

John Orme and Jamie Burke
Commission for Energy Regulation
The Exchange
Belgard Square North
Tallaght
Dublin 24

Date: 13 August 2010

Re: CER Consultation on Transmission and Distribution Revenue Proposals -
TSO and TAO transmission revenue for 2011 -2015 (CER/10/102) and
Distribution Revenue for ESB Networks Ltd. (CER/10/103)

The IBEC Large Energy Users Working Group (LEUWG) welcomes the opportunity to comment on the above proposals issued on the 5 July 2010. The LEUWG provide a collective voice for the main industrial energy consumers for whom competitive energy is essential. Business consumers account for over 60% of the total consumption in the Irish electricity retail market and Large Energy Users account for over 25% of the total consumption in the Irish electricity retail market.

Following consideration, the LEUWG would like to make the following comments about the proposal and requests that the CER consider this response before making its final decision on the matter.

The LEUWG welcome the proposal to re-balance tariffs outlined in Section 12 of CER/10/102. LEUs face upward energy cost pressures in terms of PSO levies in 2011. The proposed 45% decrease in transmission network charges in the period October 2010 – September 2011 is essential to protect competitiveness and jobs in the current economic context.

The LEUWG would welcome clarity from the Regulator on the estimated level and impact of generator TUoS on business consumer bills during PR3.

In terms of both the TUoS and DUoS costs, the LEUWG encourage the Regulator to actively seek flexibility and value for money for consumers throughout PR3 as noted in Figure 1 attached.

The forecasted trajectories for DUoS network investment in PR3 are indicated to increase in the regulated period but tariffs are forecasted to remain flat. It is understood that these forecasts are based on the assumption that demand increases during PR3 to spread the cost. The LEUWG understand that forecasting work is undertaken by Eirgrid, the ESRI and the SEAI. The LEUWG is concerned about this reliance on forecasts and would like assurances from the Regulator that it will work to ensure investment reflects demand as it materialises during PR3, in order to avoid the dangers of unnecessary investment and avoidable cost.

In the case of TAO PR3 costs we found the trend difficult to understand, particularly between 2014 and 2015. The LEUWG would welcome the opportunity to meet the CER to discuss how TUoS will impact retail costs during PR3.

We hope that these comments prove constructive in reaching your decision and would welcome the opportunity to meet you. If you have any queries, please do not hesitate to contact my colleague, Erik O'Donovan, secretariat of the group, email: erik.odonovan@ibec.ie

Kind regards

Tadg Farrell
Chairman
IBEC Large Energy Users WG

(By email)

Figure 1 – Requested, Proposed and Allowed DSO Revenues

