

Mr. Jamie Burke
Commission for Energy Regulation
The Exchange
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Reference: Treatment of Curtailment in Tie-Break situations (SEM-12-028)

Dear Mr. Burke,

We write in reference to the above consultation and with particular concern for the potential impact of the outcome of the consultation on the future deployment of renewable energy in Ireland.

Siemens is proud to be a significant supplier of energy generation equipment, from hydro to fossil and wind, to the all-island market. We look forward to continuing to provide innovative energy solutions and related products from wind turbines and fossil generation to smart-grids and control systems. Our role as a global supplier to the wind industry gives Siemens a unique insight into the concerns of our customers as well as other stakeholders in the industry such as financiers and sub-suppliers.

We recognise the difficult task of dealing fairly with the problem of curtailment in the context of a largely isolated network with limited interconnection and a growing proportion of installed wind energy capacity. Siemens also acknowledges the important role of the Single Electricity Market Committee (SEMC) in managing the interacting considerations of protecting the consumer whilst promoting renewable energy, ensuring security of supply and also the ability of generators to finance projects. We believe that promoting investment through stability will benefit the consumer through ensuring availability of non-fossil generation in the energy mix. To provide a stable investment climate and support a burgeoning renewable energy industry it is vital that the SEMC promote a balanced growth for the industry.

We support the widely held industry concern that the application of a "grand-fathering" approach to develop a merit order list for use during curtailment events will have a negative impact on the development of the industry on this island. It is our firm belief that this approach will discourage all but a small number of new projects to proceed with their investments.

The consultation document discusses a number of options which propose a pro-rata approach where the application of curtailment is spread evenly across all connected wind farms. We believe this is the fairest approach to dealing with a problem which is caused by all of the installed capacity. This will also place significant emphasis on the controllability of wind farms and compliance with the applicable grid codes, something which Siemens strongly supports.

There are a variety of different ways in which a pro-rata approach could be implemented. We note the concern of owners of existing wind generation that one of the options proposes the removal of compensation for curtailment of wind farms connected with firm access. Aside from the impact on existing generators, this

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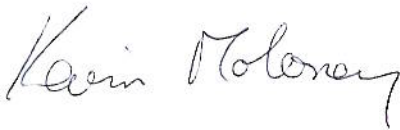
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approach risks sending a signal to future investors that market conditions are subject to unpredictable changes which will impact on confidence to make long-term investments.

The Irish Wind Energy Association are proposing a practical approach to the application of pro-rata to the market which we broadly support. The central principle of their submission is that projects required to meet 2020 targets are grouped together to share the burden of curtailment evenly and protected from high levels of curtailment which may result from very high levels wind penetration in the future. The methodology for applying curtailment to projects which are in excess of requirements to meet our current targets should be decided upon separately and at a later date. This would facilitate better decision making for a long-term solution as uncertainty over grid development, new renewable energy targets, integration with Europe, anticipated levels of demand and curtailment and the level of build-out of the projects now in the system will be reduced.

We urge you to carefully consider the IWEA submission and work with the industry to bring an equitable solution forward which will ensure the future of the market. We would be delighted to discuss our position with you in further detail, in which case please contact Brian O'Doherty as above.

Yours faithfully,



Kevin Moloney
Head of Renewable Energy
Siemens Ltd



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