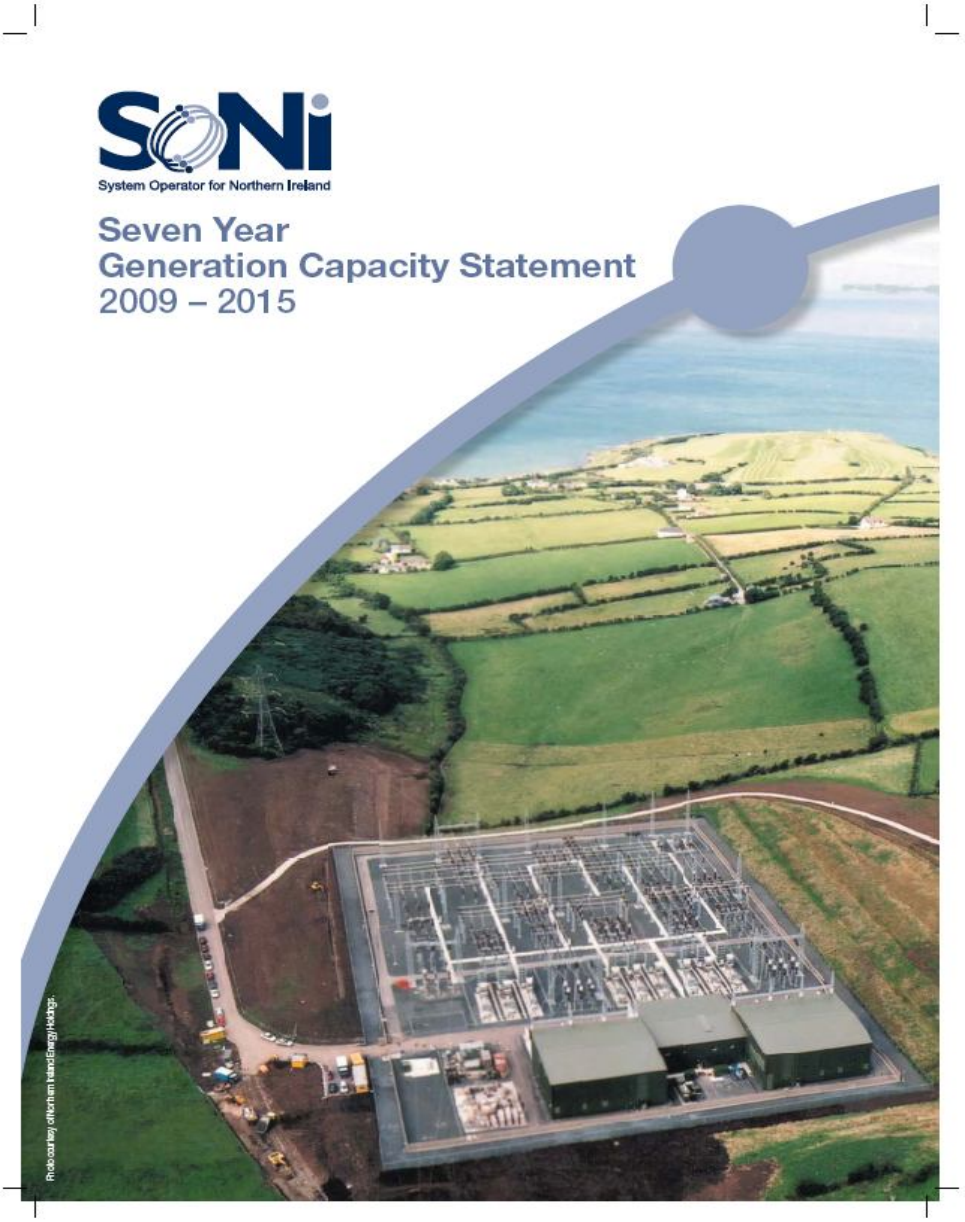
SONI Seven Year Generation Capacity Statement

2009-2015

Addendum (revised demand forecast)



1. Introduction

SONI published the 2009 Seven Year Generation Capacity Statement (SYGCS) for the period 2009-2015 in November 2008. Since that time there has been a significant decrease in the demand for electricity. This decrease has coincided with the world economic downturn and the resulting contraction of the NI economy and the electricity tariff price increases in July and October 2008.

