

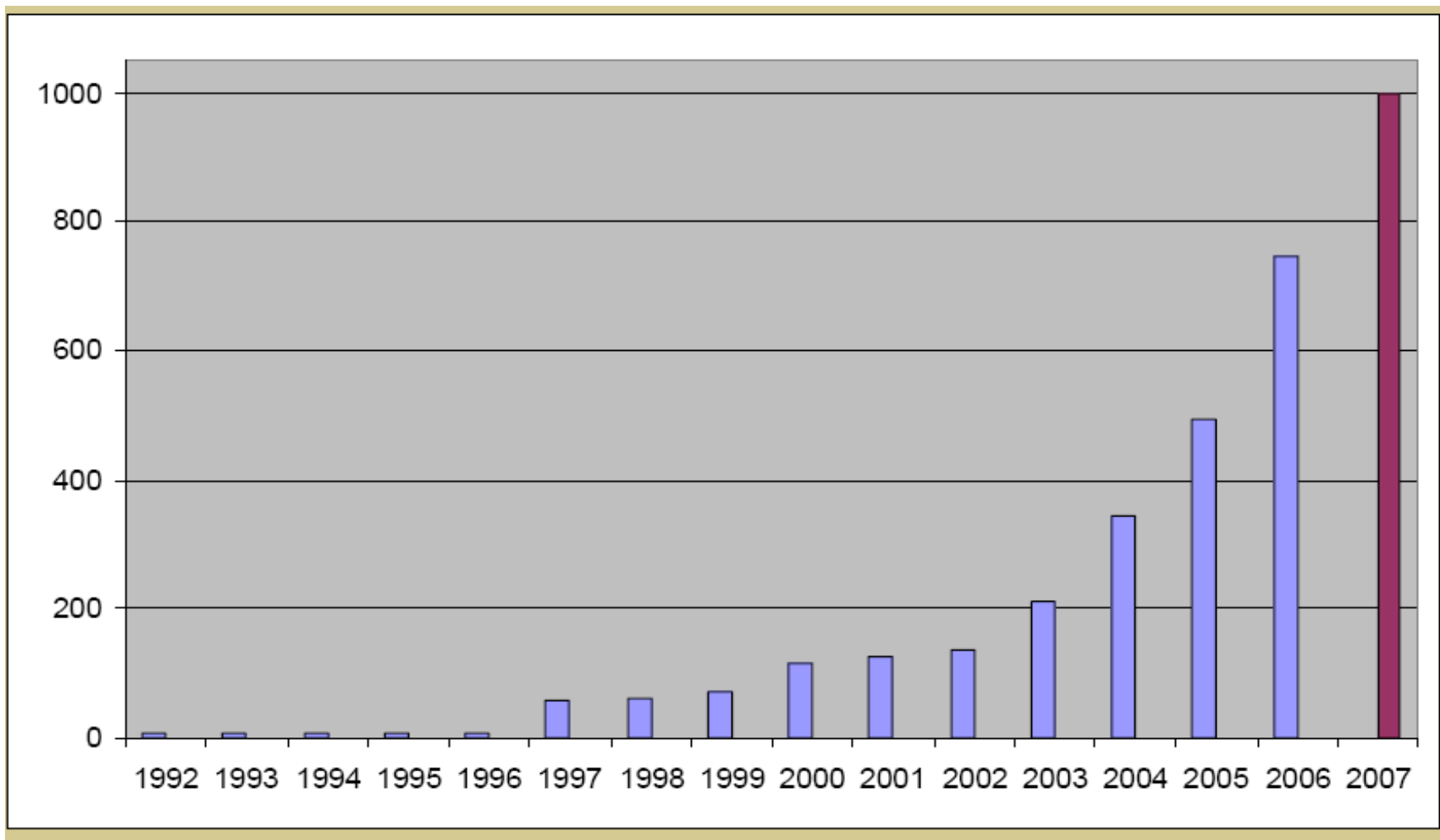
Future Development of Wind

**Michael G Tutty
Commissioner
Commission for Energy Regulation**

16th November 2007



MW of Wind Connected by Year



Present Position on Wind

	MW
Already Connected	799
Contracted to Connect	438
Gate 2 Offers	1,321

	2,558
Awaiting Processing	2,819

	5,377



Government Renewables Targets

% of electricity consumption

2010	15%
2020	33%

Gate 3

- Considering most effective way to progress under Gate 3
- Will issue consultation document on this shortly
- Would it be more effective to deal with everybody in the queue in one Gate?
- Or would a more limited approach get more wind on the system faster?

Distribution Payment Schedule

- Old Regime: 25% of connection cost paid upfront to ESNB on offer acceptance
 - MnaG informed CER that this was onerous
 - To help wind farm developers, CER introduced a new payment schedule in June
- ⇒ New Regime: Only 10% of connection cost now paid upfront

Single Electricity Market

- SEM came into operation on 1 November 2007
- Brings a major change in the operation of the wholesale market on the whole island of Ireland
- Will benefit all participants, including wind generators



Trading in the SEM

- Participation in pool mandatory for generating capacity greater than or equal to 10MW
- Generators below 10MW may trade outside the market
- Wind generators of 5MW or above may either be Price Makers or Price Takers



Intermediaries

- In certain cases Intermediaries may act for generators in trading in the market
- For PSO generators, Intermediaries may act for the full duration of contracts entered into before 27 February 2007



Intermediaries

- Following representations, Regulatory Authorities issued new proposals recently for consultation
- Now propose that Intermediaries can be used by Price Taker Generators regardless of the date of the contract
- Decision due on this soon



Carbon

- Trading and Settlement Code requires opportunity cost of carbon to be included in short-run marginal cost bids in the SEM
- This is already reflected in CER's decision on ESB PES electricity prices from 1 November 2007
- It represents a significant gain for generators who have got most of their carbon free of charge or who produce no carbon

Carbon

- RAs signalled recently that they propose to consult on whether more flexibility should be given to generators on passing through opportunity cost of carbon
- This is what happens in competitive markets abroad, where not all of the “free” carbon is charged to consumers
- No change will be made until at least 1 November 2008 and a change of T&SC would be necessary

Curtailem

- RAs still considering their approach to curtailment (as opposed to constraining off) of variable generators
- Issue is - should generators be paid when curtailed and, if so, should it be part of the normal supplier price or a Public Service Obligation?
- Circumstances in which curtailment would take place would have to be clearly set out in advance



Green Traceability

- Gross Pool market makes it more difficult to trace fuel used to generate electricity supplied to consumers
- Consultation document issued by CER on this recently
- Looking at possibility of a Guarantee of Origin system for green electricity which would have no monetary value but would identify who has purchased green energy from generators

2020 Grid Study

- Final report due to be published shortly
- Shows that it is feasible to have large amount of wind on system assuming the right plant mix
- More work needed to identify full costs and benefits
- Will require a lot of extra wires across the country!



EirGrid Grid Development Strategy to 2025

- Due to be completed by end-year
- Lots of simulations going on
- Will take account of further significant development on wind generation

