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Mr John O'Connell
Commission for Energy Regulation
The Exchange
Belgard Square North
Tallaght
Dublin 24

15 January 2010

Re: CER/09/193 Proposed Decision Paper

Dear Mr O'Connell,

Saorgus Energy has the following remarks on CER's proposed decision paper CER/09/193:-

2.2.1 Underwriting by the Final Customer

While Saorgus Energy welcomes the principle whereby the final customer underwrites shared contestable connection assets, we are concerned that the timing of payments by DSO/TSO in the event of a party withdrawing will leave group contestability unworkable in practice. It is proposed that the payment is made on completion of the connection of all remaining subgroup members. In practice this means that the remaining subgroup members will have to bridge the cost of the withdrawn party until all subgroup members have completed their connection. The possibility that such bridging finance will be a required will be an issue in the financing of all projects. It is likely that this risk will prevent projects that propose to build connections contestably from reaching financial close. This issue can be addressed by bringing forward the payments by the final customer to match the payment schedule in the connection agreements of the remaining members. By doing this, the final customer would not be exposed to any additional risk since the financial commitments made by the remaining subgroup members at this stage will be such that construction of the connection asset can be completed.

2.2.3 Ownership of Shallow Connection

Saorgus Energy responds to the three questions posed by CER as follows:

1. Are there additional benefits to owning a shallow connection?
Yes, the market dictates competitive costs and the developer has more control of the outcome.
2. Do you believe that the above criteria are reasonable?
No, the DSO / TSO cannot act as judge on competence as they stand to gain if they reject any proposal.

3. Do you believe that there are additional items that should be added to the criteria?

Yes, DSO / TSO cannot decide on who is competent or not. This should be done by some independent standards organisation, IETC, Cenelec, ISO as there is a conflict of interest here.

2.2.4 Hybrid

Saorgus Energy welcomes the proposal to allow the decision on contestability to be made after planning permission has been granted. This should not propose a resourcing issue as suggested, since a decision to contest after planning permission would reduce the number of system operator resources otherwise required to construct the assets. It should be possible to address legal issues through assignment of contract obligations.

Regards,



Gene McGillicuddy
Saorgus Energy