

20 May 2011

Dear Jamie, Billy,

The IBEC Large Energy Users Working Group (LEUWG) welcomes the opportunity to comment on the above proposals issued on the 11 April 2011. The LEUWG provide a collective voice for the main industrial energy consumers for whom competitive energy is essential. Business consumers account for over 60% of the total consumption in the Irish electricity retail market and Large Energy Users account for over 25% of the total consumption in the Irish electricity retail market.

Following consideration, the LEUWG would like to make a comment around the fixed tariff proposals in Section 3 of SEM-11-018 and request that the Regulatory Authorities consider this response before making its final decision on the matter.

It is understood that the objective of the proposals are to promote stability and predictability in Generator TUoS over PR3 and in doing so, provide a level playing field and promote efficient network development and investment.

The SEM-11-018 proposals vary between fixing an absolute tariff and fixing the tariff relativity. At a high level, we believe the tariff option chosen should reflect a suitable equity of risk between the generators and demand side in meeting reasonable revenue requirements from PR3. LEUs acknowledge the need to provide regulatory certainty for generators. However, care must be taken in providing this stability, to avoid any unnecessary or unexpected risk which would add to the overall cost to consumers. The choice of tariff should reflect this principle, where applicable.

We hope that this comment proves constructive in reaching your decision. If you have any queries, please do not hesitate to contact my colleague, Erik O'Donovan, secretariat of the group, email: erik.odonovan@ibec.ie

Kind regards

Tadg Farrell
Chairman
IBEC Large Energy Users WG