

Bord Gáis Energy Supply

Bord Gáis Energy Supply welcomes the opportunity to comment on the 'Renewable Electricity – A 2020 Vision' Consultation Document jointly issued by the Department of Communications, Marine and Natural Resources in the Republic of Ireland and the Department of Enterprise, Trade and Investment in Northern Ireland, in July 2005. The Electricity Division of Bord Gáis Energy Supply has considered the paper and has prepared the following in response. Views expressed herein therefore represent those of Bord Gáis Eireann (Electricity).

Bord Gáis entered the Republic of Ireland electricity market as an Independent Supplier during 2001. In 2004, we commenced trading in the Northern Ireland market. That same year we also received our 'Green Supplier' license in the Republic of Ireland.

Bord Gáis Energy Supply (BGES) would like to congratulate the 2020 Renewable Electricity Project Team for issuing a well thought out and comprehensive consultation document. BGES fully supports the development of the Renewables Electricity sector on the island of Ireland. Our views and comments, as follows, are broadly based on our experience from the current electricity markets in which we operate as a non-vertically integrated Independent Supplier.

What are the implications for electricity grid management and infrastructure investment and how should the costs of this be apportioned?

The costs associated with inefficient (from a grid management perspective) are in general paid for by consumers. Therefore, in order to keep the costs at an efficient level, it is extremely important that required generation be placed at cost-effective sites. System Operators are best placed to analyse what generation is appropriate and where. The system operators regularly issue Transmission Forecast Statements and Generation Adequacy reports which highlight the current and future areas for potential generation opportunities. Generation which is located at inefficient grid sites should make higher contributions towards system costs.

What are the drivers for RES-E policy?

The immediate driver for RES-E policy should obviously centre on the European Union target of achieving 13.2% of our electricity requirements from renewable generation by 2010. However, future drivers must take account of the total amount of renewable generation which can be facilitated on the system without compromising system security for customers and/or incurring excess or unnecessary costs which the consumer must cover.

How should RES-E policy interact with other government policies (e.g. waste, agriculture, environment etc)

In order for policy objectives to be effective and provide value-for-money, RES-E policies should co-ordinate with and correspond to other initiatives in related areas, in so much as it is possible. Renewable generation is not an industry which should operate in isolation. It should form part of a broader environmental brief.

Are there areas of RES-E policy that should be considered on an all-island basis? Why?

Any two different jurisdictions which operate under separate policies and development practises will have the potential of producing arbitrage opportunities, which serves only to increase production/consumption in one jurisdiction at the expense of the other. This can be currently seen in the case of large-scale hydro generated electricity which qualifies as 'green' electricity in the Republic of Ireland but does not qualify in Great Britain. This makes the transfer of large-scale hydro electricity across the Moyle Interconnector more profitable for the Generators/Suppliers and can in turn increase costs for other Interconnector Users.

To what degree are RES-E policies currently aligned – North and South?

There is currently little to no alignment of policies between Northern and Southern Ireland. While the number of primary support initiatives in Northern Ireland may appear to outnumber those in the Republic of Ireland initiatives, the conversion rate to actual renewable generation may not correspond accordingly. While the Renewables Obligation initiative in Northern Ireland is a relatively new initiative (which currently obligates 2.5% of each Suppliers demand be met by renewable generation, collectively about 200GWh annually), the Renewables Output Factor initiative is effectively closed since the 20% excess purchase has been increased to 60% for new ROF customers from March 2005.

Suppliers in the Republic of Ireland also benefit from robust secondary support mechanisms with the current balancing regime in place and unlimited access to Top-Up 1 for imbalance purchase requirements which costs approx. 30% less than Top-Up 2. The recently announced AER VII is also beneficial to green suppliers.

It is essential that the balancing mechanism applied to wind energy in the SEM is product friendly e.g. consistent with Top-Up 1 mechanism in the existing Republic of Ireland market or the existing ROF principle.

What effects will interconnection (North-South & East-West) have on RES-E, and how should it be operated and regulated?

How an Interconnector is operated or regulated will have a direct impact on the effects that increased Interconnection will have on RES-E going forward. It is often assumed that better interconnection augers well for wind – or any intermittent - generation as it can be used to back up the system when it is required. This is generally only the case however if the System Operators has real time access to short notice generation and Interconnector access. This can lead to inefficient use of the Interconnector which may incur additional costs for consumers.

What type of RES – E plant should be promoted through appropriate financial, regulatory and/or planning policies?

Renewable Electricity Generation should be considerate of the development of non-intermittent generation. It is important that a mix of renewable technologies is encouraged. Excess intermittent generation results can lead to unnecessary consumer costs in providing back-up capacity.