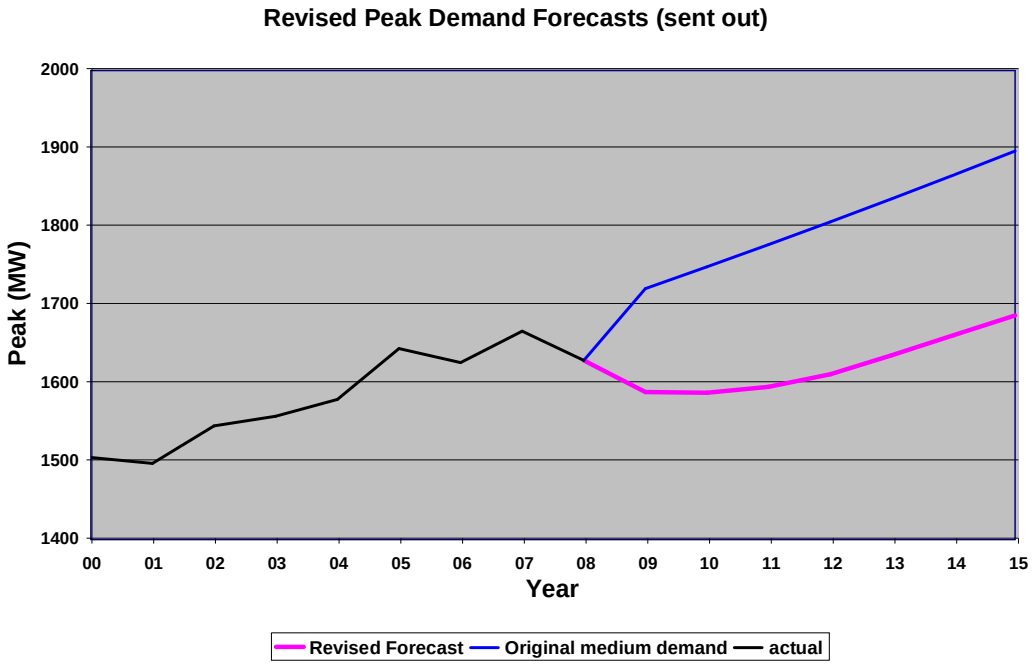
The input data freeze for the production of the 2009 SYGCS was September 2008, prior to the global economic downturn and therefore did not reflect the full impact the economic conditions would have on electricity consumption.

2. Revised Demand Forecast

To take into account the severity of reduction in the demand for electricity SONI has revised its original forecasts that were used in the 2009 SYGCS. Details of the revised demand forecasts and the methodology used can be downloaded from the SONI website[1]. SONI has decided to publish this addendum to the 2009 SYGCS to set out the changes to the generation capacity requirements that result from the revised demand forecast. The 2010 SYGCS will be published in November 2009 and cover the period 2010-2016.

[1] http://www.soni.ltd.uk

Figure 1 – Historic and projected peak demands.



In 2008 the peak demand fell by 4% from 2007. Figure 1 shows the historic NI peak demand figures from 2000. The blue line represents the SONI medium demand forecast that was used in the existing 2009 SYGCS (Figure 3.10). The trend is of increasing peak demand year on year of circa 1.6%.

Due to the fall in electricity demand experienced in 2008 and the full extent of the economic crisis, SONI has revised it peak demand forecasts as shown by the pink line in Figure 1. This revised peak demand forecast takes into account the economic outlook for Northern Ireland over the next few years[2].

[2] First Trust Economic Outlook & Business Review, Vol 24.2 June 2009

Figure 2 – Historic and projected energy consumption.

