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UK

Elizabeth Farelly  
The Commission for Energy Regulation  
The Exchange  
Belgard North Square  
Tallaght  
Dublin 24

20<sup>th</sup> September 2011

Dear Elizabeth,

As a large electro-intensive consumer, BOC is interested in any aspects of energy markets and grid management which impacts its cost base. We welcome the opportunity to comment on the CER proposed changes to the WPDRS and Powersave Schemes, and await the detail of future demand side products with interest.

**Q1. On the phasing out of WPDRS after the 2012/13 season, subject to the development of appropriate demand side market products & EirGrids proposals to deliver this transition to market based schemes.**

BOC has no objection in principle to a two year transition to a market based demand side response system. Theoretically, this;

- achieves lower energy cost for all
- provides demand reduction when it is most required, rather than irrespective of requirement
- allows the demand side to participate in the market through the same scheme throughout the year (e.g. to assist in balancing wind intermittency)

However, until details of the demand side market products are made clear it is not possible to properly support the change. It should be noted that demand side participants are by their nature operationally engaged in demand management as a secondary activity, which is often disruptive to the primary one. In order to gain full commitment from demand side providers, the following should be considered:

- If businesses are able to sensibly forecast income they are more likely to be able to invest in the automation, product storage, or manpower which can facilitate regular demand reduction
- Submission and dispatch procedures should be simple and clear
- Payment for participation should come alongside a straightforward reconciliation document
- There should be a sensible accommodation for plant which finds itself unable to deliver demand reduction. For example, a plant trips an hour before it is required to stop for Demand Management

**Q2. On the proposed changes to WPDRS rules.**

BOC has no objection to these proposals.

**Q3. On the proposed changes to Powersave rules.**

BOC has no objection to these proposals

**Q4. On WPDRS and Powersave Payment Rates**

Given the recent announcement concerning the outage to the Moyle interconnector, there must be a higher risk to security of supply through the coming winter. To mitigate this risk, it may be necessary to further incentivise participation in these schemes by increasing the payment rates offered.

With kind regards



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