

**Medite Europe Ltd –**

**Submission to the Commission for Energy  
Regulation on Proposed Changes to the  
Winter Peak Demand Reduction Scheme and  
Powersave Schemes 2012/2013**



## **Contents**

1. Introduction
2. Energy supply & demand at Medite Europe
3. History of WPDRS at Medite Europe
4. Application of DSU system to Medite Europe
5. Specific answers to consultation paper
6. Conclusions

## 1. Introduction

Medite Europe Limited commenced production of Medium Density Fibreboard (MDF) from its 160 acre site at Clonmel Co. Tipperary in 1983. The Company was located in Ireland at the request of the Government "to provide an economic outlet for pulpwood from forest belonging to the State". The Company should therefore be considered as "indigenous" as its raw material consists of pulp wood from the country's forestry and wood chips purchased from Irish sawmills.

In 1994, a thin MDF production line was added. Technological developments in energy production from bark and wood wastes, two stage drying technology and high precision pressing governed the selection of the plant.

The Company's facility in Clonmel is designed to produce over 410,000m<sup>3</sup> of MDF per annum, and currently employs approximately 150 people directly with many others employed through supply of services. The Company is certified to ISO 9002, and products are produced in accordance with European guidelines and standards (EN-622). Product development to meet specific customer requirements is carried out on site by highly qualified technical staff.

The mill is licensed by the EPA under their Integrated Pollution Control Licence system. The Environmental Management System is also operated in accordance with ISO 14000 EMS standard.

Safety is of prime importance at the mill site and with all our partners and stakeholders. The recent safety history of the mill is good with a powerful positive approach towards safe work practices, training and commitment to improvement.

Currently 90% of Medite production is exported as a value added wood product.

## 2. Electrical Supply & Demand at Medite Europe

Demand:

- MDF Plant Electrical Load 16 MWe
- MDF Plant annual use 100 GWh
- MIC 17.5 MWe

Supply:

- Medite has its own 110KV x 10kV substation with two transformers, each rated at 20MVA. The supply feeder from the Eirgrid National Grid is rated at 110KV and 22MVA capacity.

- Power is fed to the plant through radial 10kV feeders from the substation switches.
- MV loads are transformed locally to 400V at 10kV/ 400v transformers.

### **3. Medite History with WPDRS**

Medite has participated in the WPDRS for nine years and is an integral part of energy cost management at the facility

In the last three years the average WPDRS payment to Medite was in the region of €250K per annum.

Medite has invested in its operating systems to participate in the WPDRS system and the withdrawal of this would have a serious un-budgeted financial impact on Medite Europe.

At no stage did Medite receive any notification from Eirgrid or our current supplier ESBIE regarding discontinuing of WPDRS or the introduction of DSU's.

### **4. Application of DSU system to Medite Europe**

Medite Europe welcomes Demand Side Units and would be very interested in participating in this scheme in the future.

Medite Europe like many other WPDRS participants attended a workshop in Dublin on 26<sup>th</sup> of July 2012.

During this workshop it was suggested that the WPDRS would not be available for 2012/2013 to customers with an MIC greater than 10MVA.

With an installed capacity on site of 17.5 MWe this will exclude Medite from the WPDRS for 2012/2013 program.

As outlined in the workshop papers, participation in the DSU by Medite would require

- Approved as stand-alone DSU by Eirgrid
- Hold an Electricity Supply Licence from the Commission for Energy Regulation
- Register as a Unit with the Single Electricity Market Operator

Taking the suggested timelines for each of these stages the most optimistic estimate for Medite Europe to operate as a DSU would be the following –

- Approval as stand-alone DSU by Eirgrid – 25 weeks
- Granting of an Electricity Supply Licence by CER – No time defined
- Registering in the SEM – Timeline suggests 13 weeks

Total time for approvals to be up and running as a DSU would be a minimum of 38 weeks. This timescale would eliminate Medite from recovering any energy costs until June 2013.

This increase in energy costs due to WPDRS exclusion in addition to the changes in LEU credit and pass through charges would have a dramatic adverse effect on Medite Europe's ability to compete on the European Market Place and to sustain exports.

## **5. Specific Responses to Consultation Paper**

### ***3.2.3 Consultation Question***

The CER notes that significant progress has been made regarding the development of the processes required to facilitate the transition to market based schemes. However, CER notes that to date only one demand side unit has completed market readiness and it is expected that a further demand side unit won't be on stream until later this year - but before the commencement of the WPDRS period in November. The CER is consulting on the planned roll off of WPDRS to obtain respondents' views on whether there are viable alternative demand side options available in the SEM to progress with the first year of its phasing out or whether the roll off should be deferred.

**Q1.** Respondents are invited to comment on whether there are sufficient viable alternative demand side options available in the SEM to progress with the planned phasing out of the WPDRS? If you consider sufficient viable alternatives are not in place for customers to avail of during the forthcoming 2012/13 WPDRS period, please give reasons why and details of a preferential roll off approach.

Medite Europe is one of the largest customers to participate in the WPDRS.

Medite Europe has not received any direct consultation or communication on changes to WPDRS or on the commencement of DSU.

Medite Europe learnt of the proposed rule changes while attending a briefing session on DSU in Dublin in July 2012.

Medite Europe would be required to be licenced as a stand-alone DSU which would require extensive consultation, licensing and testing which cannot be completed prior to the commencement of the 2012/2013 period of WPDRS and therefore this change

should be deferred until users over 10MVA have an opportunity to become a stand alone DSU.

There are no viable alternatives open to Medite Europe for the 2012/2013 period. This will result in an un-budgeted loss of revenue in very difficult market conditions.

#### **4.2.1 Consultation Question**

The CER is consulting on Eirgrid's proposal to amend the rules of the 2012/13 WPDRS, relating to clarifications, updating of dates (number of days remains unchanged) and, in line with the proposed roll off, limiting eligibility to customers with MICs of 10MVA or less and an MEC of zero.

**Q2.** Respondents are invited to comment on the proposed changes to the rules of the WPDRS. Are you in favour of the proposals, if not, please specify which proposals you are not in favour of? Outline reasons for agreement or disagreement.

Medite Europe objects to this proposed change in the WPDRS specifically in relation to the exclusion of customers over 10MVA.

Medite Europe is one of the largest participants in the WPDRS scheme and as no viable alternative exists for Medite Europe prior to the commencement of the 2012/2013 WPDRS scheme, this change, if implemented, will have a dramatic negative effect on the operations for Medite Europe and may result in these costs being recovered through other means.

## **6. Conclusions**

As one of the largest participants in the WPDRS, Medite Europe welcomes the introduction of Demand Side Unit system. However Medite Europe is of the view that the DSU system is not in the required state of readiness for participation by Medite Europe prior to commencement of the WPDRS 2113/2014 season.

At no stage was Medite Europe directly consulted or informed on proposed changes to the WPDRS or on the introduction of DSU.

The earliest Medite Europe would be in a position to participate in DSU by the published timelines would be June 2013.

The elimination of WPDRS without a viable alternative on top of the changes to LEU credit and pass through charges is an adverse burden for a company competing on the European market place and trying to sustain exports.