ISEA SUBMISSION

Response to Enduring Connection Policy Stage 2 (ECP-2)

January 2020

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Introduction

The Irish Solar Energy Association (ISEA) welcomes the CRU's consultation on the Enduring Connection Policy Stage 2 (ECP-2) Proposed Decision. The following response is prepared on behalf of the members of ISEA.

As per the Climate Action Plan[1], the Irish Government has committed to generating 70% of electricity from renewable sources by 2030. The DCCAE is committed to supporting 12,500 GWh of electricity generation to assist in the transition and address the Climate Emergency which we now face.

We welcome the CRU and system operator's sentiment to provide certainty over grid connections over a medium horizon but unfortunately the current proposed decision does not deliver this certainty. Limiting the annual processing volumes to 50 connections per annum and preferring larger projects means that some consented smaller projects have no certainty over when they shall be processed. This is clearly discriminatory and is not acceptable. It is not the role of the CRU to predetermine auction outcomes and public interest is not served by limiting the number of auction participants.

There needs to be a larger commitment by all stakeholders responsible for delivering grid connections to do more to ensure Ireland meets it's climate obligations for 2030 and interim assessments. There is now a requirement for a step change in the resourcing of the renewable connection offer process. Action 19 of the Climate Action Plan calls on the CRU and the System Operators to provide a 'fit for purpose' connection process, with timely connection offers, to ensure Ireland can meet its renewable targets. This proposed decision does not do this. The CRU needs to direct the system operators to commit to delivering a minimum of 125 connections a year for the duration of ECP-2 for utility scale projects and design a more efficient system for smaller C&I rooftop projects. If further resources are required within the System Operators to process these applications, then these resources should be put in place. Applicants pay a significant amount to be processed, and they are entitled to be processed in a timely manner. The clear policy direction, 70% RES-E target, large volume of applicants and requirement for auction competition means increased processing levels are not only justified but necessary. A CRU decision to accept limited annual processing will not satisfy Action 19 of the Climate Action Plan. In addition, the cost of lodging an application for connection is prohibitively high which discourages our members more than other technologies.

This document follows the CRU format of discussing the relevant issues and proposes a recommendation at the end of each section.

[1] https://www.dccae.gov.ie/en-ie/climate-action/publications/Documents/16/Climate_Action_Plan_2019.pdf

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About Irish Solar Energy Association

The Irish Solar Energy Association (ISEA) was established in 2013 to advance a policy and regulatory landscape promoting solar as a leading renewable energy technology that will decarbonise Ireland's electricity system and contribute to a successful and strong clean economy. ISEA is committed to delivering 5GW of solar between now and 2030. The organisation will lead the way in driving the energy transition by working with stakeholders and Government to decarbonise the electricity system. We will champion the solar industry, on behalf of our members, to policymakers and the public to highlight the benefits that solar brings.

Background

As outlined under COP21 the world is facing an inordinate challenge to reduce its' carbon emissions. Many of the worlds leading countries including Ireland have signed up to reducing carbon emissions to limit temperature rise to below 2^C. The world needs to reduce carbon emissions by 32 GTCOe per year to reduce temperature rise to 1.5^C by 2030 and 15 GTCOe per year to limit temperature rise to 2^C. To put this into perspective China produces 9.5 GTCOe and Europe emits 4.5 GTCOe.

Fundamental change is required by all governments and government agencies to deliver policies which enables the transition to cleaner sources of energy.

