



# Aughinish Alumina

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For the attention of :- Dana Kelleher (Dkelleher@cer.ie)

Commission for Energy Regulation,  
The Exchange  
Belgard Square North  
Tallaght,  
Dublin 24

Date 25<sup>th</sup> May 2007

## Proposed Amendments to Electricity Generation Licences for the SEM (CER/07/059)

Dear Dana

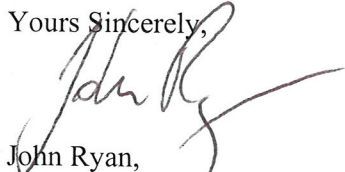
Aughinish welcomes the opportunity to comment on the above Information Note and the proposed changes to the Generation Licences.

In general we welcome the proposed changes and the simplification of the generation licence. We are however disappointed that the Regulatory Authorities did not take this opportunity to harmonise the treatment of CHP generation on both parts of the island. We believe the need for Aughinish to have a supply licence in order to supply our on-site demand is superfluous and will put us at a disadvantage to CHP plants located in Northern Ireland.<sup>1</sup>

Our only specific comment on the proposed amendments relates to Condition 15 of the Generic Generation Licence on Cost-Reflective Bidding in the Single Electricity Market. Our concern is that in the description of Cost-Reflective Bidding there is no specific referral to CHP and the fact that CHP plant cost drivers are primarily driven by the steam requirements of the host site.

We have stated in previous correspondence (Response to AIP-SEM-02-06) that this Condition 15 should only apply to dominant generators however as CHP must comply with this Condition 15 we request that the CER include a specific paragraph relating to CHP operation. We note that in the Bidding Code of Practice Consultation Paper (AIP-SEM-07-198) that the Opportunity Cost of Co-Generation is specifically addressed in clause 21 however we believe that the Generation Licence should also have this clause 21 of the Bidding Principles included in the wording of Condition 15.

Yours Sincerely,

  
John Ryan,  
Energy Co-Ordinator  
Aughinish Alumina Ltd.

<sup>1</sup> Aughinish intends to respond separately to the consultation paper AIP-SEM-07-156 - Amendments to the Electricity Supply Licences but believe it is appropriate to mention this issue in our response to this consultation.