

Jean Pierre Miura,
Utility Regulator
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Philip Newsome,
Commission for Energy Regulation,
The Exchange,
Belgard Square North,
Tallaght,
Dublin 24.

25th July 2014

By email to: jeanpierre.miura@uregni.gov.uk and pnewsome@cer.ie.

Re: Response to the "Integrated Single Electricity Market (I-SEM) High Level Design for Ireland and Northern Ireland from 2016 Draft Decision Paper", SEM-14-045

Dear Jean Pierre and Philip,

The Irish Infrastructure Fund, which is funded by the Irish Strategic Investment Fund (ISIF) and some of Ireland's largest pension schemes, has invested in 104MW of wind generation capacity on the island of Ireland, via our majority ownership and control of Eco Wind Power Ltd and IIF Cyclone NI Holdco Ltd, which operate 10 wind farms on the island. We are alarmed at the capacity remuneration mechanism (CRM) proposal in particular and share the concerns of IWEA as outlined below and would urge you to respond positively.

We note that this is the most important consultation for the industry in recent times and will have a significant impact on the future of the electricity system in Ireland. As an industry we are in the process of an energy transition, which is set to continue into the future, to an energy system with increased levels of renewable generation. **It is essential that the market design is fit for purpose for a market which will have 40% of electricity produced from renewables (primarily wind) in 2020, and that the suitability of the market for the trading of electricity from wind energy is given appropriate consideration from day one.** A long-term stable market which encourages investment and appropriately reflects costs is needed.

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The IWEA response to this proposed decision highlights the areas of the proposed decision of which the wind industry are supportive as well as highlighting where changes are required to ensure an appropriate market framework for wind energy into the future.

IWEA have restated their preference for a long term price based capacity remuneration mechanism, and highlighted concerns around the proposed reliability options, noting that any design principle of a CRM needs to ensure that wind generation receives fair payment for its capacity credit contribution to system security.

On the basis of legal advice, IWEA is of the view that if the Proposed CRM were to be adopted, there is a potential for it be challenged legally on grounds that participants in the wind sector have a legitimate expectation of receiving remuneration payments under the Current CRM. We would further argue that the Proposed CRM discriminates against participants in the wind sector in contravention of overarching European policy aims of preventing discrimination against renewables in the I-SEM, on the basis of a lack of cost-reflectiveness and that there could also be disproportionate interference with property rights contrary to Article 1.

IWEA has also presented a number of further considerations for the SEM Committee with reference to the renewable energy targets, the requirements under the RES Directive, and the need for a market that is accessible, transparent and fair for all generators.

It is essential that a detailed project plan is provided by the SEM Committee which gives information in relation to the different workstreams which need to be brought forward and the timeframes associated with them. This should be published without delay.

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

**sent by email, requires no signature*

Neil Clifford

Fund Manager of Irish Infrastructure Fund

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