

banks). If a competent trader has been selected, there is no certainty that the balancing costs can be managed to acceptable levels.

In general, the proposed decision has made three mistakes:

1. It has made a change to REFIT which was unnecessary from a market performance point of view, and has undermined the principle of the guarantee of revenue under the REFIT scheme – a principle on which billions of euro of capital investment has relied;
2. It has made no assessment as to the viability of the intraday market to allow people to manage that resulting cost risk, and are apparently unaware that the traders which manage the risk can maintain their own margins while passing all costs down to the generator. The generator who bears the cost might contractually be powerless to incentivise the supplier to manage it; and
3. The department's unwillingness to make modifications and change the nature of how generators can choose their traders (i.e. change REFIT supplier) shows that while the DCCAE has lofty pronouncements about incentivising appropriate behaviour of generators, it cannot be bothered to support the industry with some administration so that a generator can choose a trader that will best reduce these costs and meet the DCCAE's ambitions. If the DCCAE and CRU genuinely believed that REFIT will cause particular inefficiency in the ISEM, they could at least come up with a workable way for generators to choose the best trader.

It is difficult to assess these facts and come to any other conclusion that the DCCAE want to break its promises to the investment and developer community, and simply claw back on their financial commitments.

Ideally, ART wants:

1. No change or erosion to the REFIT guarantee. Wind generators are willing to adhere to a REFIT trading code of practice to ensure that sensible traded positions are taken; and
2. Failing that, some creativity and consideration to be given to implementing a process to allow generators to change REFIT supplier more readily.

I trust that you will consider the points raised in this letter.

Yours faithfully


 (Director)