

Enduring Connection Policy Consultation,
Commission for Regulation of Utilities,
The Grain House,
The Exchange,
Belgard Square North,
Dublin 24
D24 PXW0
Email: electricityconnectionpolicy@cru.ie

15th December 2017

Dear Sir/Madam,

ISEA welcome the opportunity to provide our views on the Enduring Connection Policy ECP-1. As the leading trade association for solar energy in Ireland, ISEA is responding on behalf of our membership of over 50 Irish businesses.

ISEA believes that through a collaborative approach the regulator, system operators and project promoters can develop a sustaining process that will allow Ireland to connect more renewable energy projects over the coming years and help Ireland reduce its legally binding carbon emissions.

The proposal to process projects with a valid planning grant is welcomed however ISEA believes that the CRU needs to ensure greater number of projects are delivered in ECP-1. The limits as proposed are too restrictive and by raising the capacity to 1000MW will help deliver more projects in a quicker timeframe.

The key points of the ISEA response are:

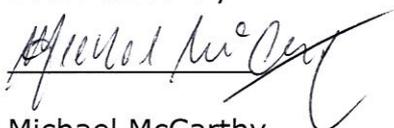
- Capacity Relocation should be permitted for those projects which have been contracted under CER 09/099 and those projects which are in the process as "live" or "processing"
- ISEA calls on the CRU to direct the system operators to continue to process all applications in the NGPA process until ECP-1 has been issued as a final decision.
- ISEA welcomes the introduction of a planning based criteria for grid offer issuance.

- The prioritisation of projects by expiry date may lead to gaming and is not advised. A date of full grant of planning should be implemented.
- ECP-1 should allow for the connection of a minimum of 1,000 MW of renewable generation projects and a further 400MW of DS3 projects.
- Projects of 100MW or greater should be considered as Strategic National Assets and should not be processed as part of ECP-1
- Renewable Energy Projects should be prioritised in ECP-1 ahead of non-renewable energy projects.
- Limiting the number of projects in ECP-1 to 50 is too restrictive as the system operators have shown over the past two years that circa 100 offers a year is feasible.
- ESB & EirGrid need to engage with developers prior to planning application stage to discuss grid connection methods.
- ISEA calls on the CRU to direct the system operators to refund all projects in the queue their application fee which have been “unprocessed” as acknowledged in the consultation document.
- ISEA strongly disagrees with the CRU proposal for the sub-group to underwrite the shared connection assets should one party not complete their project.
- The proposal to amend the future application fees is unwarranted and should remain as per the existing fee structure.
- ISEA calls on the CRU to extend the future NGPA process to include projects up to 500kw.

The policy direction of decarbonisation and economic benefits of renewables are clear and grid connection policy is an essential part of our energy transition. The CRU should be ambitious for the energy sector in Ireland and facilitate usage of our natural resources. We urge CRU to review our detailed submission and take on board the regulatory measures recommended.

Full details of our views are contained within this submission and we look forward to engaging with you further during the consultation process.

Yours sincerely



Michael McCarthy
Chief Executive Officer

ISEA SUBMISSION

**Response to Enduring Connection Policy Stage 1 (ECP-1)
Proposed Decision**

December 2017



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1. CAPACITY RELOCATION

The proposal to restrict capacity relocation for existing projects is unwarranted and ISEA calls on the CRU to revoke its proposed decision and lift the current suspension of relocations. Projects which have accepted connection offers are under contract and those currently in “processing” or “live” under CER/09/099 have a legitimate expectation to rely on the rules under which they applied for their grid connection offer.

It is reasonable that projects issued connection offers under ECP-1 are not permitted to relocate capacity provided these rules are established in advance and applications for ECP-1 offers are aware of this requirement when applying. Future projects under ECP-1 will require planning and therefore capacity relocation is not an issue.

CRU to remove the suspension on relocation for the following projects

- **Contracted Agreements under CER 09/099**
- **Live Offers under CER 09/099**
- **Processing Offers under CER 09/099**

2. ECP-1 BATCH SIZE

ISEA recommends that the CRU extend the quantum of MW and applications to be processed under ECP-1. The proposal to only process 600MW or 50 applications is overly restrictive. Limiting Batch 1 will put future pressure on the system operators to process a back log of applications. ISEA calls on the CRU to direct the system operators to process a greater number of projects in the short term which will allow all to move to an enduring sustainable model for future applications. ISEA believes a minimum of 1,000 MW of renewable projects should be processed in ECP-1.

ISEA notes that in the past two years ESB and EirGrid have processed circa 150 projects under the non-GPA process and therefore limiting the number of projects to 50 projects is unnecessary.

DS3 projects should not limit the number of future generation applications as DS3 projects are entirely a separate process and should be considered outside the scope of ECP-1.

