

9<sup>th</sup> June 2006

Mr. Don O Connor  
Secretary  
Business Regulation Forum  
Department of Enterprise Trade and Employment  
Earlsfort Centre  
Hatch Street  
Dublin 2

Our Ref: 27313

**Re: Business Regulation Forum**

Dear Mr. O Connor,

Thank you for your letter of 25 May last and on the opportunity to respond to your public consultation seeking views on ways in which the regulatory burden on businesses can be reduced. I would like to respond to the consultation from the perspective of a public sector body regulating the gas and electricity industries.

The Commission of Energy Regulation was established to oversee the liberalisation of the electricity market. The Commission licences generators and suppliers and ensures fair and equal access to the electricity and gas networks. One of its main objectives is to create a regulatory framework which facilitates greater competition in the energy sector, which will ultimately increase choice and offer more competitive prices and improved service to all energy consumers. Regulation is essential in the following areas in order to protect consumers' interests: licensing of market participants to ensure operation to agreed standards; regulation of access tariffs to monopoly network; monitoring security of supply and regulation of businesses of monopoly incumbents (ESB and BGE) including setting of tariffs for franchise customers.

Since its establishment in 1999 the Commission has ensured market participant input into its decisions through use of a consultation process. When making a decision, determination or direction or seeking market participants views the Commission allows market participants or indeed any interested party to forward comments. A three-week period of consultation is normally allowed. When publishing its decision the Commission includes comments received together with the Commission's responses.

In addition the Commission regularly holds industry fora for its licence holders in order that they can input into the Commission's work programme and articulate any concerns they may have regarding the impact of proposed decisions. We also meet regularly with business consumers of electricity and gas through their representative organisations, particularly IBEC. The consultation ensures that market participants' and consumer views are fully considered and importantly decreases risk of regulatory uncertainty given that market participants and others are aware of the Commission's thinking prior to a final decision being made. The Commission's web-site is the main point of contact for market participants and other interested parties and contains all Commission documentation.

The existence of a licensing regime in the energy sector is necessary in order to ensure that market entrants meet technical, environmental and financial requirements. However, the Commission regularly reviews the requirements for participation in the market in order to ensure that they are not overly restrictive. In particular it has introduced a de minimus level so that the licensing procedure for small generators is a speedy and straightforward process.

Yours sincerely

Tom Reeves  
Chairman