

From the Office of the Minister



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**INV 1425-11**

Mr Joe Byrne MLA  
Northern Ireland Assembly  
Parliament Buildings  
Stormont  
Belfast BT4 3XX

4th October 2011

Dear Joe

**ASSEMBLY DEBATE ON ENERGY PRICES 26 SEPTEMBER 2011 – QUESTION  
IN RELATION TO LEGACY ELECTRICITY GENERATION CONTRACTS**

During the Assembly debate on Energy Prices on 26 September 2011, you asked a question in relation to the legacy generation contracts established at NIE privatisation. Given the time constraints which apply during the debate for my response to the Motion, unfortunately I was unable to respond to your particular question.

As you rightly stated during the debate, these contracts were established at the time of NIE privatisation in the early 1990s, with power purchase agreements (PPAs) entered into between the newly privatised generating companies and Northern Ireland Electricity. The PPAs include Generating Unit Agreements (GUAs) which relate to individual generating units at each station.

In 2010, the Utility Regulator gave the requisite notice of the cancellation of the legacy GUAs for the two coal generating units at Kilroot power station. It is estimated

by the Utility Regulator that cancellation of these contracts will save Northern Ireland electricity consumers an estimated £80 million over the next 5 years.

In March 2011, the Utility Regulator published a consultation paper, which can be viewed on their web-site, on the potential cancellation of the eight remaining GUAs. In September 2011, the Utility Regulator issued for further consultation its "minded to" decision which was not to instruct the cancellation of any further GUAs from 1 April 2012, but to keep these contracts under review. The Regulator believes that the contracts relating to the larger gas fired units, eg. at Ballylumford, will be of benefit to consumers for a further period of time.

The Utility Regulator's consultation on its "minded decision" in relation to the remaining GUAs closes on 7 October 2011.

I hope that you find this information helpful. I will arrange for a copy of this letter to be sent to the Speaker's Office and that a copy will be placed in the Assembly Library.

A handwritten signature in black ink, appearing to read 'Arlene Foster'. The signature is written in a cursive, flowing style with some loops and flourishes.

**Arlene Foster MLA**  
**Minister of Enterprise, Trade and Investment**