ISEA recommends a minimum of 1,000MW of renewable generation projects to be processed in ECP-1

3. PLANNING PERMISSION

The proposal by the CRU for delivering more “buildable” projects is welcomed and ISEA has previously called for such measures as a means of prioritising the non-GPA queue system. We make the following comments on the proposed decision:

- ISEA believes that the proposal for prioritising projects whose planning permission is set to run out is not appropriate. The expiry period for planning consent may vary between projects and may be open to gaming. Some projects will have a 5 year ‘appropriate period’ in which to construct, others may have a 10-year period, and some projects may be able to extend their ‘appropriate period’ by up to 5 years provided they demonstrate sufficient grounds to permit such an extension, and seek such an extension within the final 12 months of their appropriate period. Thus, prioritising projects based on planning expiry will not necessarily result in the oldest or longest waiting projects move forward, rather it may encourage projects to vary or decline opportunities to extend their appropriate periods in order to be selected. ISEA feel this is not appropriate and recommend the date of Final Grant of Planning Consent should be used, as this is a clear date and is not subject to variance.
- ISEA is concerned about wording in the Rule Set of ECP-1 which suggests the system operator will have a role in ensuring projects remain planning compliant. A review of planning applications is not necessary as the project will receive planning for a certain size facility which will be location specific and have a specific output based on proposed generation installed. These measures should be sufficient with a grant of planning in place for a grid offer.
- Certification by a solicitor is unwarranted and unnecessary as the Final Grant of Planning Consent will clearly determine whether the project has planning or not. There is no requirement to introduce additional cost and regulation in this area.
- Early engagement is required with the system operators to allow the development of a robust generator planning application which may require the shallow connection and shared connection works to be understood prior to planning application.
- ISEA recommends the CRU and SO’s and Industry engage following the ECP-1 decision to discuss how the current connection process may be optimised. ISEA has some constructive suggestions to make the current process fit for purpose for competitive auctions.
- ISEA notes the Connection Method Meetings in Gate 3 worked well and in general sharing more information with generators earlier in the process will lead to better decisions and a more efficient process. Early weeding out of non-viable connection methods saves generators unnecessary fees and SOs unnecessary processing and should be encouraged.
- As an example of such engagement ISEA calls on the CRU to consider the following.
 - Application lodged to System Operator – Full Application Fee Submitted.
 - System Operator Reviews Proposed Connection Method – Within 30 Business Days
 - System Operator and Developer hold meeting – Within 10 Business Days of SO Review

- System Operator Issue proposed shallow connection method single line diagram following meeting.
- Applicant decides to proceed within 10 business days – No further charge incurred until application is processing.
- Applicant decides to not proceed within 10 business days of meeting– 75% of application fee refunded. Applicant decides beyond 10 business days – 50% of application fee is refunded.

- **ISEA calls on the CRU to prioritise ECP-1 access based on date of final grant of generator planning consent**
- **It is not appropriate for the system operator to review planning documents. A grant of planning should be sufficient to allow for the issuance of a grid offer**
- **Criteria for ECP-1 and future rounds should be based on date of Grant of Planning and not Planning Expiry.**
- **Early Engagement with ESB/EirGrid is required prior to generator planning to enable robust planning applications.**

4. SHARED CONNECTIONS

ISEA strongly resists the proposal for shared connections to be underwritten by the sub group. There are a number of strong reasons this proposal is not appropriate:

- Such a mechanism is economically inefficient as Generators will price this risk into all bids and these costs shall be included within the strike price regardless of whether this risk materialises. Thus PSO consumers will be paying for this risk irrespective of outcome. If however this risk is borne by the TUoS Customer it will only become payable if the risk actually materialises, which given the recent history of shared connections is quite unlikely.
- In line with the 2014 European State Aid Guidelines the RESS scheme will allocate support to projects based on an auction system. It is imperative that connection policy is adapted to avoid any undermining of auction efficiency. Seeking to allocate stranded asset risk through an auction process is simply bad policy and may lead to state aid issues in RESS design. Use of System customers are also exposed to PSO costs, and are best served by ensuring a competitive auction process to minimise costs via the PSO.
- The TUoS customer will recoup the benefit if & when future generators connect to the system. Investment in network infrastructure is not unusual for UoS customers and is the appropriate mechanism to provide investment capital. It is not appropriate for the PSO consumer to provide network infrastructure capital via private generators, particularly in an inefficient manner. Gate 3 has shown that the UoS customer has not borne considerable risk of shared connections.

- The requirement for planning permission to receive a connection offer reduces the risk to the UoS customer as projects that will be issued a shared connection will have already submitted a planning application at considerable cost and been granted planning.
- The current arrangements under COPP have not been demonstrated to be causing the Use of System Customer an intolerable burden, and there is insufficient evidence to justify a change to current regulations, particularly considering the upcoming allocation of capacity via competitive auctions.
- The proposal to re-optimize shared connections should one project not proceed is cautiously welcomed. However, ISEA fear that this may lead to delays in some circumstances and the rights of all Parties need to be balanced in this regard. System Operators need to consider such re-optimisations carefully to avoid unnecessary delays for projects which have accepted connection offers and may be subject to strict planning permission timelines or realisation periods for support schemes.

