



9<sup>th</sup> March 2012

Kevin Hagan  
Commission for Energy Regulation  
The Exchange  
Belgard Square North  
Tallaght  
Dublin 24

*and*

Andrew McCorriston  
Northern Ireland Authority for Utility Regulation  
Queens House  
10-18 Queen Street  
Belfast BT1 6ED

Dear Kevin and Andrew,

Re: Contracts for Difference Option for Directed Contracts 2012-13

Airtricity welcomes the opportunity to comment on the proposal by the SEM Committee to either retain the annual auctioning of DC CfDs or to move to a rolling, quarterly auction timeline.

We have always maintained that greater frequency in the CfDs auctions, with options to hedge closer to delivery will be of significant benefit to managing suppliers' risks. This was a view we outlined in our response to the consultation on 2011/'12 Contracting Process, including PSO-related CfDs (SEM-11-020), which I attach for your convenience. While we obviously will prefer a mechanism as we suggested in that previous response, we welcome the opportunity to move to a more frequent process and hence at a minimum recommend that the quarterly auction timeline outlined in the current consultation be implemented.

Regarding the DC pricing regression formulae, we would like clarification as to why it could not be calculated and published quarterly. That would be our obvious preference. However, pending the clarification, if it indeed is impractical for more frequent calculations aligned with more frequent auctions, we will opt for it still to be calculated and published annually as currently the case. The alternative option of determining prices using Plexos modelling with no regression formulae, which would imply an inability for market participants to replicate the DC price, would be an even less suitable method.

Once again we wish to acknowledge the opportunity to comment on this matter.

Yours sincerely,

{sent by e-mail}  
Emeka Chukwureh  
Regulation

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