



The Consumer Council

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Ref: PD20010855

Jody O'Boyle
Utility Regulator
Queens House
14 Queen Street
BELFAST
BT1 6ER

Dear Jody,

Re: Fixed Cost of a Best New Entrant Peaking Plant & Capacity Requirement for the Calendar Year 2012

The Consumer Council is a Non-Departmental Public Body set up in legislation to safeguard the interests of all consumers, and particularly the vulnerable and disadvantaged. The Consumer Council is an independent organisation which operates to promote and protect the consumer interest.

We welcome the opportunity to respond to this consultation on the fixed cost of a best new entrant peaking plant and capacity requirement for the calendar year 2012.

It is the position of the Consumer Council that any decision about the regulatory structure of the Northern Ireland Energy Market should only be undertaken in the interest of the consumer. With fuel poverty levels at 44 per cent in Northern Ireland many households are struggling to adequately heat their home, it is important that the regulatory structures look to minimise the cost of energy to consumers.

Going forward, any decision on the future of fixed costs and capacity requirements must be based on the latest and most accurate information available to ensure that the consumer benefits from any decision.

The price determined as the annualised fixed costs of a BNE peaking plant should accurately reflect all island generation and therefore annual fixed costs

of renewable generators could distort the capacity payment mechanism (CPM).

The proposed BNE peaking plant for 2012 is again the Alstom GT13E2, firing on distillate fuel in Northern Ireland. The Consumer Council understands this BNE peaker represents the lowest annualized cost per kW and understands why it has been proposed. The Consumer Council would want the Regulatory Authorities to ensure that such a plant is consistent with the targets set out within DETI's Strategic Energy Framework and the target in the Northern Ireland Executive's Programme for Government to reduce greenhouse gas emissions by 25% by 2025 from 1990 levels.

We expect that the Utility Regulator undertake a robust analysis that will lead to the decision which is most beneficial to all consumers in Northern Ireland. Benefits for consumers will ultimately be realised through lower final bills.

Given the current economic conditions and in Northern Ireland the Republic of Ireland and throughout the United Kingdom it is important that demand forecasts are reviewed more regularly, until such times as the economy delivers more stable and predictable growth.

The Consumer Council would like to raise the following points for the Utility Regulator to consider:

- To keep in mind that its primary objective of any decision is to protect the Northern Ireland consumer;
- To consider how the targets for renewable energy within DETI's Strategic Energy Framework are likely to impact on the long term future of fossil fuel generating plants in Northern Ireland;
- To consider how emission limitations within the Large Combustion Plant Directive will affect costs;
- To consider how the planned north/south and east/west interconnectors, and any plans for further interconnection may impact on any analysis;

I hope that these comments are helpful and are given due consideration. Please contact me if you require any clarification.

Yours Sincerely,

Andrew Murray
Senior Consumer Affairs Officer