

28th January 2011

John Lynch
Electricity Transmission
Commission for Energy Regulation
The Exchange
Belgard Square North
Tallaght
Dublin 24

Email: jlynch@cer.ie

Re: Consultation on First Stage Payments on Acceptance of a Connection Offer to the Electricity Network, CER/10/233

Dear Mr Lynch,

Tradewinds Energy Ltd and Seabreeze Ltd are developing three Gate 3 wind farms in Co. Limerick and Co. Kerry, totalling 89.7 MW.

In the current economic climate it has become impossible for developers to access funds from banks to assist with the pre-financing stages of development. Irish Banks are in a very distressed state and stricken with debt. Raising the funds to execute Gate 3 connection offers is going to be extremely challenging. We respectively request the CER consider options to ease the financial burden to execute Gate 3 offers but still achieve its objectives of not hoarding capacity or exposing the electricity-end customer to significant costs.

Under the existing first stage payment rules, ESBN/EirGrid will receive approx €50-60m in non-refundable payments. The majority of this money will not be spent in 2011 and 2012 on the consenting of shallow assets. It will remain in ESBN/EirGrid bank accounts as a commitment to the capacity. Removing this level of money from the private sector in the current economic climate will not promote the continued growth of the renewable sector. It is critical for the future of the renewable industry and achieving the government renewable targets that the industry is supported where possible during this period of austerity.

The cost to execute our Gate 3 offers range from approximately €15,000 to €20,000 per MW. It is inequitable that some Gate 3 developers are able to execute Gate 3 offers at €10,000/MW and other generators are charged significantly higher amounts. In the existing or previous consultations on first stage payments, the CER did not provide any clear justification as to why the level of the charge should vary. It is agreed that the system operators should be kept cash positive but considering the level of non-refundable first stage payments there should be sufficient funds for the system operators for the majority of the non-contestable consenting works.

We support the IWEA proposals to limit the first stage payment at €10,000/MW and to split the first stage payment into €5,000/MW to execute the agreement and €5,000/MW twenty-four months later. This will significantly address the concerns of independent developers. It is key to note that raising €5,000/MW in 2011 is substantially more difficult than raising €10,000/MW only a short number of years ago. The IWEA proposal still represents a major commitment by developers and will meet the objective of ensuring projects do not hoard capacity and protecting the end-customer.

We would remind you that should an equitable outcome not emerge from this consultation; a judicial review will be applied for in the high court by our companies without further notice to you.

Please note that this letter may be used in evidence to fix you with all further legal costs and damages.

Should you have any queries, or should you wish to discuss this matter further, then please do not hesitate in contacting me on the details provided below.

Yours Sincerely,

David Fitzgerald

Director

Tradewinds Energy Ltd & Seabreeze Ltd

info@tradewinds-energy.ie