

Acquisition of Premier Power Limited by AES

Synergen's response to SEM-10-073

1 Introduction

This paper is Synergen's response to the consultation paper "*Acquisition of Premier Power Limited by AES*" published by the SEM regulatory authorities (RAs) in October 2010. Synergen has no objection to this response being published.

2 Comment

Synergen has considered the analysis presented by the RAs and has no comment on the analytical approach taken.

Regarding the issues raised by the RAs in Section 5 of the paper, Synergen does not believe that there would be any requirement for AES to be subject to additional market power mitigation measures. Specifically, Synergen does not believe that there is a requirement for local market power mitigation measures in the context of the existing BCoP provisions, MMU role, and the SEM design.

Although Synergen is a wholly owned subsidiary of ESB International Ltd. (ESBI), and the RAs have included it in ESBI's generation capacity for HHI calculations, it is subject to licence conditions which ring-fence it from ESBI's generation business as well as from ESBPG's generation businesses. Synergen regards this stringent ring-fencing as excessive now that the market in which it was originally licensed has been replaced by the present SEM competitive and regulatory structure with its range of market power mitigation measures.

Synergen is of the view that the conditions ring-fencing it from ESBI should be removed from its generation licence and that additional ring-fencing conditions are not required in the Ballylumford and Kilroot licences while the current market power mitigation measures are in place.