

Incentive Regulation

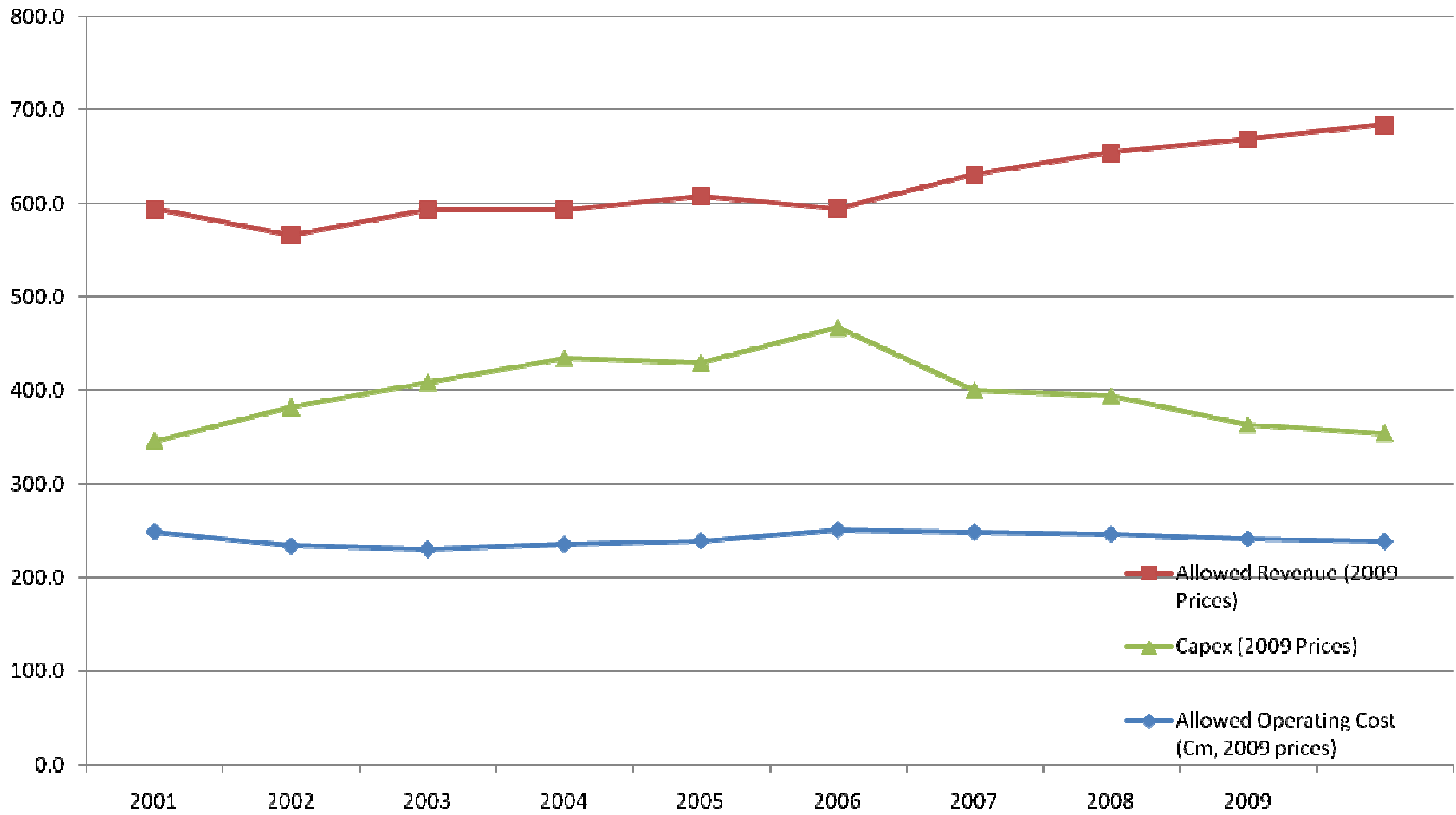
Background

- Liberalisation of electricity market began in Ireland in 2000
- Independent regulation
- Implemented incentive regulation from beginning
 - Electricity and Gas networks
 - Broadly using the CPI-X model

