

**Comments on the Proposed Direction by Commission for Energy Regulation  
(CER/03/167) Network Use of System Charges for CHP Generators and  
Autoproducers: Irish CHP Association Response**

**General**

The Irish CHP Association welcomes the Proposed Direction on the Network Use of System Charges for CHP Generators and Autoproducers (CER/03/167) to clarify the definition of an Autoproducer. The definition needs further amendments to adequately define an autoproducer from a CHP view point and to the manner in which Autoproducers are to be treated in the Network Use of System Charges.

**Definition of an Autoproducer**

The extension to the definition of an Autoproducer to include *“a person, on whose behalf and under contract to whom another person generates electricity on or in that Single Premises,”* is welcomed and will clear up confusion about certain sites being defined as Autoproducers.

ICHPA suggests that the definition should be expanded to include sites that use the majority of its installed capacity and the definition should be expanded to “the majority for its own use”. Any CHP site should be viewed its on annual volume consumed rather than its instantaneous capacity and the volume exported could be more than the volume imported.

**Treatment of CHP Generators under the Proposed Directive**

The intention of the proposed directive is clear in its support of CHP generation, however there are some sites that are genuine CHP Autoproducers but are not eligible according to the definition.

As it stands the definition of an Autoproducer is a site that generates electricity for its own use but this site will only receive the benefit of the status if it has a MEC which is greater than its MIC and less than 10MW, as a result of this there are CHP sites who by definition

are Autoproducers but do not receive the concessions under the Network Use of System Charges that they should be entitled to.

The following example illustrates this point.

MIC	MEC	Installed CHP Capacity	Site Consumption	Site Generation	Grid Exports	Grid Imports
13.7 MW	7.5 MW	10.0 MW	60 GWh	75 GWh	18 GWh	3 GWh

Under the current definition the above site, the Glanbia plant at Ballyragget, has to pay full UoS and PSO levy although only 5% of its electricity is imported from the National Grid.

Therefore, ICHPA believes that the concessions under the **National Grid Use of System Charges** should be limited to Autoproducers who;

- a) Utilise CHP or renewable energy generation,  
and
- b) Site generation > Grid Imports  
and
- c) meet one of the following criteria;
  - i) MEC > MIC,  
or
  - ii) Installed CHP Capacity > MIC,  
or
  - iii) Site usage > Grid Exports.

This ICHPA believes that this will utilise the directive to its full potential by facilitating all existing and potential CHP Autoproducers while at the same time preventing loop-holes, e.g. Standby / Peak Lopping Generators, token CHP units.

### **PSO Levy**

The PSO Levy was put in place to help recoup the cost of schemes that promote the use of alternative and renewable energy sources of which CHP generation is a part.

It is not logical that CHP should be required to pay for financing a scheme that is intended to promote CHP and therefore should be exempt from the Levy. Under the present rule an autoproducer with  $MIC > MEC$  and holding a supply license gets no reduction in UoS charges to offset PSO. In the earlier example, the plant pays full DUoS, TUoS and PSO levy which equates to €135k although it is only importing 3 GWh per annum. Therefore PSO should be related to volume imported rather than MIC.

The PSO Levy for Autoproducers should at a minimum be significantly discounted to reflect the fact the site's MIC is only used a small percentage of the time and usually at a time that suits the grid.

There is also the argument that CHP should ultimately be a beneficiary of the PSO levy because of its environmental benefits. The PSO levy should be used to support CHP units that export onto the grid.

### **Anomaly between the PES Charges and the National Grid Use of System Charges**

The National Grid Use of System Charges do not require Autoproducers with a  $MEC > MIC$  and  $MEC < 10MW$  to pay DUoS or TUoS Charges. This exemption should be extended to the PES Tariffs for Autoproducers in order to reflect the benefit that Autoproducers have on the system.

### **Application of Direction**

The Proposed Direction makes no provision for the governing body that will assess the applications for Autoproducer Status. The Commission should take on this responsibility and their decision on who is eligible for the Status should be final.

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