

Hello James,

Reference: CER/13/122

Through my company SmartPower, I run several CHP units and am carrying out a cost/benefit analysis on several more potentially new projects.

When a site converts from using gas boiler to generate heat to CHP, Transmission and Distribution charges increase to cover the extra gas a CHP uses. Typically only half the gas input to a CHP is converted to heat, as opposed to a boiler where about 90% is converted.

These charges come straight off the profit that a CHP can make and it is in the operator's interest to reduce these as much as possible. I would like to outline two examples of how sites are managing themselves to keep these charges as low as possible.

One of my customers is actively running a Biomass boiler in parallel to a CHP unit and backup gas boilers. This customer has reduced the MDQ (Maximum Daily Quantity) from 40MWh to just above 20MWh. On days where the system struggles to maintain heat load (even with the biomass boiler running) the CHP is turned off so that the gas can be more efficiently converted to heat. Heat is turned off, rather than risking an MDQ breach.

On a second of my customer sites, a dual fired boiler (oil and gas fired) is available. If the site operator suspects that there will be an issue with the heat load and gas availability, then the CHP hours are curtailed to only the most expensive SMP periods. After the daily quantity of gas is used, the boiler continues in oil mode.

Both these customers find that the daily management of gas/heat an onerous task, and would prefer a mechanism that would allow additional capacity to be purchased on the days when it is required, these days are not necessarily the same days when the balance of the gas system is stressed.

Perhaps one solution would be to introduce a scheme similar to the electrical "Powersave" scheme, where customers could nominate part of their MDQ as discretionary and receive a rebate when the Powersave event was called. The event could last between 6 and 48 hours (or longer) and like the Powersave would be called at least once per year.

Customers I deal with would be far more willing to book higher capacities if they knew that a high percentage of the new capacity cost would return in the form of a Powersave-like rebate.

Additionally, this would really help finance the building of new CHP projects, which in turn would provide additional revenue to the gas network, but not add the same quantity of additional “stress”. During an 1 in 50 type event, CHP units could be simply shut down.

Regarding the removal of secondary capacity transfers, this in my opinion is a “no-brainer”. In my experience the end customer is charged the full gas transportation charge (with perhaps a very small discount), while the shipper trades the allocation between sites. This results in the gas network receiving lower revenues while the end customer gets charged the full rate. The only people benefiting from this arrangement are the shippers themselves.

Ireland already has some of the highest energy costs in Europe and any way to help reduce energy costs to consumers must be vigorously pursued.

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Kind regards

Fergus Wheatley

Managing Director

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