

## Media Release

11 May 2010

### ***Single Electricity Market continues to deliver benefits to energy consumers***

The all-island Single Electricity Market (SEM), which is regulated by the SEM Committee, continues to deliver consumer benefits through the use and development of efficient generation plants. This was the key message from the SEM Committee's second Annual Report, covering 2009, which was published today.

The SEM Committee consists of the Energy Regulators from Ireland and Northern Ireland - the Commission for Energy Regulation (CER) and Utility Regulator respectively - as well as an independent member.

In 2009, the SEM continued to attract significant interest in the development of new generation plants. This has resulted in increased competition amongst generators and investment in the island of Ireland as a whole. The SEM ensures that the price of electricity charged to consumers is reflective of the costs incurred by the generators to actually produce the electricity, with the most efficient generators that are available to meet demand being used on an all-island basis.

Iain Osborne, Utility Regulator Chief Executive and member of the SEM Committee said,

“The SEM shows what a difference proactive regulation can make. It has enabled lower prices, and also underpins the increasing competition for businesses and households. We look to see competition develop further in the coming year.

“2009 was a challenging year economically for both consumers and the energy sector. We remain focussed on delivering the best outcomes for consumers in the short and long term.”

Chairman of the CER and member of the SEM committee, Michael G. Tutty also commented,

“The SEM, which is regulated by the CER and Utility Regulator, uses the cheapest electricity generators across the island to meet demand at any one time, thereby putting downward pressure on electricity prices for customers. Furthermore, since its inception in November 2007 the SEM has encouraged increased market entry and competition in electricity, also to the benefit of customers over the long run.”

The report can be viewed on the All Island Project website at [www.allislandproject.org](http://www.allislandproject.org).

## **Ends**

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## **Notes to Editors**

(1) The SEM commenced on 1 November 2007 and created a single market for the trading of wholesale electricity on the island of Ireland, replacing the two “old” markets north and south. The SEM Committee is the decision-making body which governs the new market, including regulators from Northern Ireland (the Utility Regulator) and Ireland (the Commission for Energy Regulation) as well as independent member.

(2) The second Annual Report for the SEM documents the main developments in 2009 of the SEM Committee and its Joint Management Units which supervise and coordinate key regulatory workstreams. It also details areas for future development for the SEM Committee and the Regulatory Authorities.

(3) The report highlights the success of the market in the following key areas:

- Fair and cost reflective prices - the SEM involves a transparent market clearing system resulting in wholesale market prices that follow demand. New efficient generation is driving lower prices but the key driver behind the decrease in wholesale generation costs is the decrease in international fuel prices. Lower fuel prices in 2009 were reflected in lower SEM prices which meant lower prices to customers.
- Increased competition - A key objective of the SEM was to attract new and efficient generators to the island of Ireland. Because prices have been set transparently, the SEM creates a sound basis for new entry and investment. In 2009 Endesa entered into the all-island market.
- Investment and security of supply - At the end of the second year of the SEM, there were 50 participants registered in the SEM. The total number of registered participants had a registered market capacity of 9,899 MW. The SEM Committee remains focused to ensure renewable targets are met; security of supply enhanced and old, less efficient generation is replaced.