

Billy Walker & Kevin O'Neill,
Electricity Directorate,
Queens House,
14 Queen Street,
Belfast,
BT1 6ED

March 4th 2011

Re: SONI Price Control 2010-2015

Dear Sirs,

ESB Wind Development (ESBWD) welcomes the opportunity to respond to the "SONI Price Control" consultation. ESBWD is one of the leading developers of onshore wind generation on the island of Ireland with over 200MW currently installed. The role of SONI in the operation and dispatch of the transmission system in Northern Ireland (NI) is therefore of critical importance to our business.

The level of wind generation on the system in NI is set to rise to meet the Government's target of 40% electricity from renewables sources by 2020. This increase in variable intermittent renewable generation will lead to significant challenges for SONI in their management of the system. It is imperative that SONI has a sufficient level of resources to ensure that they continue to be well positioned to meet these challenges. Access to skilled and highly trained staff, appropriate IT systems and analytic tools as well as the necessary communications systems and other equipment will all be required in order to achieve this. It is important that these requirements are recognised when setting SONI allowed revenues for this period.

In relation to the resources required to meet the challenges caused by the increasing penetration of renewables, it is possible that synergies could be achieved through further collaboration and knowledge sharing with Eirgrid. Every effort should be made by SONI and Eirgrid to ensure that this cooperation achieves the maximum benefits.

ESBWD are pleased that the Regulator is proposing to introduce incentive payments into the price control mechanism. We consider that incentives could play an important role in facilitating the achievement of the renewable targets for NI. However, as currently proposed the incentives do not fully capture the opportunity to do this. ESBWD propose the inclusion of additional incentives, which are detailed below:

- Issuance of connection and use-of-system offers:
Although the Regulator is opposed to including these in the incentives mechanism, since they are licence requirements for SONI, ESBWD consider that the offer issuance process could benefit from incentivisation. Payments could be made if offers were delivered earlier than required, and similarly penalties issued to SONI for late delivery.
- Minimisation of curtailment
A large issue for the renewable generation sector is the level of curtailment that they will face into the future. SONI should be incentivised to minimise this curtailment insofar as possible. This would ensure that the Government 2020 target is achieved with the minimum requirement for installed renewable capacity, and therefore minimum cost. It would also ensure that the requirement for renewable generation to receive priority dispatch, as per the 2009 EU Renewable Energy Directive, is delivered.
- Innovation in system operations
SONI have included a proposal in their discussion framework document relating to innovation in the operation of the network. ESBWD consider that such a proposal is of great merit and deserves to be included in the incentives mechanism. Innovative measures will have the benefit of ultimately reducing costs to customers by using the system in as efficient method as possible, while also enabling SONI pioneer world class advances and improvements in system operations.

Finally ESBWD would like to note our input to, and support for, the consultation response by the Northern Ireland Renewable Industry Group (NIRIG) on behalf of the wider industry.

Yours sincerely,

A handwritten signature in black ink that reads "Gary Connolly". The signature is written in a cursive, slightly slanted style.

Gary Connolly
NI Development Manager

By email