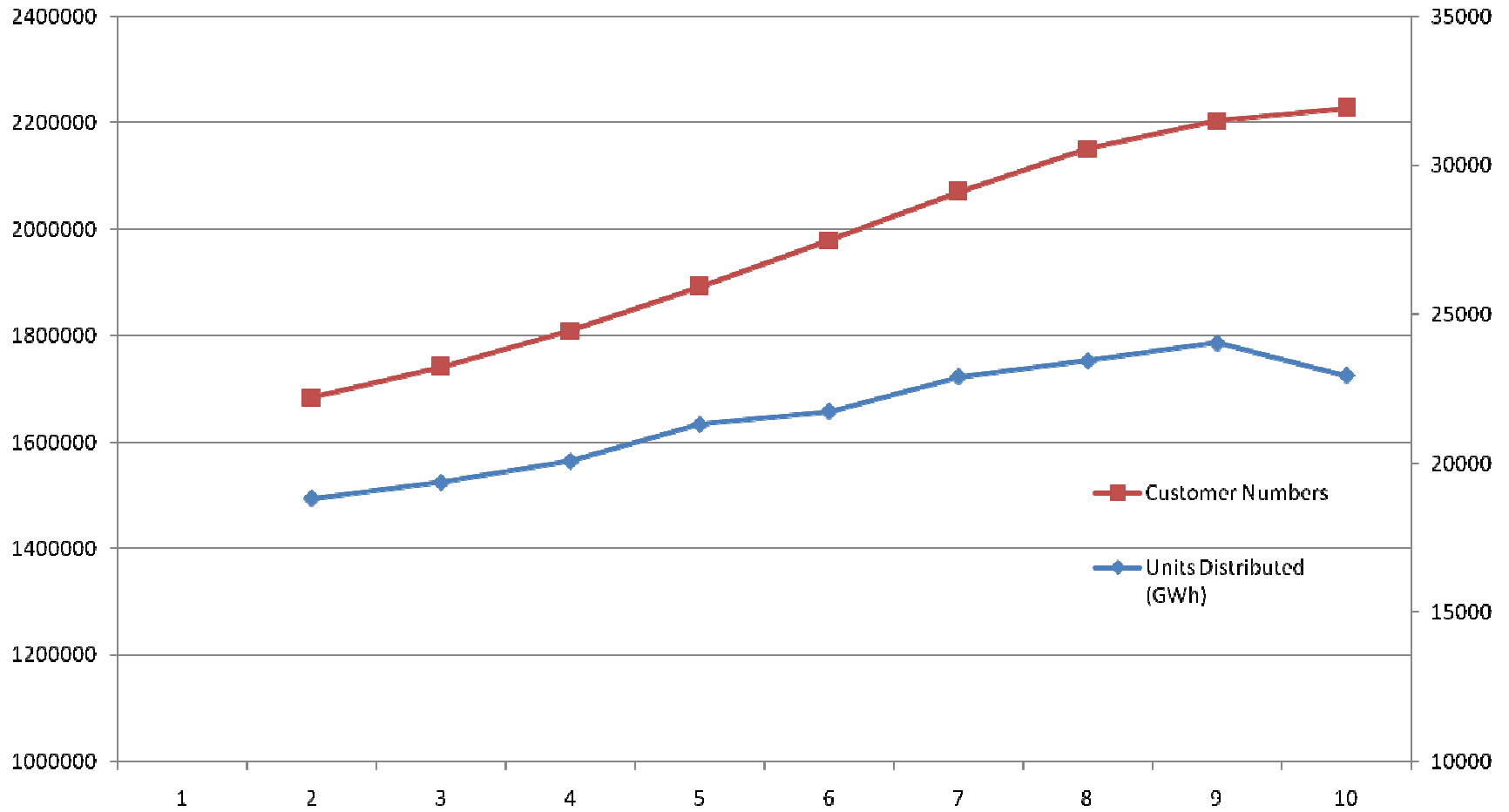
Electricity Issues

- Price freeze since 1987
- Under investment in networks
- State owned companies
- Incentives on both Cost and Quality of Supply/Service
- Significant load growth and new connections

