

**Colin Broomfield
Utility Regulator
Queens House
14 Queen Street
Belfast
BT1 6ED**

**Clive Bowers
Commission for Energy Regulation
The Exchange
Belgard Square North
Tallaght
Dublin 24**

19 November 2010

Dear Colin and Clive,

**Re: SEM Committee Consultation on Acquisition of Premier Power Limited by
AES Corporation**

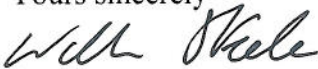
NIE Energy Supply (NIEES) welcomes the opportunity to respond to the recent consultation on the market power consequences of the purchase of Ballylumford Power Station by AES.

NIEES as one of the few non-vertically integrated suppliers is acutely conscious of the general lack of liquidity in the SEM related hedging market. As such we welcome any attempts by the SEM Committee to encourage the provision of contracts for difference (CfDs) and the development of an active hedging facility.

As illustrated by the analysis provided by the Regulatory Authorities, the purchase of Ballylumford Power Station coupled with the capacity of Kilroot does provide AES with a significant proportion of the market. NIEES believes that AES should be encouraged to offer CfDs and would ask the RAs to consider a joined up approach to the contracted and non-contracted volumes to improve the general liquidity and product flexibility available.

In the context of our hedging policy NIEES is anxious to discuss this matter further with NIAUR.

Yours sincerely

A handwritten signature in black ink, appearing to read 'William Steele'.

**William Steele
NIE Energy**