



**RETAIL TARIFFS 2010/11
FOURTH UPDATE ON ESBCS/NIEES HEDGING & WORKPLANS**

Information Note

27th August 2010

1 Introduction

On 10th May the Commission for Energy Regulation (CER) and the Utility Regulator (UR) published the 2010 Retail Tariff Timetable¹, setting out the key milestones in the regulated retail tariff setting process for the SEM.

This note provides the hedging information that the Regulatory Authorities (RAs) committed to providing in the Retail Tariff Timetable paper, and also provides an update on the progress of items set out in the tariff timetable.

2 Hedging Update

The RAs consider that transparency represents a key founding principle for any effective competitive market and the tariff timetable paper committed to publishing five contracting updates for the regulated suppliers ESB Customer Supply (ESBCS) and NIE Energy Supply (NIEES). This information note is the fourth of the five updates and sets out the forecast demand and hedges purchased for the contracting period up to and including 19th August for regulated tariffs in Northern Ireland and in the Republic of Ireland (only domestic tariffs are regulated in ROI).

Table 1 below shows the total forecast demand and hedges purchased up to and including the 19th August by both ESBCS and NIEES for each quarter of the 2010/11 tariff year as well as any hedges purchased for beyond the tariff year if relevant. The total percentage hedged cover represents the total hedges purchased for the year as a percentage over the total anticipated forecast demand.

Total Demand & Hedged Volumes (GWh) 2010/11				
Time Period	ESBCS		NIEES	
	Forecast Demand	Hedges Purchased	Forecast Demand ²	Hedges Purchased
Q4 2010	1,691	64%	1,151	65%
Q1 2011	1,615	70%	1,160	75%
Q2 2011	1,294	56%	845	50%
Q3 2011	1,201	50% ³	787	60%
Total - 2010/11	5,801	61%	3,943	64%
2011/12		0		0

Table 1- Aggregated Demand & Hedge Volumes Purchased up to 19th August 2010

¹Retail Tariff Timetable 2010-Information Note [CER10070](#)

² The demand forecast represents NIEES' current best estimate of the trading point demand relating to regulated customers. The demand forecast has been updated to reflect a level of domestic competition and now assumes no further deregulation from October 2010.

³ ESBCS have purchased hedges amounting to 53.1% of forecast demand for Q3 2011, however in line with the CER's decision on Revenue Regulation Framework ([CER10067](#)) only 50% are eligible for inclusion in the 2010/11 MAR

3 CER & UR Tariff Timetable 2010 – First Update.

Table 2 below provides an update on the progress of items outlined in the retail tariff timetable.

Retail Tariff Timetable 2010		
Contracting in the SEM	Date	
Non-Directed Contract Auctions (Multilateral Trading Facility)	Ongoing ⁴	
PSO Auctions – Annual Products	Completed	
PSO Auctions – Bi-Annual Products	4 th , 10 th & 17 th August ⁵ 1 st , 8 th & 15 th February	
PSO Auctions – Quarterly Products	2 nd & 14 th Sept'10, 2 nd & 14 th Dec'10, 1 st & 15 th Mar'11, 2 nd & 14 th June'11	
Directed Contract Auctions	Completed	
Supplemental Directed Contract Auctions	Completed	
ROI Tariff Inputs		
CER publications	Consultation Date	Decision Date
ESBCS Allowed Revenue	Closes 10 th September'10	Sept'10
PSO Levy	Consultation completed	30 th July'10
Transmission Use of System Charges (incl. Capacity Margin Charge)	N/A	5 th July'10
Distribution Use of System Charges (incl. DLAFs)	N/A	5 th July'10
SEM publications	Consultation Date	Decision Date
Market Operator Charges	6 th August'10	Wk Commencing 6th Sept
Imperfections Charges	Consultation completed	13 th August
Capacity Charges	Consultation completed	6 th August
ESBCS submit proposed 2010/11 tariffs	Completed	
ROI Retail Tariffs Published	Friday 1 st Sept '10	
New ROI Retail Tariffs come into effect	Friday 1 st October '10	

⁴ Contracts for Differences in the SEM - An information note has been published on the AIP website providing more specific details on NDC Auctions for 2010/11 – www.allislandproject.org

⁵ See - Contracts for Differences in the SEM - An Information Paper – [SEM-10-047](#)

NI Tariff Inputs		
UR publications	Consultation Date	Decision Date
DUoS Tariffs:	N/A	Wk Commencing 2nd Aug
Supplier TUoS Tariffs:	N/A	Wk Commencing 2nd Aug
PSO Tariffs:	N/A	Wk Commencing 2nd Aug
SSS Tariffs:	N/A	Wk Commencing 2nd Aug
SEM publications	Consultation Date	Decision Date
Market Operator Charges	Beg August '10	Wk Commencing 6th Sept
Imperfections Charges	Consultation completed	13 th August
Capacity Charges	Consultation completed	6 th August
NIEES Submits Draft Tariffs for Approval	Completed	
UR Approves NIEES Tariffs	Wk Commencing 30 th Aug	
NIEES Retail Tariffs Published	Wk Commencing 6 th Sept	
New Retail tariffs come into effect	Friday 1 st October	

Table 2-Fourth Update on Retail Tariff Timetable

4 Next Steps

The fifth hedging and timetable update is due to be published on **Friday 24th September**.