

Mr Paddy Larkin
Director
Moyle Interconnector Limited
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BELFAST
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Our Ref E/127/SEM/SL/012

Date: 10th May 2013

Dear Paddy

RE: Security of Supply Issues and decisions on repair of Moyle Interconnector

Thank-you for your letter of 29th April 2013. The repair of the Moyle Interconnector is of the utmost importance as it plays a critical role in securing the supply of electricity to consumers in NI. The security of supply for consumers in NI is a significant issue, given the delay in the second North/South Interconnector and the potential loss of generation capacity in Northern Ireland from December 2015. We intend, over the coming weeks, to publish a joint paper with DETI setting out the security of supply issues and potential remedies.

We note that you are continuing to progress the feasibility of two possible interim solutions to enable the return to full capacity ahead of the installation of the new and long term low voltage cables. We are reliant upon your expert judgement regarding the feasibility of these short term solutions and indeed the proposed longer term solution. We view this as a critical work stream for protecting the interests of consumers and ask to be updated on the viability of these options at the earliest opportunity. The outcome will be key to informing other decisions in regard to security of supply.

We note the economic benefit already delivered to electricity consumers in Northern Ireland from the Moyle Interconnector and the expected future security of supply and trading benefits. In our view, the investment to restore full and reliable capacity, estimated to be up to £60m, is in the interest of consumers in Northern Ireland. We note that while the long term remedial project 'would typically take 4-5 years', you propose optimising delivery by running the consent process and cable procurement process in parallel. You state that if all went favourably an Autumn 2016 commission date is possible but suggest a more prudent base case assumption would be the Autumn 2017. Again this delivery timetable is important in informing other

From the office of the Chief Executive

decisions to address security of supply issues from December 2015. We request that you advise us when you will be in a position to confirm a realisable delivery programme.

In your letter, you provide estimates for the cost savings to date for consumers in NI assessed by the energy market experts, Energy-Link Partnership. You note that the estimates are indicative and suggest that a more in-depth analysis may be desirable. I would ask that you take forward this more in-depth analysis extending the examination to assess future costs and savings to consumers. It would be helpful to have this analysis available over the coming months.

As discussed, given the significant concerns regarding security of supply from 2016 for consumers in NI and the important role that the Moyle interconnector plays, we will publish both your correspondence to the UR and this response.

Thank-you for keeping us informed to date and we look forward to continued and prompt updates regarding the restoration of the Moyle Interconnector to full reliable capacity.

Yours sincerely



S Lynch
Chief Executive

CC J Aston