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Dear Paul,

### **INTERCONNECTOR OPERATOR LICENCE CONSULTATION**

Viridian Power & Energy (VP&E) welcomes this opportunity to comment on the above.

A key aspect of future interconnection will be whether and how use of system (UoS) revenues will be allowed for in further interconnection. It is therefore important to have a clear understanding of the eligibility criteria for UoS support in respect of interconnectors but this is not covered in the draft licence or in the consultation paper. For example the draft licence deals with the question of how interconnector capacity revenue will be treated in the event that it cannot be efficiently used for the purposes set out in Condition 17 but fails to address the opposite scenario - where the interconnector capacity revenue is insufficient and UoS support is required.

VP&E consider it important for the market, and customers, to understand the eligibility criteria for UoS support, the process by which applications are made and assessed, and whose decision it is to grant eligibility. How will these issues be dealt with and how will they be treated in the licence? We also suggest a part-merchant option is considered for eligibility for UoS revenues and query how this would be dealt with?

VP&E understands that interconnectors are not a natural monopoly such as onshore networks and thus should possibly be subject to competition. We also recognise however that there are strong societal benefits from having increased interconnection and therefore there may well be a case for UoS support, but that this might be through a competitive process.

VP&E has some concerns about condition 20 of the draft licence. We suggest this be amended as worded below to reflect that licence conditions should only be suspended where clearly and justifiably needed, and recognising that any such decision has a potential impact on the wider industry.

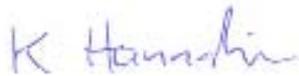
VP&E's suggested re-wording of condition 20

*"In accordance with this Licence condition, any Licence condition may be suspended from operation in this Licence with due cause as may be determined by the Commission following consultation with the Licensee and the wider industry".*

By definition an interconnector will link two states. Therefore we understand a licence may be required from each state. Does this mean the North-West tie line operator will require a licence from both the Commission and the relevant authority in Northern Ireland (presumably the Utility Regulator)? We note that the NIE T&D licence definition of "Republic of Ireland Interconnector" and "Northern Ireland Interconnector" excludes "the North/South Circuits" whereas the new CER proposed interconnector licence does not exclude north/south circuits from the definition of "Interconnector". VP&E would welcome further information about this and more generally how interconnector operator licensing will be coordinated across states.

Please do not hesitate to contact us if you would like to discuss our response.

Yours sincerely

A handwritten signature in blue ink that reads "K Hannafin".

Kevin Hannafin  
Senior Regulation Analyst