meeting Ireland's renewable targets.
- *Energy Regulatory Environment;* The continued strength and independence of the regulatory regime is stressed.
- *Future Planning in the energy sector, including research and development;* The CER focuses on ensuring that research and planning for the energy landscape in 10 years time is carried out now.
- *Ensuring the safety of electricity and natural gas supplies -* Emphasis on building upon regulatory structures to ensure enhanced safety of electricity and natural gas supplies.

Full details of the Commission's submission are available on the Department's website, [www.dcmnr.gov.ie](http://www.dcmnr.gov.ie)

# European Commission's 3rd Energy Package Proposals

On 19 September the European Commission published its proposals for the Third Energy Package of EU Energy Legislation.

This set of proposals outlines a number of provisions, including the following:

- Full unbundling of network operations from supply and generation or production activities;
- Enhanced and greater harmonisation of the powers and independence of National Regulatory Authorities;
- Establishment of the Agency for the Cooperation of Energy Regulators (ACER) to provide a framework for national regulators to cooperate at European Level and for regulatory oversight of cooperation between transmission system operators;
- Improving the functioning of the internal market by facilitating third party access to key infrastructures, increasing transparency in the market, enhancing market integration and improving access to retail customers;
- Cooperation to reinforce security of supply.



Full details of the European Commission's proposals can be found at, [www.ec.europa.eu/energy](http://www.ec.europa.eu/energy)

The CER is currently working with the Department of Communications, Energy and Natural Resources (DCENR) in order to assist them in their negotiations with the European Commission on the Third Package of EU legislation on Energy Policy.

## Electricity Security of Supply

The Commission has responsibility along with EirGrid, the Independent Transmission System Operator and the Minister for Communications, Energy and Natural Resources for electricity security of supply and generation adequacy in Ireland.

The CER's functions in this area include, ensuring appropriate measures are in place for the monitoring, assessing and managing of the security of supply and taking any necessary actions to protect the security of supply. The Commission also produces a report every two years on its monitoring of security of supply.

Over the past few months, there have been a number of developments that will further protect Ireland's Security of Supply in the future. These include:

- The granting of an Authorisation to Construct a Generation Station to ESB for a 430MW unit at Aghada, Co. Cork and to Bord Gáis Eireann for a 445MW unit at Whitegate, Co. Cork. These gas-fired CCGT units are due for completion in October 2009 and April 2010 respectively. The Authorisation granted to ESB is subject to a number of conditions as part of the CER-ESB Asset Strategy Agreement.
- The granting of 10 renewable generation licences (with a combine total of 102MW) of renewable generation since the start of 2007 until mid-October.
- The publishing of a consultation paper on the secondary fuelling obligations imposed on licensed generation capacity. Comments on a number of proposals set out in the paper were due by Friday 2<sup>nd</sup> November.