

## **BEAM WIND LTD.**

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To:  
John Lynch, jlynch@cer.ie  
CER, Single Electricity Market Committee.  
and  
Sarah Friedel, sarah.friedel@niaur.gov.uk  
NIAUR, Single Electricity Market Committee

2<sup>nd</sup> July 2008.

### **Submission on "Consultation On Transmission Use of System Charging: Methodology for All-Island Generation Tariffs."**

#### **Commercially sensitive and confidential**

Beam Wind Ltd (Beam) is the owner and operator of a 14MW distribution connected windfarm connected at 38kV at Trillick substation in County Donegal.

Beam has three issues it wants to raise in relation to the above mentioned consultation paper:

1. Beam is connected under tariff GTS-D. Windfarms connected at Distribution with capacity less than 10MW are exempt from paying Generation TUoS charges. Beam will contend that windfarms connected under tariff GTS-D with more than 10MW capacity should only pay TUoS charges on any capacity over 10MW. In Beam's case on 4 MW. Further Beam, as distribution connected, has already paid in full for any deep re-enforcement necessary to connect Beam. Any deep reinforcement for Transmission connected windfarms are recovered through TUoS charges.
2. Beam at present pays TUoS charges of € 11,970.84 per annum (€ 0.8551 / kW). In the above Consultation paper generators connected at Trillick substation would appear to be hit with the largest increase in the proposed TUoS charges no matter what Figure is studied in Appendix A. It would appear that these charges – depending on what methodology is chosen – could vary from app. € 14 / kW to € 28 / kW. This will result in annual charges from € 196,000 to € 392,000. This is not sustainable and cannot be carried under Beam's present financial arrangements.
3. TLAFs: Beam signed a grid connection agreement in 2003 and went into production in Autumn of 2006. Beam obtained financial close in 2004. In 2004 TLAFs were positive with app. 6 -7 %. In 2008 TLAFs are negative with 6-7 %. There was no indication in 2004 that TLAFs would change so dramatically. It is a direct loss of 13 -14% on the profit and not knowing if this might increase further. Beam's owners and bankers are extremely

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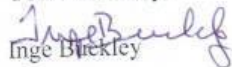
concerned by this volatility in the market and had it been know in 2004, Beam would not have received finance and would not have got built.

The proposal of "volatility mitigation measures" such as only allowing the charge to vary by €5 a year is not a solution to the problem. An increase of € 5 / kWh will in Beam's case mean an increase from less than € 12,000 to € 82,000 a year and possible further increases of € 70,000 per annum till the figures above is reached.

Beam has already been hit with a direct drop in profit of 12 – 13 % through the change in TLAFs; the proposed tariff in the Consultation paper will result in a further drop of between 8 – 15%. No project financed windfarm can carry such totally unforeseen changes in the regulatory and operating environment, certainly Beam can't.

From a Bankers point of view and bankers being extreme risk averse they will look at the worse case scenario and if a windfarm risks within 4 years of achieving financial close and two years from start of operation of experiencing a drop in profit of up to 28% , this will be factored into the financial models and there will be very few, if any, project financed windfarms built.

Yours sincerely,

  
Inge Buckley

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