



4th July 2014

Mr John Lynch
Commission for Energy Regulation
The Exchange
Belgard Sq North
Tallaght
Dublin 24

**Re: *Response to CER/14/125 Public Service Obligation Levy 2014/15
Proposed Decision Paper***

Dear Mr Lynch

McDonald's Restaurants of Ireland wishes to respond to your proposed decision document in relation to increases to the PSO levy to apply from 1st October 2014.

For a business of McDonald's size in Ireland operating 85 restaurants nationwide, the vast majority of which are individually owned and operated, the proposed increase of 80.5% will have a significant impact on our energy costs for the final quarter of this year and for 2015. Based on our Maximum Import Capacity of 10,920 kVA, the annual cost of the PSO levy to McDonald's will increase from €201,692 to €364,291.

We note that the cumulative increase in the PSO levy over the past four years has been 109%. We believe that continued increases in the PSO levy are unsustainable for business and are impacting adversely the competitiveness of our business and Irish business in general. Electricity costs in Ireland, according to the 2014 report of the National Competitiveness Council are high with Ireland ranked as the 5th and 6th most expensive location in the euro area 17 for SMEs and large users respectively.

In addition, communication around proposed increases has not given us sufficient scope for budget planning for the remainder of 2014 and into 2015. McDonald's continues to operate with no medium foresight on proposed increases to its energy costs and we would urge the CER to develop a medium to long term cost projection for the PSO levy in the future.

McDonalds currently employs 4,500 people and continues to grow its business in Ireland, adding an average of four new restaurants amounting to approximately 250 new jobs per annum in terms of direct employment.

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McDonald's Restaurants of Ireland Limited

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Directors: Adrian Crean, Jill McDonald (UK), Mahrukh Hussain (US) Registered in Ireland. Registered No. 127316 A Private Company Limited by Shares



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We would look for assurances which do not compromise our plans for expansion and for future growth. We would request that the CER consider our position in this respect by not imposing additional energy costs to business.

Yours sincerely

A handwritten signature in blue ink, which appears to read "Adrian Crean", is written over a horizontal line.

Adrian Crean
Managing Director
McDonald's Restaurants of Ireland