

Energy Regulation in a Modern Economy

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22nd September 2005

Regulatory Issues

- Electricity and Gas Retail Prices
- Generation
- Networks and Interconnectors
- Security of Supply
- All –Island Project
- Renewable energy
- Environment

Electricity and Gas Prices

- Decisions announced on 9th September last
- Issues to be taken account of:
 - Interests of consumers – impacts/competitiveness
 - Fuel prices – which ones to use/hedging
 - Operational efficiencies
 - Promotion of competition/dominance
 - Non-discrimination

Electricity Supply Chain

- Generation
- Transmission
- Distribution
- Supply

Power Generation

- ESB Powergen
- Burn coal, peat, oil and gas
- Hydro and wind
- PSOs
- Competing generators – Viridian etc.
- New Capacity

ESB Powergen Revenue

- Sales to ESB Public Electricity Supplier
- Best New Entrant (BNE) Price
- Sale of top-up in the wholesale market less
- Purchase of spill in wholesale market
- Public Service Obligations

ESB Powergen Costs

- Fuel
- Operation and Maintenance
- Labour
- Base load plant
- Mid merit and peaking plant
- Rate of return

Networks

- Transmission and Distribution
- Technical Standards and Codes
- Access rules
- Connections to the networks
- Quality and continuity of supply important

Networks

- 5 Year Revenue Review
 - Revenue Cap
 - Opex
 - Asset Base and asset lives/depreciation
 - Capex
 - Rate of return
 - Tariff Structure

Electricity Transmission System Operator

- ESN National Grid
- Eirgrid
 - Established in December 2000
- Progress?

Interconnectors

- 2 Gas interconnectors to Scotland
- Planning elec interconnector to Wales
- New gas interconnector to NI
- New elec interconnector to NI

Electricity and Gas Retail

- Electricity market is fully open
- Gas market not yet fully open
- PES has economic purchase obligation
- Up to now obligation to buy from ESBPG
- AER contracts; Aughinish, Tynagh etc.
- Regulate their Opex
- Margin of 1.3% allowed

Security of Supply

- Of prime concern to Government and CER
- Responsibility of CER and Government
- Generation Adequacy Report
- Transmission Forecast Statement
- Gas Capacity Statement
- Security of Supply Report every two years
- First report due next July
- Intervention – Aughinish, Tynagh, Peak plant, NI

All-Island Project

- Intergovernmental Framework Document
- Regulators' Memorandum of Understanding
- Wholesale Market agreed (Gross Pool)
- Target date for go-live is 1 July 2007
- Now examining next steps in this project
 - E.g. transmission, retail, gas, renewables

Renewables

- Mostly wind
- 2010 targets will be met early
- Connection to the networks
- Technical issues
- Support schemes are for the Minister
- Economic issues – e.g. SEM bidding rules

Environment

- SO_x and NO_x
- Greenhouse Gases – CO₂
- Allocation
- Prices for carbon
- New entrants and the next round
- Work well with the EPA

Other Matters (for mention)

- Customer Complaints
- Gas and Electricity Safety
- Contractor Regulation
- Council of European Regulators
- EU Commission
- LNG
- Gas storage

Conclusions

- CER has a wide remit
- It is independent in its functions – but is
- Accountable to an Oireachtas Committee
- Annual Report also to the Oireachtas
- Transparency and balance in its operations

Conclusions

- Due process very important
- Consultation papers and draft decisions
- Dispute resolution process
- Open and transparent
- And if that is not enough there is the
- Freedom of Information Act

Outcome

- How do you measure success or failure?

- Everyone seems to have a different measure

Thank You