

BEAM WIND LTD.

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Philip Newsome
Commission for Energy Regulation
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Submission on:

**Integrated Single Electricity Market (I-SEM)
High Level Design for Ireland and Northern Ireland from 2016
Draft Decision Paper
SEM-14-045
9 June 2014**

24th July 2014

Dear Mr Newsome, Dear Mr Miura,

Beam Wind Ltd welcomes the opportunity to respond to the recent consultation on the draft decision paper for the High Level Design of the I-SEM.

Beam Wind, which is owned by a small group of shareholders, operates a 14 MW windfarm outside Buncrana, Co. Donegal. The windfarm is now **out-of-support** and is extremely concerned about its financial viability in the new proposed I-SEM market. It currently has a short term Power Purchase Agreement with a Supply company, but only until 31.12.2016. The Supply company is not prepared to even consider offering a PPA beyond that date until the design of the I-SEM market is in place.

Beam Wind will also like to refute the assumption that Out-of-support generators has paid off their loans and therefore can accept a low price for their electricity. Beam wind currently has operating cost of € 800,000; which – should the new rates proposed by the Valuation Office be introduced throughout the country, rates alone will increase from € 100,000 a year to € 250,000 – € 300,000 a year, bringing the operating cost to € 1,050,000 - € 1,100,000. Also as the turbines gets older more money has to be spent on repair and maintenance and one or two major components failures a year, could wipe out any profit, if average price paid to Out-of-Support independent generators goes as low as 4 - 5 eurocent. Major components failures (gearbox, generator, blades) will happen and it will not be financial viable for the windfarm to continue to operate in those circumstances.

Whereas Beam welcomes the proposal to put an Aggregator in place for Independent wind generators, we are extremely worried about the cost of same and how large the 'pool' might be, as all existing and new REFIT generators will be in a long term Power Purchase Contract with a Supply company and De-Minimis, if continued as they are, will not be trading in the market. It is assumed that the utility owned Out-of-Support generators will be traded in the market by the parent company. It is impossible for a small company, such as Beam to trade in the market itself. The cost of setting up trading would be more than the gross income of the windfarm. Beam sees its only route to the market via a Intermediary arrangement with a Supply Company, in the same manner as is currently operated and also in the manner all REFIT PPA are currently operated, whether they are owned by a utility or not.

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It is therefore essential that the concept of Intermediaries remains in the new market design.

At the same time there should be transparency in relation to the revenues earned by the intermediary on behalf of the generator so that the generator can ensure they are getting a fair price for their generation and are being treated similarly to other generators being represented by the intermediary. We believe this is facilitated by the gross generation trading in all timeframes, with each wind generator or a user-defined portfolio of generators attributed to a single trading unit.

Yours sincerely,

Inge Buckley