

BALLYBANE WINDFARMS LTD.

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Mr. Jamie Burke
Commission for Energy Regulation
The Exchange
Belgard Square North
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Dublin 24

25 May 2012

**Re: SEM-12-028 Treatment of Curtailment in Tie-Break Situations – Consultation Paper
Glanta Commons Wind Farm, Bantry County Cork**

Dear Mr. Burke

I refer to the consultation paper SEM-12-028 in relation to the treatment of curtailment in tie break situations. I am Director of Ballybane Windfarms Ltd (BWL) and welcome the opportunity to respond to the SEM Committee consultation

BWL operates the 27.95MW Glanta Commons Wind Farm near Bantry County Cork. The wind farm is made up of 19.55MW pre-Gate capacity and 8.4MW Gate 2 capacity. The entire 27.95MW has firm access. At great expense, BWL has advanced plans to extend the wind farm by 11.5MW. To this end, we have:-

1. Accepted the grid connection offer in February 2011 for the Gate 3 connection (11.5MW - DG222 refers) and as of December 2011 has paid the first and second stage payments. It will use the existing grid connection infrastructure, so there will be no delays associated with the installation of wind farm connection.
2. Entered into a number of contracts and options for the lease and purchase of lands.
3. Carried out environmental impact assessment and prepared a planning application for the extension. Planning permission was granted by An Bord Pleanála in August 2010 for this extension.
4. Agreed commercial terms with the turbine supply company.
5. Carried out energy yield assessments.
6. Applied to Forestry Services for felling licences needed for the construction for the project.

Since the SEM Committee decision of 21 December 2011, the project has stalled.

BWL has reviewed paper SEM-12-028 in consultation with its financial and technical advisors and funding institutions and has concluded that:-

1. **Option 1** (grand-fathering) – the project will not get funding in this scenario until firm access for the project extension is achieved. Currently this is scheduled for 2019, but in all likelihood will not be achieved until post 2020. Therefore a project which is 'shovel-ready' will be postponed for at least 10 years as the levels of curtailment (~25% under grand-fathering) renders the project unviable.

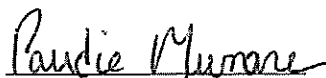
2. **Option 2** (pro-rata) – although a vast improvement over Option 1, project funding in this scenario is not guaranteed. This is essentially the scenario that was modelled by Eirgrid and presented in the Area F PROG report. Depending on which build-out scenario is envisaged (33%, 66% or 100% of Gate 3), the long-term curtailment would be up to 12% with uncertainty with respect to the curtailment levels post 2020 with increasing build-out of projects.
3. **Option 3** (temporary pro-rata) – as with Option 1, the project would not get funding if this option is implemented. While there may be some certainty on the level of curtailment up to the 2018 cut-off, the uncertainty post 2018 coupled with the non-firm status of the Gate 3 capacity until sometime after 2020 makes funding too risky and the project unviable.
4. **Option 4** (pro-rata with generators taking the risk) – As outlined for Option 2, our project would not get funding in this scenario as the long-term curtailment could be up to 12%. Compensation for curtailment would not be paid until the SMP increases above the REFIT 2 price plus balancing payment. This option is worst in that there would be no compensation paid for curtailment events.

BWL supports the IWEA response to this consultation and would like to reiterate that curtailment is a critical matter to be addressed to provide a stable policy framework to allow the industry on the island to move forward. BWL believe that linking curtailment to firm access will result in the required level of new renewable energy not materialising, which will negatively impact the consumer and prevent Ireland and Northern Ireland from reaching their 2020 renewable targets.

BWL supports the position taken by IWEA on the options put forward, which are corroborated by our technical and financial advisors with respect to our project. BWL also supports the IWEA proposal to vary Option 3 ("Option 3b"). We believe this is a solution that represents an industry compromise position which importantly meets all of what we understand as the SEM Committee key objectives and strikes the right balance between addressing the curtailment issue and enabling the renewables industry advance in line with Government and EU policy and targets. BWL believes Option 3b as set out can be supported by the SEM Committee and the industry as well as importantly providing the least impact on the consumer. BWL is advised that the certainty provided by Option 3b makes the wind farm extension a bankable project. With a timely final decision on tie break (adopting Option 3b) and the re-issue of the PROG reports, construction of our wind farm extension will commence in 2013.

In conclusion BWL would like to thank the SEM Committee for the opportunity to engage on this issue and to highlight the particular importance of this consultation given the significant implications it has for the viability of the wind sector.

Yours sincerely



Mr. Paudie Murnane

For & on behalf of Ballybane Windfarms Ltd