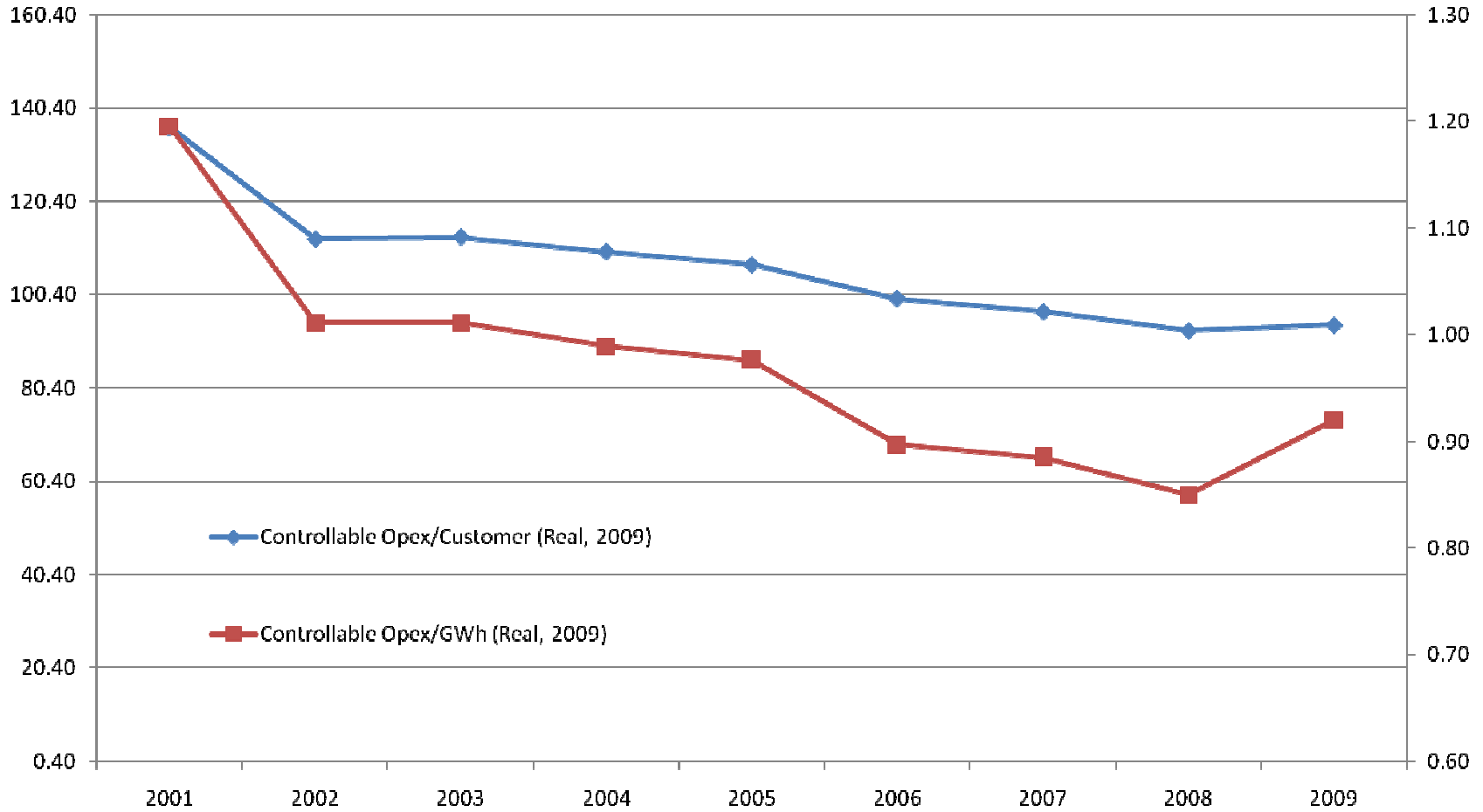
Costs



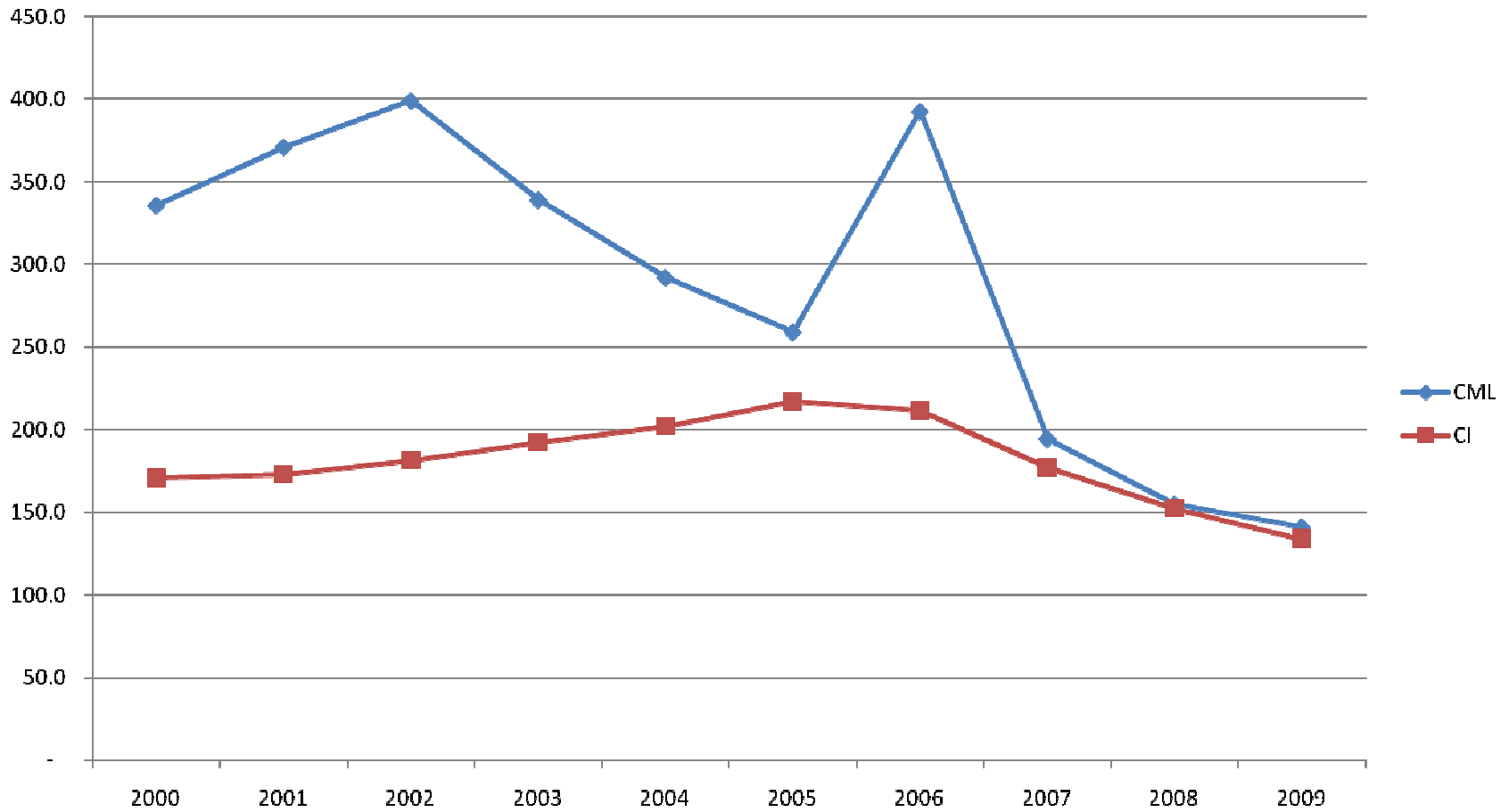
Growth



Cost Control

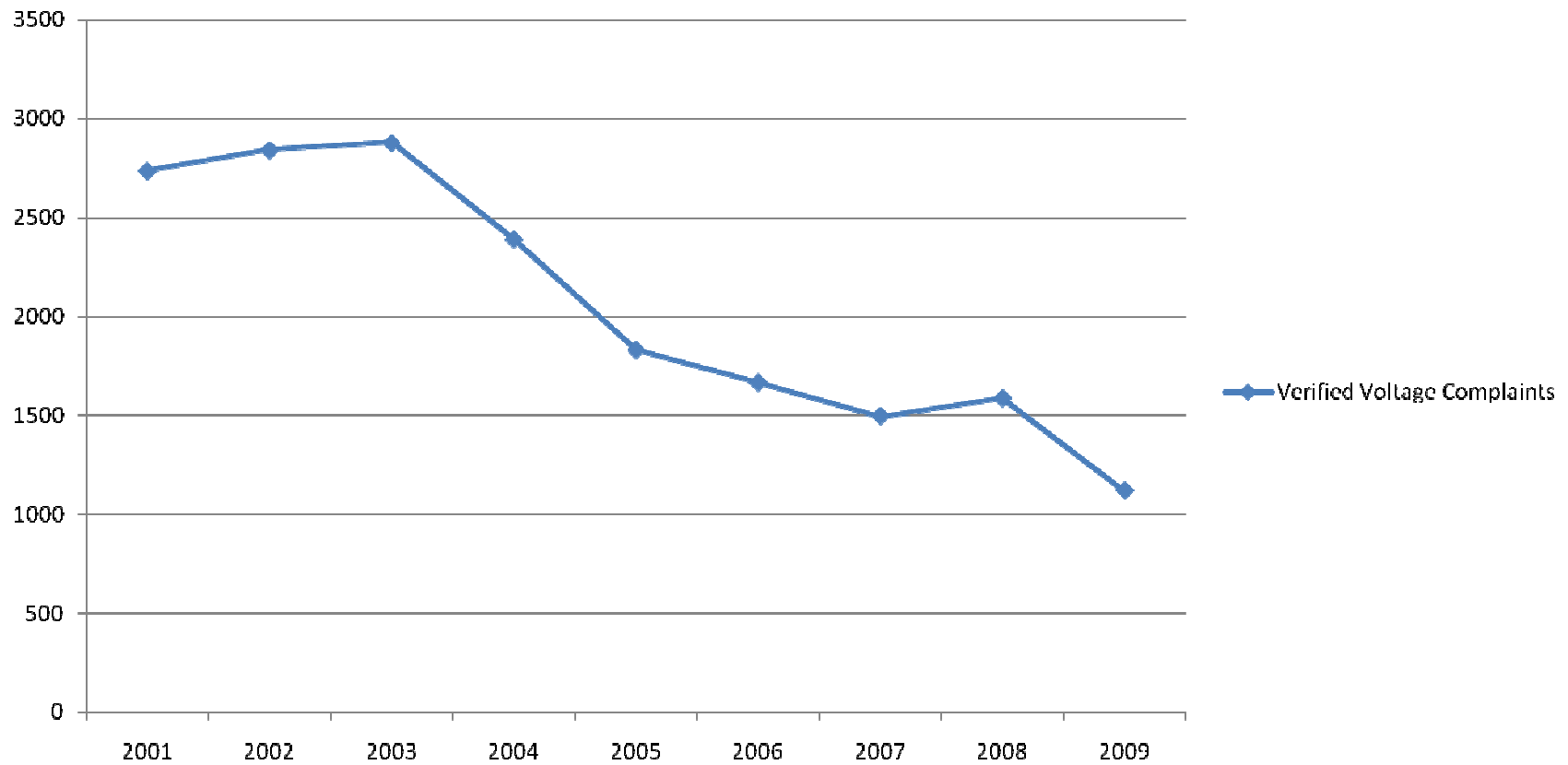


Quality of Supply

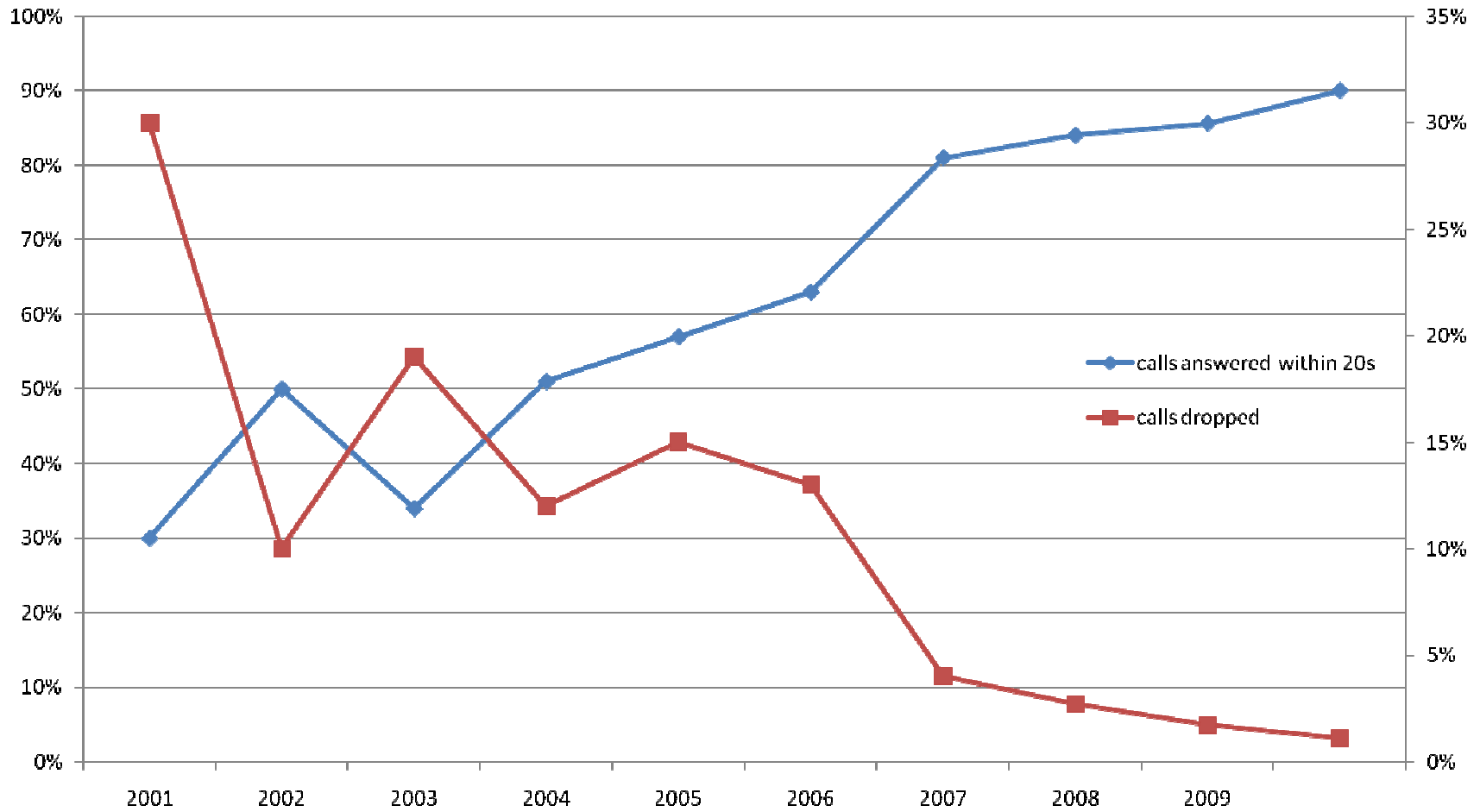


Quality of Supply

Verified Voltage Complaints



Call Centre



Main Ingredients

- Clear incentives
- Fairness
- Understanding of the business, worked with the DSO
- Focus on the key measures
- Let the DSO decide how to deliver, regulator decides what to deliver

Challenges for the Future

- Smart Grids/Smart Meters
 - Determining what the customer wants or should want?
 - Determining what the network needs
 - How to develop? Needs actors from outside the “industry”
 - Determining who pays what?
- Accommodating Electric Vehicles
 - Decarbonising transportation – should the electricity customer bear some of the cost?

Challenges for the Future

- Renewable integration
- Offshore networks