

Maurice Stack
Commission for Energy Regulation
Plaza House, Belgard Road
Tallaght
Dublin 24

18 September 2009

Re: Winter Peak Demand Reduction Scheme (WPDRS) and Powersave schemes for 2009/10

Dear Maurice

I am writing to you, in relation to the above consultation, on behalf of IBEC's Large Energy Users Working Group (LEUWG), which provides a collective voice for the main industrial energy consumers, for whom competitive energy is pivotal. Business consumers account for 62.5% of the total consumption in the Irish electricity retail market, with Large Energy Users (LEU) accounting for 27% of total electricity at a cost of nearly €1 billion.

The existing WPDRS rules have been in place for some time and customers have become familiar with them. While it is accepted that the new methodology better models what happens in reality, the disadvantages introduced by the increased complexity far outweigh any advantages. It has taken several years for customers to fully understand the mechanics of the existing scheme and to put systems in place to participate effectively. Given that EirGrid are planning to carry out an extensive review of Demand Side Management, including WPDRS in the coming year, we contend that the proposed changes to the calculation of baseline and energy benchmark are too radical for implementation at this time and that the proposed changes be considered in consultation with large energy users in the context of the upcoming DSM review.

Use of a fixed baseline and a fixed energy benchmark ratio has allowed customers to calculate and monitor on-going savings as soon as MRSO data became available with a typical lag of 3 to 5 days. The monitoring spreadsheet only needed to be set up once at the start of the winter and was relatively straightforward using only simple functions (add, multiply, average etc.). The proposed rules require a much more complex spreadsheet with the calculation of a cubic spline smoothing function and interpolation of peak period values daily. The baseline parameter of the monitoring spreadsheet will also have to be changed monthly. Ongoing monitoring of WPDRS savings will become very difficult or practically impossible for many companies. In large organisations timely feedback of actual WPDRS savings has proved very useful in encouraging participation in the scheme and loss of this facility would be a very retrograde step.

We welcome the requirement for suppliers to issue monthly statements to customers.

The proposed changes may have sectoral implications where seasonality is an issue to the business e.g. dairy sector. Sectors whose production tails off in the period November – February have availed of the scheme, basing their baseload on the 80th percentile of the previous year and also freed up system capacity for Eirgrid. The new proposal of the 60th percentile of the previous 2 months could penalise such sectors and make participation in the scheme unviable. We suggest the 2 month period be reconsidered.

the voice of irish business and employers



We hope these comments prove constructive to the consultation process. Should you wish to discuss any of the points mentioned in this document, please contact Erik O'Donovan, secretariat to the IBEC Large Energy Users Working Group, tel. 01-6051672, email : erik.odonovan@ibec.ie.

Kind regards

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Tadg Farrell
Chairman, Large Energy User Working Group, IBEC