



**TYNAGH ENERGY
L I M I T E D**

Clive Bowers
Commission for Energy Regulation
The Exchange
Belgard Square North
Tallaght
Dublin 24

Jody O'Boyle
Utility Regulator
Queens House
14 Queen Street
Belfast
BT1 6ED

Ref: TEL/DV/11/125

4th July 2011

RE: CPM Medium Term Review Work Package 6 Onwards SEM/11/019

Dear Clive and Jody,

Tynagh welcomes the opportunity to respond to the CPM Medium Term Review Discussion Paper. Tynagh supports the concept of a Capacity Payments Mechanism and believe it has assisted thus far to encourage new investment and rewarding the availability of existing investments.

While Tynagh would recognise that there is a potential for intermittent generation to be over-rewarded in respect of its contribution to capacity, an appropriate calculation of the Annual Capacity Payment Sum would take account of the complimentary conventional generation needed to maximise the electricity generated from intermittent capacity.

Tynagh do not support the dilution of the Annual Capacity Payment Sum through an increase in flexibility payments as this would result in generators who are constrained off losing capacity income even though they continue to make the capacity available.

The existing CPM is deemed to be working reasonably well at delivering its objectives. Tynagh do not support changing the mechanism at this stage.

Yours sincerely

David Vaughan
Business Analyst

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