

DAIRYGOLD CO-OPERATIVE SOCIETY LIMITED

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Mr Sean mac an Bhaird,
Commission for Energy Regulation
The Exchange
Belgard Square North
Tallaght
Dublin 24
21/09/2012

CER Proposed Changes to Winter Peak Demand Reduction Scheme & Powersave Scheme 2012/2013 Consultation Paper (CER/12/133)

Dear Sean,

Dairygold Co-Operative Society Ltd welcomes the opportunity to comment on the Commission for Energy Regulation (CER) consultation paper on the proposed changes to the Winter Peak Demand Reduction Scheme & Powersave Scheme issued on the 28th August.

In 2011 The CER decided to phase out the WPDRS subject to viable market based alternative being available to customers to partake in.

In its 2012 submission to the CER, Eirgrid states that it is of the view that sufficient progress has been made to continue with the phase out of the WPDRS.

Eirgrid refers to:

1. The opportunities to participate in the SEM as a Demand Side Unit
2. The measures Eirgrid has undertaken to inform customers of these opportunities

Dairygold would like to make the following comments in relation to the question on whether significant progress has been made, whether there are sufficient viable alternative Demand Side options available in the SEM and whether Eirgrid has met its responsibility to inform customers of these opportunities to proceed with the planned phasing out of the WPDRS.

For most Companies to participate as a Demand Side Unit they will have to sign up with an "Aggregator" and to date there is only one registered "Aggregator" namely "Activation Energy".

Activation Energy was only setup as an "Aggregator" this June.

Setting up as a stand-alone DSU is not feasible for the majority of companies which participate in the current WPDRS Scheme due to the rules associated with the scheme.

Eirgrid held an introductory workshop on Demand Side Participation in Cork on the 13th September which raised more questions than answers.

Applications to be part of a DSU must be submitted at least 60 working days in advance of the proposed effective date to join the scheme.

Taking 60 working days from the Eirgrid workshop on the 13th September in Cork it would mean a Company would not be eligible to participate in the scheme until the 6th December at the earliest, if one applied on the day of the workshop.

Dairygold is strongly of the view that a viable alternative is **currently not** in place to merit the phasing out of the WPDRS scheme this year.

It is quite clear that with only one registered “Aggregator” within the scheme a viable alternative **has not** been established.

Eirgrid has clearly failed in its responsibility to inform customers of the opportunities available within the SEM to participate as a Demand Side Unit in a timely manner.

In last year’s decision paper it was stated that the WPDRS would be phased out pending the development of suitable alternative Demand Side Options. It is Dairygold’s view that there are not currently suitable alternative Demand Side Options available and that the phasing out of the WPDRS should be deferred.

Realistically it will be a number of months into 2013 before there is sufficient understanding and information available to enable Companies make an informed business decision in relation to the DSU.

I would strongly urge the CER to extend the current WPDRS Scheme for another season to allow Eirgrid establish a proper market based alternative in which the process is not rushed and there is an established pool of “Aggregators” active within the scheme.

I would suggest that the WPDRS is retained in its current format for the upcoming WPDRS season and phased out when the DSU scheme is fully understood and ready for rollout.

Please feel free to contact us should you require any clarification in relation to the above.

Yours sincerely

Eamonn O Sullivan

Head of Supply Chain Dairygold Food Ingredients