Commission for Energy Regulation,
The Exchange,
Belgard Square North,
Tallaght,
Dublin 24.

12th November 2010.

Re.: Submission to “Principles of Dispatch and the Design of the Market Schedule in the Trading and Settlement Code”.
SEM – 10 – 060.

A chara

Corr na Gaoithe Teo own an operates a 7.65MW WindFarm adjacent to the town of Loughrea, Co. Galway, known as Sonnagh Old WindFarm. Construction of the WindFarm commenced in 2001. Serious regulatory and financial difficulties were encountered but the project was successfully commissioned and the WindFarm was fully operational by 9th. June 2004.

Financing for the WindFarm was secured on the basis of an AER V contract with ESB Customer Supply as part of a scheme promoted by the DCMNR. This was a very challenging scheme and of the c.350MW that were awarded contracts less than 100MW got built. The AER V competition had a cap of c.4.85c on the bid price and this put extreme demands on the financial status of our Company.

Our ‘Major User Connection Agreement’ with the ESB (26th. Feb. 2002) allows us Firm Access to the Grid. The CER recognised the position of AER V projects and on the 28th. Sept 2006 we were granted a ‘Derogation to the Grid Code’ with the exception of a requirement to have a ‘Responsible Operator’.

The Financial Model on which Sonnagh Old WindFarm was built and operates depends entirely on these core conditions remaining in place. This project can continue to operate successfully but only under the terms and conditions that currently exist. The Regulatory Authority must recognise the financial circumstances of the construction and now the operation of the WindFarm. The project remains extremely tight and negative measures introduced by the CER would place us in Financial distress

The early projects were the pioneers that took all the risk, made WindFarming generally acceptable to the overwhelming majority of the Irish public and brought renewable into the mainstream. These typically smaller projects locally owned and operated continue to have a significant role in the promotion of renewables. They can only do this if they survive financially and their financial survival is dependent on a stable regulatory environment free from financial penalty.
Regulators can’t ignore that financing was secured and projects built on the basis of contracts in place when finance was secured. Indeed the contracts, (incl Major User Connection Agreement and AER V Contract) are assigned to our lender, KBC Bank plc., and form part of our ‘Letter of Offer’.

If you have any query in regard to my submission please do not hesitate to contact me.

Mise le meas,

Frank O Domhnaill,
For and on behalf of
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