

## **MEDIA RELEASE**

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### **Single electricity market is ‘successfully delivering consumer benefits’**

The Single Electricity Market (SEM) on the island of Ireland is ‘successfully delivering consumer benefits by creating a more efficient, reliable electricity system’. It is also ‘resulting in increased competition, cost reflective prices and new investment into the island of Ireland’. These are the key conclusions of the first Annual Report of the Single Electricity Market Committee (SEM Committee).

Utility Regulator Chief Executive Iain Osborne commented, “The SEM Committee is very pleased with the success of the market in its first year of operation. Despite high underlying gas and coal costs, consumers can have confidence that wholesale prices have been fair, set in a competitive and transparent market.”

Commission for Energy Regulation (CER) Chairman Michael G. Tutty commented, “The SEM Committee welcomes growing competition in the market, as a result of entry by new players. We are particularly pleased by the high level of new plant that is being attracted by the openness of the SEM.”

## ENDS

## NOTES

(1) The SEM commenced on 1 November 2007 and created a single market for the trading of wholesale electricity on the island of Ireland, replacing the two 'old' markets north and south. The SEM Committee is the decision-making body which governs this new market, including regulators from north (the Utility Regulator) and south (the Commission on Energy Regulation) as well as independent expertise.

(2) The report highlights the success of the new market in the following key areas:

- **Fair & Cost Reflective Prices** – Wholesale prices in the market have followed demand and new efficient generation is driving lower prices. Lower fuel prices in 2009 are reflected in lower SEM prices which will mean lower prices to consumers;
- **Increased Competition** - The market structures have encouraged the entry of new generators, while market rules have seen the most efficient power plants being run, at all periods. This was a key strategic objective of the new market and will lead to increased competition and the best price for consumers;
- **Investment and Security of Supply** - Another key objective was to attract new and efficient generators to the island of Ireland. The SEM Committee is encouraged by the level of interest in building new stations. In the Republic of Ireland alone, there are currently connection applications for 9,000MW of renewable generation and more than 6,000MW of conventional generation. In Northern Ireland, there are connection applications for 90MW of renewable generation and a further 1,200MW in planning. This will ensure renewable

targets are met, security of supply enhanced and old, less efficient generation is replaced.

(3)The Report cautions that there is still much work to be done. In particular North-South interconnection needs to be increased to remove “bottlenecks” between North and South. These are costing €20m-€30m per year, and also weaken long-term supply security.

The SEM Committee will continue to work with all stakeholders on SEM related matters in order to protect the interests of consumers, enhance security of supply and promote the development of an efficient and competitive market for the generation of electricity on the whole island.

The first Annual Report of the SEM Committee can be viewed at <http://www.allislandproject.org/en/sem-executive-overview.aspx?article=41798ae6-96da-4543-9ae1-660f1b1e2965>

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