

Subject: Comments on The Green Paper  
Author: John Fingleton, Combined Heat & Power Developer  
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The Green Paper has effectively addressed many of the issues affecting Energy in Ireland. However, I believe the paper could be strengthened significantly by including the recommendations of the CHP Policy Group.

The Green Paper has only a limited reference to Combined Heat & Power (CHP).

The final report of the CHP Policy Group in February 2006 states that the “High Scenario” has the potential to install 830MW of CHP in Ireland by 2010 which would reduce CO<sub>2</sub> emissions by approx. 2,000,000 tonne/annum.

The CHP Policy Group was established by the Government in March 2004 to advise on appropriate future policy options, targets and support measures for combined heat and power. The Group was comprised of representatives of stakeholders and consulted the main players in the market during its work.

There are numerous stakeholders in CHP including the Government, Regulator, Electricity and Gas industries, CHP developers, users, planners, banks and of course the public.

The report lists the benefits of CHP which includes; increased reliability of supply, reduced emissions, increased energy efficiency and reduced load on the electricity network.

The report recommends a price support mechanism of 1.0c/kWh and estimates that this level of support will achieve 830MW of installed capacity. The report estimates this has an NPV of €16.1m to the nation (page vi of Executive Summary).

### **Recommendation**

The recommendation of the CHP Policy Group should be included in the “White” Paper on “Energy Future for Ireland” and funding should be provided to finance the recommendations.

The support mechanisms could be implemented in a similar manner to the REFIT Scheme of 2006 for renewables and biomass CHP.

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### **Attitude of ESB to CHP**

Prior to the opening of the market the ESB were very positive and supportive of CHP however this positive attitude has changed dramatically and it appears that the ESB are now unfairly using their dominant position to suppress competitors and they seem to view CHP as competition.

The nett result is that the ESB is so discouraging of CHP that only 2 new CHP facilities have been installed in the last four years.

Examples of this negative discrimination are:

### **Termination of AER Contracts**

The AER Schemes were introduced by ESB/DCMNR in 1994 as a means of supporting CHP and renewables.

Since 2001 the cost of gas has increased significantly. There are instances where the price available under AER contracts is less than the cost of production. There are contracts where no electricity has been delivered for over 12 months. The operators of these facilities can operate the facilities profitably if they were to sell into the market which reflects the increase in gas prices.

The operators have requested termination of the AER contracts. The ESB have consistently refused to terminate citing "legal constraints".

The nett effect of the ESB dominance is that they are refusing to terminate a contract where they are getting no electricity and preventing a CHP operator from supplying environmentally friendly electricity into the grid at a competitive price and making a profit.

### **Recommendation**

The ESB should be directed to terminate AER contracts if the generator so wishes.

### **Connections to New CHP Facilities**

In the last three years our company, Fingleton White & Co. Ltd., have experienced a series of obstacles being raised by ESB for connection of CHP facilities which in some instances required a determination by the CER. Even with the CER determination it appears that the ESB are deliberately frustrating the CER determination by raising of issues which have already been clarified.

### **Recommendation**

The ESB should be directed to treat CHP connections in the same way as a capacity change to an existing consumer connection.