



Electricity Supply Board

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CONSULTATION PAPER
Fixed cost of a Best New Entrant Peaking Plant Calculation Methodology

Dear Priti & Kevin,

ESB Customer Supply (ESBCS) is pleased to have this opportunity to respond to this first phase consultation on the Fixed Cost of a Best New Entrant (BNE) Peaking Plant Calculation Methodology. This first phase focuses on the possibility of reducing volatility in the annual Capacity Payments Pot.

Following a period of extreme volatility in energy prices for customers any improvement in price stability is to be welcomed. As a supply company, ESBCS is concerned to ensure that customers get value for money when paying for capacity and we note that there are options within the consultation that offer price stability as well as the possibility of reduced customer costs. In this regard ESBCS favours the options that adjust the price smoothing to allow customers to get the benefit of the lower capacity prices from previous years and in particular Option 3 with a Legacy Correction effect applied in order

to gain the advantage which would have been conferred if the price smoothing approach had been in operation since the advent of the SEM.

ESBCS prefers this methodology because it takes account of all the latest information on BNE costs and is likely to reduce the cost burden on customers while achieving the objective of reducing the variability in the annual capacity payments.

Yours sincerely,

Gerry McDonald,
ESB Customer Supply