

Response to CER/15/110
Proposed Decision Paper on Public Service
Obligation Levy for 2015/2016

For the attention of:

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Introduction

Kore Energy provides energy procurement and energy price risk management services to a significant number of large energy users in Ireland and currently manages circa 2,700 GWh of electricity on behalf of large electricity users. Our clients include 5 of the country's top ten energy users and global leaders in the pharmaceutical, IT and Food sectors.

Disproportionate contribution towards PSO levy by some large energy users

Based on the proposed 2015/2016 PSO levy amount of €304,829,258 and the forecast total energy requirement for the Republic of Ireland for 2016, at 27,449,000 MWh (ref SEM-15-032, published May 2015), the allocation of the PSO cost on a usage basis would result in a cost of €11.11/MWh or 1.111 c/kWh.

We note that the large profile sector is forecast to pay for 51.15% of the total PSO levy and that this allocation is based on the peak demand for that sector in kVA. The charge is then allocated within that sector based on a customer's Maximum Import Capacity (MIC) in kVA.

Kore Energy represents a small number of very large users in the Irish market who have recently increased their MIC, or are planning on increasing their MIC, in advance of plant expansions and planned increases in electricity volumes. Those large energy users will pay a disproportionately high contribution towards the PSO levy, until such time as their sites ramp up to demand levels that are reflective of their increased MIC. These energy users accept that the cost of the higher MIC must be paid for in the form of higher Transmission charges. However, the method of allocating the PSO levy based on contracted MIC places an onerous cost burden on these users. In order to address this, we request that the Commission would consider allocating the PSO levy within the Large Profile sector based on peak monthly demand in MW or on a unit cost basis.

We look forward to hearing from you in due course.

End.