

SEM Committee
c/o Commission for Energy Regulation
The Exchange
Belgard Square North
Tallaght
Dublin 24

16th November 2012

By email to: jburke@cer.ie

Response to the "**Treatment of Curtailment in Tie-Break situations – Proposed Decision Paper**",
SEM-12-090

Dear SEM Committee members,

Vestas is the world's leading manufacturer of wind turbines. We see considerable potential in the Irish wind market. Realising that potential would bring economic benefit to the Irish economy in the form of construction and operation employment.

We consider that retrospective change to our existing customers' revenues sends a very damaging signal to potential future investors in the Irish electricity system. It is extremely difficult for companies to feel confident investing in a market if it not follow standard conventions on regulatory best practice. The avoidance of retrospective changes is a critical part of a stable market framework.

We welcome the opportunity to respond to the SEM Committee proposed decision paper on the *Treatment of Curtailment in Tie-Break situations*.

We support the IWEA response to this consultation and would like to reiterate that curtailment is a critical matter to be addressed to provide a stable policy framework to allow the industry on the island to move forward. We welcome the SEM Committee proposed decision that curtailment be allocated on a pro rata basis however we strongly oppose the proposal to reduce and remove the levels of compensation to generators for curtailment. Our concerns are primarily regarding the discriminatory nature of the proposal and the retrospective application of the changes, as well as determining one aspect of the future market design without considering the market in its entirety. Such a retrospective change would be very damaging to investor confidence and undermine any confidence in a stable policy framework.

We would also like to note that the proposed decision is in contradiction to the recent Material Harm decision which clearly set out a number of triggers to monitor material harm to the consumer. The proposed decision paper outlines a quantified impact that does not justify harm to the consumer.

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We support the position taken by IWEA on the proposed decision put forward and also continue to support the IWEA proposal to vary Option 3 (“Option 3b”) which was previously put forward. We believe this is a solution that represents an industry compromise position which importantly meets all of what we understand as the SEM Committee key objectives and strikes the right balance between addressing the curtailment issue and enabling the renewables industry advance in line with Government and EU policy and targets. We believe “Option 3b” as set out can be supported by the SEM Committee and the industry as well as importantly providing the least impact on the consumer.

In conclusion we would like to thank the SEM Committee for the opportunity to engage on this issue and to highlight the particular importance of this consultation given the significant implications it has for the viability of the wind sector.

Yours sincerely

Ken Fiddes

Vice President Sales
Vestas Celtic Wind Technology