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Implementation of the European Target Model for the Single Electricity Market (SEM-12-105a)

Dear Philip & Jody,

As you are aware, the IBEC-CBI Joint Business Council Energy Stakeholder Working Group aims to provide a voice for business on energy issues consistent with economic co-operation and promotion of international competitiveness on the island of Ireland. In recent years, the Working Group has engaged in constructive interaction with EU institutions, Governments, Regulators and other relevant third parties on a range of energy policy issues. We welcome the opportunity to respond to the above consultation, and would like to complement the Project Team for their efforts to date. Rather than commenting on the technical issues at this point, we wish to offer some suggestions on the consultative process itself.

Firstly, as was previously stated in the JBC response to the SEM Committee Proposal for Implementation of the European Target Model for SEM (SEM-12-004), the assessment criteria underpinning the development of the Target Model should continue to take account of the following concerns:

- Any costs incurred with new market arrangements that comply with the Target Model must deliver tangible benefits to business and consumers on the Island.
- New market arrangements must not jeopardise our energy competitiveness, sustainability goals or energy supply security.
- New arrangements should not be unduly discriminatory between market participants in Ireland and the rest of the EU.
- The System Operator should not have discretionary power to impact the commercial position of market participants.
- Any transition to new market arrangements should be able to adapt to changing circumstances without requiring piecemeal alterations.



Secondly, we would reiterate that the technical complexity of the earlier phase of this project presented considerable challenges to the JBC Energy Stakeholders. We consider that the next phase of project work (which could involve consideration of issues such as the treatment of capacity payments, renewable generation, uplift payments and dispatch rules) has the potential to be equally challenging. We would therefore ask the project team to take steps to encourage a more active engagement, particularly by industrial energy users, at future stakeholder forums. We believe the additional effort in doing this would be more than justified by the likely benefits to all parties involved in implementing the eventual recommendations.

In conclusion, I would acknowledge that good progress is being made, and wish to confirm our intention of providing further assistance as appropriate to the Regulatory Authorities and/or the SEM Committee in promoting effective engagement, hopefully leading to a balanced and enduring outcome.

Yours sincerely,

Kirsty McManus
Assistant Regional Director, CBI