

Dublin Road,
Newtownmountkennedy
Wicklow
DX 16026

Tel: +353 1 2011111
Fax: +353 1 2011199
Web:

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

Re: Consultation on Financing of the SO Preferred Connection Method in Contestable Builds, CER/11/027

Dear Mr Lynch,

Coillte welcomes the consultation on financing of the System Operators (SO) preferred connection method in contestable builds and provides below some comments on the SO consultation paper.

Section 4a: The requirement to raise additional finance

Coillte favour staged payments made based on agreed milestones. Coillte agrees that this option will remove the majority of the issues with the developer having to raise additional finance. It will also reduce the overall cost to the UoS customer through a reduction in interest carry costs.

Coillte would not agree with the SO statement that that staged payments approach would be overly complex. Without doubt all of EirGrid and ESBN existing contracts with consultants and contractors would be based on a stage payment approach. This is a standard contractual approach to payment for all utility projects.

The SO also raise concerns that that a connection would be abandoned prior to completion.

Coillte view this situation as highly unlikely to arise and in the unlikely event is adequately protected through the financing and construction contracts.

Section 4b: The cost of finance

Coillte again favour option 3, the stage payment option, for the reasons outlined above.

In the absence of the stage payment option Coillte would opt for a fully vouched actual basis. Of the remaining options Coillte would favour option 2 over option 1.

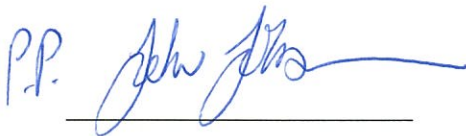
Section 5: Implementation of the proposed solutions - issues

Coillte believe that the thresholds proposed are too high. Any requirement above LCC is a financial burden that should not be borne by a developer. Coillte propose thresholds of €0.25m or 5% of the IPP's connection capital requirement.

In summary, the CER approved solution must be bankable to ensure that developers are not being disadvantaged by contesting the SO preferred connection method.

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

Yours Sincerely,



Mark Foley

Managing Director

Coillte Enterprise