



# **An Integrated Approach to the Market**

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**Patrick Haren  
Deputy Chairman, Viridian Group  
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# Viridian Group: Key Statistics

- ◆ Turnover £1450m to March 2008
- ◆ 790,000 customer sites in NI
- ◆ 35,400 (going to 40,000) customer sites in ROI
- ◆ Supplying 27% share of business electricity market on the island



# Viridian Group Structure

## Viridian Group Limited

### NIE Infrastructure

- Transmission & Distribution
- Powerteam
- Transmission System Operator (“SONI”)

### NIE Energy

- Supply
- Power Procurement

### Viridian Power & Energy (VP&E)

- Huntstown - CCGT generation
  - 343MW Huntstown 1
  - 404MW Huntstown 2
- Energia - competitive supply in NI and RoI
- Wind portfolio
  - 175MW assets
  - 500MW PPAs

# Viridian Group Background

- ◆ **Established track record in electricity infrastructure**
- ◆ **Focussed on industry benchmark performance**
- ◆ **Committed to innovative customer delivery**
- ◆ **A leader in all-island market development**
- ◆ **Financed and constructed the first interconnection between Ireland and GB**
- ◆ **Working closely with EirGrid to deliver further North-South interconnection**



# Viridian Power & Energy Market Development



- ◆ **Huntstown was first independent generation entry to Rol market**
- ◆ **Energia built industrial/SME customer base to fully cover Huntstown output**
- ◆ **Developed strengths in market analysis, trading, capital projects and risk management**
- ◆ **Huntstown 747MW CCGTs operate with high efficiency, availability and tightly managed capital costs**
- ◆ **Absolute utility commitment to security of supply**
- ◆ **Building a significant wind portfolio based on owned assets and offtake contracts with independents**





# Viridian Power & Energy Integrated Approach to the Market



- ◆ **Vertically-integrated: Huntstown & renewables generation delivered through Energia supply**
- ◆ **Experienced market support team providing energy efficiency advice**
- ◆ **Dual fuel offering bringing gas to LEU customers**
- ◆ **In Top 5 wind development companies in Ireland**
- ◆ **Developing options for new flexible peaking capacity to respond to the needs of the system, including support for higher levels of wind penetration**



# Viridian Power & Energy Strategy for Renewables

- ◆ Responding to customer demands and the targets for climate change
- ◆ Strong new development team, combining Eco Wind Power and Viridian/Huntstown development and project expertise
- ◆ Strong commercial focus, with a proven track record
- ◆ Significant new development pipeline with the addition of EWP
- ◆ Actively seeking further Gate 2 and other investment and PPA contract opportunities in both NI and ROI
- ◆ An attractive wind development partner for independents, handling market risk and access to project finance







# Viridian Power & Energy

## What we see as clear drivers for Wind



- ◆ ROI commitment to 33% renewables target (and rising?)
- ◆ UK Renewables Strategy foresees 32% wind electricity contribution in 2020 to meet EU RE Directive
- ◆ All-island grid study allows for up to 42% wind penetration as feasible and economic, with tangible/significant reduction in fossil fuel dependency
- ◆ McKinsey marginal cost of emissions abatement studies demonstrate onshore wind as highly favourable
- ◆ Considerable onshore wind opportunities still available for development on the island





## **Positive Policy Support**

- ◆ **Firm/compelling national/regional targets**
- ◆ **Recognition of the contribution of wind to reduced fossil fuel price dependency and security of fuel supply**
- ◆ **Translating targets for high wind penetration into approvals/support at the level of local planning**
- ◆ **Clear strategic plans for the development of the grid and strong community acceptance of the infrastructure need**
- ◆ **Clear understandings between regulators and grid owners on the levels of investment required**
- ◆ **Strong long-term support mechanisms for wind and capacity payments for OCGTs**



# Additional Policy Support

- ◆ Increased wind requires peaking capacity: preferred solution has to be OCGTs
- ◆ PPS guidelines in Northern Ireland to make renewables targets achievable
- ◆ RoI planning consent to match long grid connection times
- ◆ REFIT:
  - Finalise rules & Extend COD longstop date
  - Extend capacity to 1900MW to cover gate 1 and gate 2
- ◆ Gate 3 optimisation should seek to minimise costs and planning risks: TNEI report indicates 250km reduction in overhead lines and €380m potential cost saving
- ◆ Urgent follow-through on outstanding issues essential



# Closing Thoughts



- ◆ **Targets need to move from consultation to prescription: requires communicating the environmental need**
- ◆ **Planning regimes must embrace the implications of national and regional targets for new infrastructure**
- ◆ **Availability of investment to meet the targets cannot be taken for granted in a changed environment: bank finance will be more demanding and less tolerant of uncertainty**
- ◆ **Investors will always need long-term, stable renewable support mechanisms**
- ◆ **Peaking plant investment, energy efficiency and maintaining economic competitiveness remain vital parts of the mix**
- ◆ **Viridian positioned for increased renewable and OCGT investment: also able to provide bankable offtake contracts to independent renewable generators**
- ◆ **Solutions to climate change are entering a new phase: the next challenge is to convert national spend on emissions reduction into manufacturing & services opportunities for new growth and economic development**





Thank you for listening ...

Patrick Haren  
Viridian Group

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