



**Electricity Supply Board**

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

22<sup>nd</sup> February 2008

**SEM-08-001: Market Power Mitigation in the SEM  
Directed Contract Implementation Report**

Dear Stephen,

ESB Customer Supply (ESBCS) welcomes the opportunity to respond to your request for comments on the above Draft report which issued on 5<sup>th</sup> February 2008.

We support the proposed condensing of the Directed Contracts subscription window into a 4-week period for 2008 and the new definitions for peak and mid-merit products.

With respect to the supplementary DC window ESBCS propose an amendment to the auction rules. In an instance where there is more than one participant subscribing for the supplementary allocation, ESBCS proposes that the allocation should be split between the participants on a proportionate basis representative of their individual market share, rather than all participants having equal access to the available DC quantities. This would align the supplementary process with the principles and structure of the DC subscription process.

We note the proposal in Section 3 to change the deadline for the issuing of the monthly invoice from the 5<sup>th</sup> Business Day of the month to one of the 7<sup>th</sup> Business Day of the month. ESBCS considers that a change in the date for settlement necessitates a corresponding movement in the payment timelines and the Master Contract for Difference should be amended accordingly. We request clarification of the impact of this invoice amendment on the payment timelines.

ESBCS notes that the formula used to construct DC forwards price is subject to change. In the interests of managing systems impact ESBCS seeks clarification that the original indices used for last years formula will endure. Additionally we request that final DC

forward price formula is published in advance of the publication of indicative prices in Mid-April in order to support IT development.

ESBCS also request that the RAs publish the range of values (i.e. limits) in determining whether the fuel or carbon indices have moved sufficiently outside of the tolerances causing the suspension of trading.

We would also expect that the allocation exercise will be as transparent as possible and that as promised subsequent to the 2007 contract round that the RAs will send each supplier that supplier's total MIC and the corresponding aggregate MIC of all suppliers for each of the customer classes.

As set out in our letter to the Commission dated 11<sup>th</sup> January 2008 in response to the Indicative Tariff Timetable it is our experience that a period of not less than 6 weeks is desirable and prudent to adequately allow for comprehensive & thorough development and analysis of PES tariffs. This would necessitate that the DC subscription process must commence not later than 14<sup>th</sup> April in order to have PES tariffs published by 1<sup>st</sup> September. Although it appears that this is not possible in the 2008 timetable we would urge the RAs to ensure that the importance of providing sufficient time for PES tariff development is borne in mind when establishing timetables for subsequent years.

Yours sincerely,

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Tony Dunlea  
Regulation Manager  
ET&R, ESB Customer Supply