

**O'Boyle, Jody**

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**From:** Scully Derek [Derek.Scully@energia.ie]  
**Sent:** 20 August 2010 17:11  
**To:** cbowers@cer.ie; O'Boyle, Jody  
**Subject:** SEM-10-045 Consultation Paper - CPM Parameters for 2011

Dear Jody and Clive,

Viridian Power and Energy will not be making a formal response to the Consultation Paper (SEM-10-045) on the CPM Parameters for 2011. As the Medium Term Review of the CPM is currently underway, and the RAs have indicated that enhancements to the CPM are to be considered as part of the second phase of this review, we consider this a more appropriate forum within which to raise our issues in relation to the CPM and the parameters. We are currently in the process of reviewing the RAs work in relation to Work Packages 1-5 (SEM-10-046) and note the inclusion of analysis on the CPM factors. In the interest of regulatory certainty and best regulatory practice, it is prudent to make any changes to the parameters following detailed analysis and consultation with industry, and to resist calls for a change in the parameters until such an analysis and consultation is complete.

We wish to note that we have previously responded to a consultation on this topic calling for a change to the relative weights of the parameters from 0.3 – 0.4 – 0.3 (F-V-Exp) to 0.6 – 0.2 – 0.2. This was proposed to increase certainty for investors in the market, while retaining a short term capacity incentive.

If you would like to discuss any of the points I have raised or require further clarification, please don't hesitate in contacting me.

Kind regards,

Derek

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