

Our ref. T4965rfmh

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

18 January 2013

Dear Elena,

Consultation on the Draft Forward Work Programme for 2013/14

I write in response to the consultation on the Utility Regulator's draft forward work programme for 2013/14 and in general terms, the activities listed in section 7 cover those PPB would expect. We comment below on a few of the projects identified in the consultation paper and we also identify a few projects that we consider should be included within the Forward Work Programme for 2013/14.

Comments on specific projects

PPB considers the regional integration project (*Ref 13*) will be the most significant project for 2013/14 and the development of the project through the year will form the foundation and have impacts for consumers and the industry over the next decade. It is therefore essential that adequate resources are applied to this project. We would also note that we consider the strategic theme/objective is more than the Harmonisation of Energy Markets and properly extends to Competition and Sustainability (since any redesigned wholesale market must adequately remunerate generation otherwise investment will not happen creating risks for security of supply).

The project (*Ref 19*) relating to establishing arrangements for payments to generators if a security event occurs has two strands rather than the one outlined. One relates to the establishment of a coherent Fuel Security Code that provides the framework for managing the electricity system during Fuel Security Periods declared by DETI. The second strand relates to the development of Fuel Switching

Agreements that address payments to generators following fuel switching employed to manage more operational gas constraints.

The scope of work for the project (Ref 40) to consider new support mechanisms for renewables appears to be too narrow. The Energy Market Reforms are significant and new legislation will be introduced to enable revenues to be collected from Suppliers to fund FIT CfDs and this will impact on Suppliers and electricity consumers in Northern Ireland. It is not clear how this legislation will be enacted it is likely to have some interaction with existing electricity licences.

Other projects to be included

We are surprised that there is no mention of any project related to the DS3 workstream that is seeking to identify how the electricity network can accommodate high levels of penetration of intermittent renewable generation which has implications for the Ancillary Service arrangements and possibly also the Grid Code.

We also consider there needs to be a project that considers the relationship between the operation of the gas market and the electricity market. It is becoming increasingly clear that these markets are moving in different directions, yet if more flexibility is required in the electricity market to facilitate higher levels of renewable generation, this is heavily dependent on the gas market also being able to operate flexibly. There is therefore a need to collaborate across these markets to ensure coherent development and integrated market evolution.

I am happy to discuss these comments further if that would be helpful.

Yours sincerely,



Roy Foreman

General Manager, Power Procurement Business