**Current policy around shared connections should continue to be underwritten by the UoS customer and not inefficiently by the PSO consumer via generators.
Connection Policy needs to reflect the primacy of competitive auctions and not undermine auction inefficiency and increase the overall burden on system users**

5. PROJECT SIZE

ECP-1 should be designed as a sustainable process for the system operators to manage. Projects of greater than 100MW (whether in a single connection or in aggregate) should not be eligible for participation in ECP-1 for several reasons:

- ECP-1 is likely to be oversubscribed and it is reasonable to allocate capacity to a wider footprint of industry, rather than a small number of large players
- There is a limited amount of capacity to be allocated in ECP-1. A 100MW upper limit would represent over 16% of the total volume if 600MW is available (or 10% if the volume is increased to 1,000MW as recommended) which is an inappropriate share for any individual project
- Renewable projects will be supported by means of competitive auctions. Auctions require sufficient volumes of projects and participants in order to work efficiently. Allocating scarce grid capacity to a small number of large players may lead to market power issues and undermine the auction process, potentially increasing costs or delaying realisation of national targets.
- ECP-1 is being designed as an interim step towards full enduring connection policy and as such should serve current system needs. As such ECP-1 should allocate capacity to projects which may be delivered by or close to 2020 to assist with national targets. Projects > 100MW are very unlikely to be delivered within this timeframe given EIA projects require a cumulative assessment of grid connection infrastructure.

- Future rounds of ECP may be designed to cater for very large projects which have a longer realisation period. This would also allow analysis to fully understand their impact on the system.
- A 100MW upper limit would be consistent with the ruleset proposed by CRU for the selection of DS3 projects.

6. APPLICATION FEES

The proposals for fee increases is unacceptable. ISEA does not believe that proposed ECP-1 is the appropriate place to address application fees. The CRU reviews System Operator charges annually and ISEA believe this is the appropriate forum in which to debate generator fees.

The following is an extract of the proposed fee structure and the % change in application fee from the current format. Needless to say fee increases of this scale are wholly inappropriate and should not be entertained, particularly not without a wider review of connection costs and fee structure.

MEC	ESBN Fees			
	Old Fees(excl. VAT)	New Fees(excl. VAT)	Net Increase	% Increase
0≤11kW	€0	€0	€0	0%
>11kW≤50kW	€763	€1,526	€763	100%
>50kW≤250kW	€1,557	€3,114	€1,557	100%
>250kW≤500kW	€1,557	€33,842	€32,285	2074%
>500kW≤4MW	€8,841	€33,842	€25,001	283%
>4MW≤10MW	€27,276	€67,557	€40,281	148%
>10MW≤20MW	€52,831	€67,557	€14,726	28%
>20MW≤30MW	€52,831	€87,013	€34,182	65%
>30MW≤50MW	€61,565	€87,013	€25,448	41%
>50MW≤100MW	€73,836	€87,013	€13,177	18%
>100MW	€86,426	€95,829	€9,403	11%

The proposal to change the application fee is unwarranted and should remain as per the application fees in 2017.

7. FUTURE NON-GPA

- Current proposals for projects greater than 11kW and less than 250kW to be processed on a sequential basis around the 110kV node should be extended to all projects below 500kW.
- ISEA believes that 500kW is an appropriate upper limit for non-GPA projects but consideration may be given to increasing this to 1MW for wholly owned community projects.

- Projects that receive an offer under the non-GPA process should have a reduced timeframe under which to accept an offer. ISEA propose 30 calendar days as an appropriate timeframe. Projects which are disputed should not hold up the processing of future projects and ISEA propose that the SO processes the next in line under the assumption that the first offer is accepted to allow for a worst case scenario.

Future Non-GPA should be expanded to all renewable projects with an MEC < 500kW and potentially <1MW for wholly owned community projects

8. PRIORITISING RENEWABLE ENERGY PROJECTS.

The proposed ECP-1 should prioritise renewable energy projects as is required under Article 16, Directive 2009/28/EC of the European Parliament and of the Council of 23 April 2009 on the promotion of the use of energy from renewable sources. It is inconceivable that non-renewable generation should be allocated grid capacity whilst there are consented renewable projects seeking capacity. Regulations surrounding grid connection access should not run contrary to national policy objectives. Allowance may be made in future rounds should technical advice from the SOs necessitate non-renewable generation for system technical reasons, but in the absence of such renewable projects should be prioritised.

ECP-1 should prioritise Renewable Energy Projects.

9. DS3 PROJECTS

ISEA believes DS3 projects should be processed under a separate grid connection policy as there is only one route to market via EirGrid, it is not appropriate to process both DS3 with generation projects.

DS3 projects should show the same commitment to receive a grid offer by ensuring they receive planning permission before receiving a grid offer. This will help reduce speculation and show commitment.

DS3 projects should be processed under a separate system and should require grant of planning for grid offer to remove speculation.

10. TIMELINES FOR ECP-1 AND BEYOND

The timelines that are proposed are somewhat conservative and ISEA seeks greater assurances from the CRU on timelines for grid offer issuances. The next batch beyond ECP-1 should be open for applications whilst the offers for ECP-1 are live and begin processing as soon as the final ECP-1 offer has accepted/lapsed.

Future Applications for Grid Connection should run in parallel to ECP-1 to reduce timelines for future connection offers.