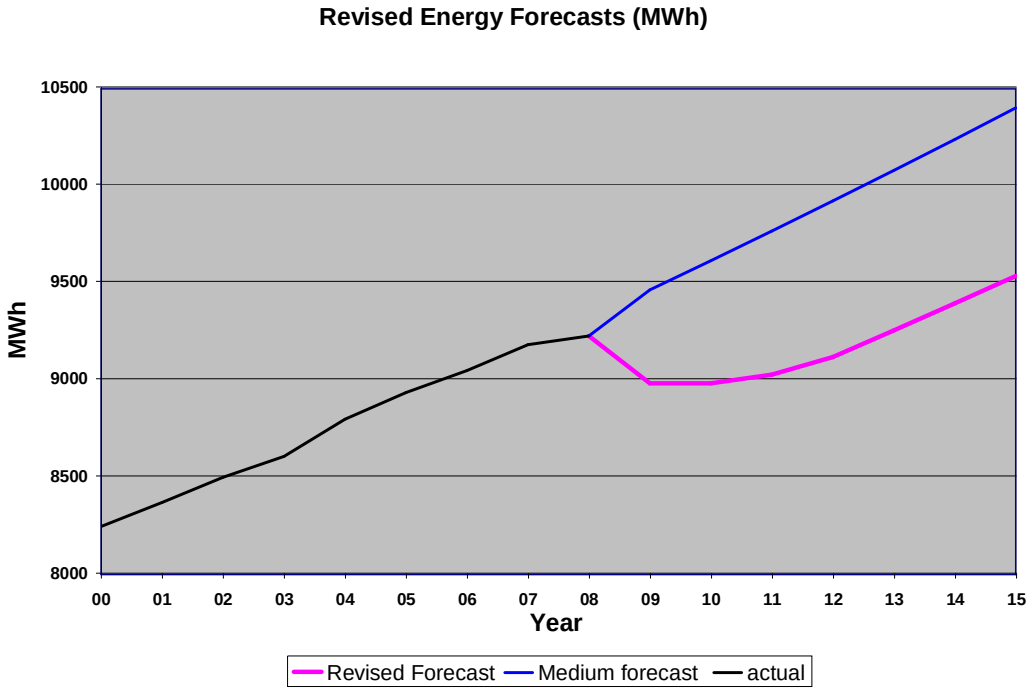


Figure 2 presents the total energy consumed within NI. The trend is of increasing electricity consumption year on year from 2000. The medium demand forecast that was used in the 2009 SYGCS (Figure 3.11), predicted that this trend would continue until 2015.

In 2008 the energy consumed increased by 0.5% from 2007. This differs from the peak demand, were NI experienced a reduction of 4% in 2008. The reason for this difference is that electricity consumption did not fall until the second half of the year in line with the economic decline and electricity tariff price rises. The revised energy forecast for 2009/10 predicts the energy consumed in NI will fall by 2.6%. No growth is expected to occur in 2010, while moderate growth of 0.5% should return by 2011.

3. Review of Generation Capacity Requirements

The Generation capacity requirement is represented by a surplus or a deficit in generation capacity and is calculated by subtracting the forecasted demand from the Peak Carrying Capability (PCC) of the system.

The revised forecasts for 2009-2015 are considerably lower than previous predictions. SONI has therefore recalculated the Generation Capacity requirements for the years 2009-2015 (Figure 5.2, 2009 SYGCS) using

the lower demand forecasts. The results of these studies can be seen in the Figure 3.

Figure 3.0 – Review of Generation Capacity Requirements.

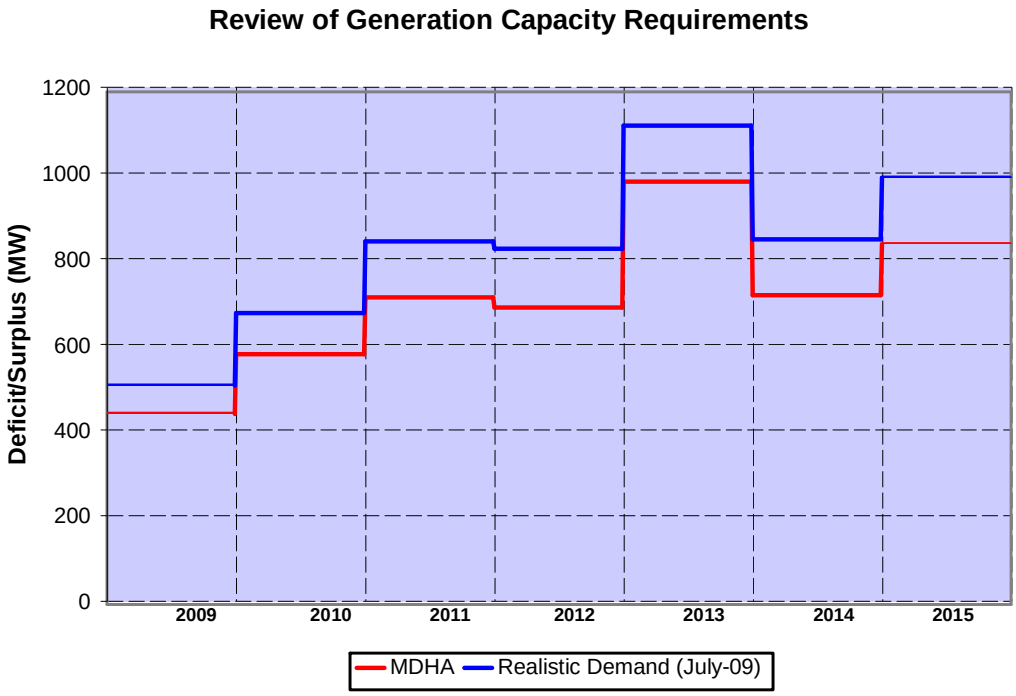


Figure 3 compares how the revised demand forecasts affect the surplus of generation in NI. When the calculations were repeated with the revised demand forecasts surpluses increased by circa 100 MW for each year. The surplus experienced in 2009 is less than in other years due to the high scheduled outage rates of generating plant.

Only the Medium Demand High Availability (MDHA) scenario has been used to compare the difference in results (Figure 5.2, 2009 SYGCS). The MDHA scenario was deemed to be the most likely scenario to occur at the time. The analysis in this addendum is based on NI only and does not include surplus benefits that would come from an additional North-South interconnector. All other assumptions have remained identical to those used in the 2009 SYGCS[3].

[3] http://www.soni.ltd.uk/upload/Capacity%20Statement%2009-15.pdf