



**Public Consultation on Electricity Support Schemes**

*Transitioning to I-SEM Arrangements*

Electricity Policy Division, DCCAE  
29-31 Adelaide Road  
Dublin, D02 X285

Submitted by Email: ISEM\_ESS@dccae.gov.ie

11 January 2018

**Re: Coillte Land Solutions Consultation Response**

Dear Sir/Madam,

We refer to the above matter and set out below Coillte's response to this important Consultation.

Coillte has played a signature role in enabling Ireland's ongoing transition to a lower carbon electricity market, both through our role as facilitators of third party renewable developments on our lands, and more recently under REFIT 2 through the successful delivery of our own significant infrastructure programme in onshore wind deploying Coillte technical capabilities, land, capital and human resources. The most tangible representation of this programme is four commissioned and operating onshore wind projects totalling 240MW (including the largest on-shore wind farm in Ireland), each of which is owned 50% by Coillte.

Coillte's decision to invest in each of the now operating projects was based on a business case underpinned by the revenue and returns certainty provided via the REFIT scheme's 15 year minimum price guarantee. In addition to Coillte and its partners' equity investments, this minimum price guarantee also underpins c.€350 million in project financing secured from a range of both Irish and European Banking institutions. Given that the outcome of prior project investments is linked to the evaluation of future project investments, the importance of certainty and stability is further underscored. Specifically, the current expectation is that once projects are finally financed and constructed, the underlying regulatory support scheme remains intact for the duration of the scheme's committed period. This assumption represents a very strong signal to the wider market.

It is in this context, and while noting our recognition of the transition to iSEM and the resulting emphasis on balance responsibility, that Coillte is now very concerned by the suggested imposition of variable, unquantified balancing costs and the introduction of basis risk as proposed in the Blended Approach (Option B) referred to in the Consultation document. We believe that such an approach will have far reaching implications, not just for current operating and near term development assets, but critically in terms of broader investor sentiment towards Ireland's policy environment. It is also likely such approach would negatively impact the capacity of the sector to deliver on Ireland's decarbonisation ambition towards 2030.

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# COILLTE

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We limit our reply below to 'Proposed Decision 1' as set out in Section 5 of the Consultation Document:

- **Proposed Decision 1:** It is Coillte's view that Option C (*compensation for average balancing costs*) would be the strongest mechanism to engender balance responsibility across the market, limit possible distortive effects triggered by Option B, while also minimising the extent of changes to policy which had underpinned prior investment decisions. We note and support the IWEA submission in this regard.

We would be happy to support DCCAE in its further deliberations on this matter, and are of course available to answer any queries which arise in the context of our response above.

Yours sincerely

[submitted by e-mail; no signature]

MD, Coillte Land Solutions

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