

Attn: Karen Shiels

22<sup>nd</sup> May 2013

## **Consultation on the SEMO Revenue Requirement**

Dear Karen,

Electric Ireland welcomes the opportunity to comment on the Regulatory Authorities consultation covering the SEMO Revenue Requirement for the price control commencing 1 October 2013.

Electric Ireland notes the range of challenges that the RA's have evaluated and presented in terms of SEMO's submission and how this is now reflected in an adjusted proposed allowance for the 2013-2014 to 2015-2016 period. However we are concerned at the proposed OPEX increase of €2.109m (7.8%) from an actual Opex outturn in the current period of €26,989m (Table 6, pg. 19) to proposed costs of €29.098m in the next period (Table 21. Pg. 36).

Of particular concern is the scale of payroll increase. Table 15,pg 30 sets out the RA's 3 year proposed costs of €14.913m for payroll (excluding pensions and contract staff) against an estimated actuals outcome of €13.408m, a difference of €1.505m (11.2%). There is no breakdown or explanation of this difference into its constituent figures, except for an analysis of an increased headcount of 9 for the same period (from 55 to 64).

The difference in costs is significant at a time when Electric Ireland would have expected a drop in payroll costs, in line with trends in the wider economy and in consideration of its impact on prices to final residential and business customers. Mindful of this Electric Ireland would welcome further comment from the Regulatory Authorities on the justification for the proposed increase in Payroll costs for SEMO.

Regards,

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