



20 January 2010

Elena Ardines
Strategy Branch
The Utility Regulator
Queen's House
14 Queen Street
Belfast
BT1 6ED

Re. NIAUR Forward Work Programme 2010/11

Dear Elena

EirGrid wishes to thank the Authority for the opportunity to comment on its Forward Work Programme for 2010/11. This is the first work programme published since the completion early in 2009 of the acquisition by EirGrid of SONI Ltd, the licensed transmission system operator and market operator in Northern Ireland. This gives EirGrid an all island presence as both transmission system operator and market operator in both jurisdictions. EirGrid now has ongoing engagement and interaction with the Authority in different regards in respect of each of its four licensed businesses.

The Scope of the Programme

The extent and scope of the work programme outlined indicates another busy year lies ahead. Within electricity significant policy decisions, a number on an all island basis, are expected in the areas of Locational Signals (ref. 54), Scheduling, Dispatch and Access, and on the decision whether or not to seek cancellation of the GUAs (ref. 49); work will also advance in relation to the medium term review of the Capacity Payments Mechanism (ref. 55) and discussions will commence on the longer term grid development in Northern Ireland and its financing (ref. 61). The coming year will also see the introduction by the Authority of new price controls for both of SONI's licensed businesses (refs. 6&8). Discussions are already underway in relation to the timetabling of this work, however, we would urge this be finalised as soon as practicable to ensure the necessary time exists for a full consideration of the issues prior to the making of determinations and their reflection in revised tariffs for 1 October 2010. This timetabling needs also to take into account the different statutory and licensing arrangements pertaining to the EirGrid and SONI Market Operator licensees which have to date been regulated under a single SEMO revenue control.

Wider Considerations

The finalisation of the DETI Strategic Energy Framework will provide policy direction in the sphere of energy for the forthcoming period. In addition the recent adoption of the European third package, and Northern Ireland's response to it, will both shape and define the industry going forward. The Authority's engagement with both of these is of significant import: the

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development of the strategic vision and shape of the sector should be foremost and not be caught up in the maelstrom of day to day decisions.

The Authority's establishment of a cross directorate programme on price controls represents just such a broader perspective and is welcome. While, recognising that each sector is different, and that Northern Ireland has its own peculiar characteristics, this will allow the Authority to consider best practice including any applicability of the outcomes of Ofgem's review of RPI-X@20, the Cave review on water and DEFRA's response to it. It will also provide for timely consideration and putting in place arrangements of both anticipatory investment and financeability for grid investment programmes which will be necessary to meet our renewables ambitions. We look forward to engaging and assisting the Authority in its thinking as it advances this important project.

An All island Framework

Much of the policy debate in electricity is now conducted on an all island basis and thus close co-operation with CER and harmonisation of work programmes with the SEM Committee is desirable. We understand from the open session discussions in December that the SEM Committee will publish a work programme in January; indeed EirGrid has held back this response in anticipation, or hope, of having sight of the SEM Committee's programme before responding. While we are sure the necessary arrangements are in place to deliver close regulatory co-operation it is also useful for participants and other stakeholders to have sight of the overall regulatory work programme for the period. As we understand the NIAUR FWP to be a statutory requirement, and therefore the timetable to be dictated by that requirement, we would urge the Authority to engage with the SEM Committee to bring forward the publication of that body's work programme to before the start of the year to provide such overlap and opportunity to comment on a holistic basis.

Greater Visibility and Prioritisation

The work programme represents a considerable body of work. Within this we believe it would be useful that the Authority consider both timely implementation and prioritisation in determining which initiatives should be advanced and at what pace. In the first instance visibility in the progression of the programme could be aided through an indication of when issues were likely to be progressed, an advance consultation timetable, and some after the event reporting on elements advanced, or achieved.

Summary

In summary, however, we believe the work programme is both well laid out and comprehensive. We hope, however, the observations above will aid the Authority both in its finalisation of the current programme and in its development for future years. We look forward to ongoing engagement with the Authority during 2010/11.

Yours sincerely

Bill Thompson
Regulatory Affairs
EirGrid plc.

cc. Iain Osborne, NIAUR
Shane Lynch, NIAUR
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