

APPENDIX 1

**Correspondence to EirGrid from SEM Committee,
dated 30th April 2013**

30th April 2013

John Fitzgerald
Director, Grid Development
Eirgrid plc
The Oval, Shelbourne Road
Dublin 4

David de Cassesres
NIE Ltd
120 Malone Road
Belfast
BT9 5HT

Dear John/ David

Re. North South 400kV Interconnection Development

The SEM Committee wishes to thank EirGrid, SONI and NIE (the Companies) for the update provided to the Committee on the progress made by the Companies in the development of the proposed 400kV second North South interconnector last November. At that meeting the Committee articulated its view of the importance of this project as a critical component of a fully functioning, efficient electricity market on the island of Ireland and one which will play a significant role in helping to integrate renewable generation in both Ireland and Northern Ireland.

Since then EirGrid and SONI have published the Generation Capacity Statement 2013 - 2022 which shows increasingly tight supply margins in Northern Ireland post 2016 but which would be mitigated by the development of a second North South interconnector and you have also advised that as per your most recent studies, under the assumptions employed, the benefits in terms of reduced production costs and enhanced capacity sharing which would result from the project's development will be of the order of €20m per annum rising to closer to €40m per annum in the medium term.

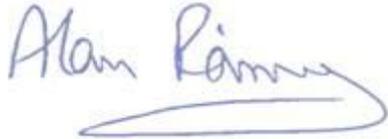
All of the above point to the relevance of the second North South interconnector to the successful implementation of the policy objectives of competitiveness, sustainability and security of supply in both Ireland and Northern Ireland and the necessity to advance and deliver this project, and to not only deliver it but deliver it as a matter of urgency. The SEM Committee is charged with protecting the interests of electricity customers on the island of Ireland. To that end the Committee is concerned that the absence of vital infrastructure is costing customers.

Of course the project must not only be progressed quickly but also cost effectively. The Committee understands from the Irish government review that the cost for the undergrounding of the project would be significantly higher than the AC overhead line construction employed elsewhere in Europe. The regulatory authorities would therefore be of the view that customers should not be expected to pay for any unnecessary costs associated with undergrounding of the cables given there would be no enhancement in service.

The Committee therefore emphasises the need for the timely progress of the project and notes that it is also important that all statutory, environmental and local considerations are taken into account in bringing the project forward.

The Committee is happy that you show or provide a copy of this letter of support for the project to any such body as you believe may be necessary or beneficial in advancing the project and achieving the necessary consents. The Committee would ask that the Companies keep the Committee abreast of progress.

Yours sincerely

A handwritten signature in blue ink that reads "Alan Rainey". The signature is fluid and cursive, with a long, sweeping underline that extends to the right.

Alan Rainey
Chairman, SEM Committee