

1. The proposed Irish Government REFIT support scheme will potentially introduce unfair competition into the Single Electricity Market. The existing renewable generators which are coming to the end of, or are no longer in a government PPA contract i.e. AERs' and Thermie will not be in a position to compete with REFIT contracted generators as the electricity price will be considerably reduced during high wind electricity production periods. The AER contracts were granted via competitive tender rules and delivered renewable power at a very low price per kwh thus making the projects operate on exceedingly tight margins. The expectation was that there would be an ability to continue producing renewable electricity after the contract period at a profitable margin. The SEM was promoted as being a competitive electricity market place but the proposed REFIT scheme will force independent non PPA contracted generators into a non viable business position. Is it proposed that renewable energy projects whose government sponsored contracts have expired should be decommissioned/removed?

2. The proposed price for offshore wind projects in REFIT for 2009 is €162.97 per MWH and indexed by CPI each year. This support scheme will allow REFIT projects to supply electricity to the Single Electricity Market at any price down to and including €0 and still be guaranteed a minimum REFIT price. This situation will artificially reduce the bid price for electricity in the SEM as the REFIT generators can continually bid €0 thus lowering the final bid price for any given time period. This will benefit large scale generator/suppliers and electricity users as every electricity user in the country will be subsidizing this scheme through the PSO levy.

The National Offshore Wind Association claims that there is 2,000MW of licensed offshore generation capacity available at present and may be constructed when supported by the REFIT scheme. The offshore wind at a very conservative 45% load factor has potential to supply 2,000MW X 365 (days) X 24 (hours) X .45 (load factor) = 7,884,000 MWH per year.

The cost to REFIT of Offshore Wind = $(7,884,000 \times 0.15 \times €66.35) + (7,884,000 \times 162.97 - 66.35) + (7,884,000 \times 66.35 - [52+8]) = 112.93 \times 7,884,000 = \underline{\underline{€890,280,990}}$

The cost to REFIT for the same amount of electricity from Onshore Wind = $(7,884,000 \times 0.15 \times €66.35) + (7,884,000 \times 66.35 - 66.35) + (7,884,000 \times 66.35 - [52+8]) = 16.3 \times 7,884,000 = \underline{\underline{€128,528,910}}$

This calculation uses the MWH price of €52.00 (plus €8 capacity payment) quoted in the CER decision on PSO levy 2009/2010 which can be found at

<http://www.cer.ie/GetAttachment.aspx?id=5f13c81a-52ad-4972-9446-5f8d78ca3979>

This document calculates that REFIT will cost €39,778,484 in 2009/2010 but this would be hugely increased if Offshore REFIT were in use

The proposed decision paper <http://www.cer.ie/GetAttachment.aspx?id=90fdded71-a01d-4b7b-aa42-7fff882bc892> has a table to calculate the PSO levy to collect a sum of €57,700,000.

3. A basic calculation using the table in <http://www.cer.ie/GetAttachment.aspx?id=90fded71-a01d-4b7b-aa42-7fff882bc892> which proposed to raise €57,700,000 for 2009/2010 reveals that 2,000MW of Offshore wind at 2009 prices would increase the PSO levy by a factor of 7.2 times the proposed level in that paper.

This would mean an increase in the annual charge of,

Domestic customer from €12.28 per annum to **€88.41 per annum**.

Small and Medium (business) profile €33.57 per annum to **€241.70 per annum**

Large (business) profile from €4.62 per KVA per annum to **€33.26 per KVA per annum**.

4. The local authorities will lose out on revenue each year, which on 2008 rates of approximately €8,000 per MW comes to a total of €16,000,000 per year.

The land owners would also lose out as they would receive a lease payment for the wind turbine site of approximately 3% of the turbine income. At €6,000 per MW (based on large wind REFIT price) this would mean a loss of €12,000,000 per year to land owners.

Wind turbine erected onshore generate employment for local people and companies during the construction phase (civil works, concrete supply, crane hire, catering for workers, etc) and ongoing maintenance when operational. Offshore windfarms are of negligible benefit to Irish construction or maintenance firms.

5. The renewable generators in Northern Ireland are paid for Renewable Obligation Certificates by the UK government which is an additional payment to the energy (plus capacity) payment. This means that they bid their electricity sale price substantially lower and still receive equal income (due to the ROC payment) to their counterpart renewable generators in the Republic. This is putting renewable generators in the Republic trading in the Single Electricity Market at a significant disadvantage as the NI renewable generators could conceivably pay the SEM to take electricity (a negative SMP is possible in the SEM) and still have an income from the ROCs.