

John Lynch
Commission for Energy Regulation

Thank you for the opportunity to provide input on the 2016-7 CER proposed Decision Paper on the Public Service Obligation (PSO) Levy.

Intel Corporation has a long history in Ireland and a great partnership with the community. Our company continues to evaluate current and future opportunities. Regarding energy supplies, Intel is proud to be among the world's leaders in the area of sustainability, including over 40 alternative energy technologies on our sites, globally, and being the largest purchaser of green power in the US for 8 consecutive years. We are reviewing the potential execution of sourcing 100% green power for our Ireland facility.

A key energy supply focus is enabling our success and growth is sustainability, but it must remain economically competitive with our alternative manufacturing locations globally. Ireland has had lots of volatility over the last decade moving between competitive, to our highest cost location globally.

Competitive Pricing and rate controls

With recent current Natural Gas price reductions, the Ireland competitiveness has improved substantially. However, the structure and process of the PSO Levy creates a natural negation to part of the Ireland progress to competitiveness resulting from the NG price reductions. The latest proposal is an approximate 36% increase to 2016/17, which is well out of the range of manageability and considered rate shock. We would like to see a cap on the amount of an increase, if an increase is required. We have seen increases nearly 400% over the past 4 years which would clearly demonstrate runaway costs and an increase far beyond that which is reasonable.

Methodology and equitable allocations

Based on the current methodology used, the costs do not appear to be equitably and fairly applied. Basing costs on MIC, which often only a strategic long term target value, means we pay PSO for local line capacity potentials. Additionally, these type of regulatory fees should develop a plan to phase out over time and not be held in perpetuity.

Additionally, voluntary actions such a buying green power or GoOs by customers helps support the green market. There should be a consideration of credit or reduction in PSO costs for companies taking such action.

Intel continues to constantly evaluate the Ireland costs and competitiveness to other options. We appreciate the opportunity to comment and welcome future conversations to control costs. However, we believe the proposed PSO increase deserves immediate attention and consideration.

Thanks in advance,

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