



Electricity Supply Board

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

Tadhg O'Briain,
Northern Ireland Authority for Utility Regulation,
Queens House,
14 Queens Street,
Belfast BT1 6ER.

14th March 2008.

Consultation Paper: SEM/08/005
Bidding the Opportunity Cost of Carbon Allowances

Dear Stephen & Tadhg,

ESB Customer Supply (ESBCS) welcomes the opportunity to comment on the above consultation paper which issued on 20th February.

Although end-user tariffs may be some 10% higher than they would have been in the absence of the EU Emissions Trading Scheme we support the SEM committee conclusion to have the full opportunity costs of carbon reflected in wholesale electricity prices. As a supplier we would always endeavour to provide electricity at the lowest possible price yet we must also recognise the importance of having prices that correctly reflect the true underlying costs and provide the consumer with appropriate signals in an effort to combat climate change by means of reduced demand and greater energy efficiency. It will also help stimulate the drive towards cleaner generation technologies.

We also concur with the opinion that it is a matter for Government to evaluate the merits or otherwise of addressing potential windfall gains made by generators and would caution against any interference directly in the market, which is still in its infancy, which could be perceived as an arbitrary approach to regulating the sector and increasing regulatory risk for participants and thereby result in higher prices for customers in the longer term.

Yours sincerely,

Tony Dunlea
Regulation Manager
ET&R, ESB Customer Supply