



Chambers Ireland Submission on SEM Market Power and Liquidity

28th January 2010

Mr Andrew Ebrill,
Commission for Energy Regulation,
The Exchange
Belgard Square North
Tallaght
Dublin 24

Re: Consultation on SEM Market Power and Liquidity

Chambers Ireland is pleased to make the following observations on your consultation.

Please note that our comments are made in the context of our ongoing desire to reduce costs in the Irish electricity market. In this context, we believe that full competition between all players in the market can help to deliver further price reductions for all consumers. It follows that reducing risk and staffing costs in the delivery and supply system should be welcomed assuming that the benefits of these reductions are passed on to all consumers.

We believe that the delivery of new energy sources via the new interconnector with the UK will help in providing enhanced liquidity into the Single Electricity Market (SEM). This in turn should facilitate more competition and competitive price offerings and reduce the risk of spikes in pricing occurring.

We also believe that the proposed reintegration of ESB has merit in enabling the elimination of duplication in terms of staffing while also reducing risk costs associated with the way that these units currently interact with the market. We note that in the UK market the six major companies operate on a model based upon Generation, Trading and Supply. This would appear to be best practice facilitating competition but also reducing risk of sudden price spikes etc. for both these companies and the wider market.

It follows that we recognize the merit of reintegration subject to the caveat that robust procedures and protocols must be established that will guarantee that, where needed,

electricity liquidity will be made available to the market at prices that will mitigate against the threat of sudden spikes in demand occurring. These spikes represent a threat to the pricing models of all electricity supply companies in the SEM and must be reduced as much as possible. This is why liquidity must be assured for all market participants.

Chambers Ireland