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To whom it may concern,

Gaelectric Holdings Plc ("Gaelectric") welcome the opportunity to respond to the consultation on DS3system services interim tariffs. We wish to make some brief comments related to the programme.

It is our view that the importance of the Interim Tariffs are not limited to their function as a stepping stone towards the enduring arrangements. These tariffs provide an indication as to the potential value of the enduring tariffs and have a consequently have a profound effect on the investment signal for the future provision of DS3 system services. These investment signals for the provision of new system services will be fundamental to helping the TSO's achieve their target of 75% SNSP by 2020.

We welcome the inclusion of the technology trial under the interim tariff. Notwithstanding our approval support of its inclusion, we are disappointed that very little detail has been given on its implementation, and the fact that it seemingly will not be in place until early 2017, clearly risking the ability of that programme to deliver towards the enduring arrangements. To ensure the transparency and equal opportunity of access to all prospective participants to this trial, detailed programme plans need to be

released to the industry immediately. Specifically information on the qualification, tendering and remuneration process for potential projects. Without these, it is highly likely that the technology tariff programme will slip, leading to severe barriers for new entrants where these services are not included in the enduring arrangements.

According to the consultation document, a budget of approximately €3 million is to be ring-fenced for the technology trial. Gaelectric seek clarification on whether this budget is to part of or an addition to the existing Interim tariff budget. The current budget of €70 million is significantly less than the €235 million budget that had been initially earmarked for DS3 system services by 2020, which raises concern as to the likelihood of an appropriate signal for investment over the coming years. We therefore believe that, at a minimum, this €3 million should be an addition to the Interim tariff budget, not a part of it. Furthermore, the budget for the years in advance of 2020 should be released as soon as practicably possible.

Should you have any queries in relation to our comments herein, please do not hesitate to contact us directly.

Yours sincerely,

* Sent via email, bears no signature

Peter Grogan

Regulatory Analyst