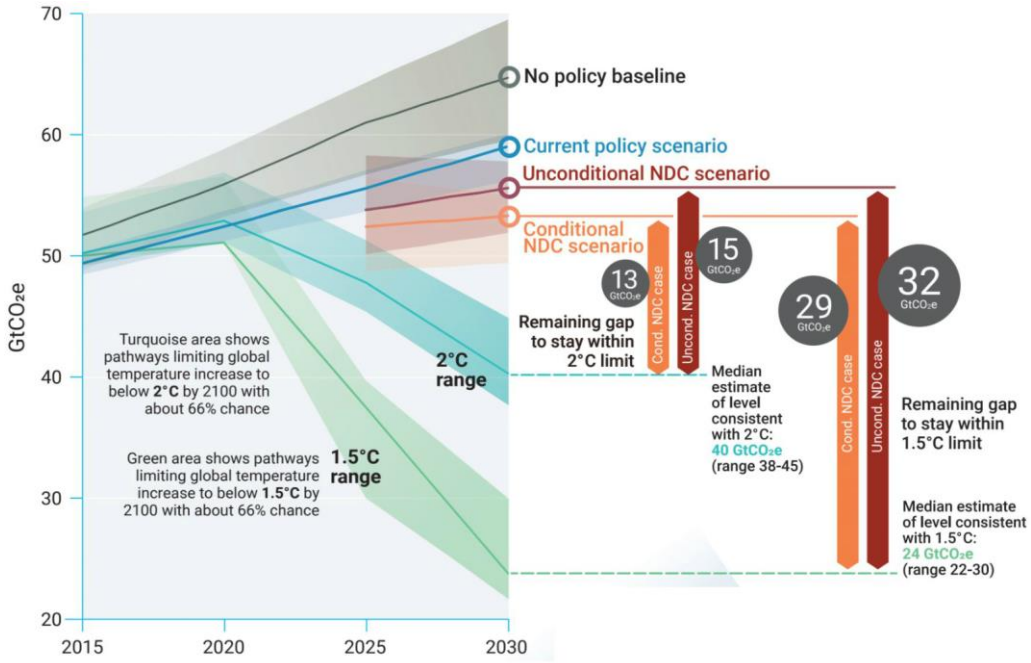

Figure 1 – UN Emissions Gap Report 2019[2]

2 http://wedocs.unep.org/bitstream/handle/20.500.11822/26895/EGR2018_FullReport_EN.pdf?sequence=1&isAllowed=y

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Ireland is required to reduce its non-ETS emissions by 30% on 2005 levels by 2030. The EPA already project that Ireland will exceed the carbon budget over the period 2021-2030 by 53-67 MTCOe.

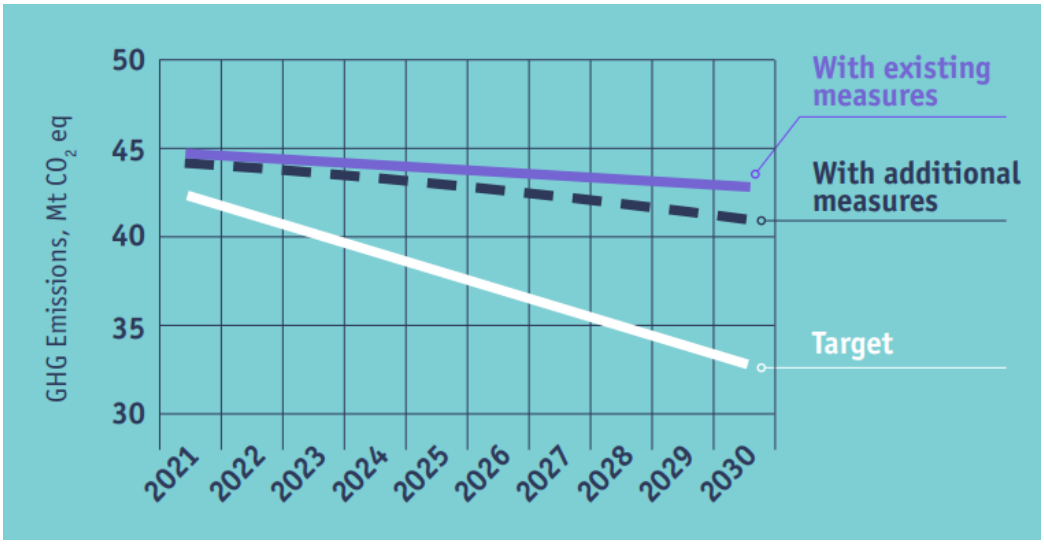

Figure 2 Irelands Emission Targets[3]

"It is clear that policy measures to date, including those presented in Project Ireland 2040, will not achieve the level of decarbonisation required in the electricity sector to meet our 2030 emissions reduction target. We must reduce our electricity sector emissions to 4-5 Mt in 2030. In 2017, emissions from electricity were 12 Mt and in 2030, despite implementation of Project Ireland 2040 measures, emissions are projected to be 8 Mt. ***This clearly demonstrates the need for a significant step-up in ambition over existing policy****, not only to meet our 2030 targets, but to set us on course to deliver substantive decarbonisation of our economy and society by 2050"*[4]*.*

The Irish Government produced the Climate Action Plan in 2019. This document committed to reducing carbon emissions and proposed policy measures to achieve 2030 targets, setting Ireland on course for a net zero target by 2050.

Connection Pathways

We welcome the proposal to set up three separate work streams for connections. However, we believe that in order to ensure we meet our European obligations, system operator resources should be increased to ensure more connections are delivered in a timely manner, specifically within the onshore sector. Any work relating to the interconnectors and offshore sector should not disadvantage or delay the delivery of grid connections of the onshore sector.

It is stated that projects less than 11kW are classified as microgeneration and will be subject to a separate connection policy. ISEA calls on the CRU to increase the threshold of microgeneration to 50kW to cater for the increased level of interest in rooftop solar namely from schools and

[3] https://www.epa.ie/pubs/reports/air/airemissions/ghgprojections2018-2040/EPA_greenhouse_gas_emissions_Infographic.pdf
[4] https://www.dccae.gov.ie/en-ie/climate-action/publications/Documents/16/Climate_Action_Plan_2019.pdf

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community buildings. We don't believe that these connections fit within the traditional connection process.

Recommendation:

1. ISEA recommends that the CRU must ensure that any proposals for connection pathways for onshore renewables are adequately resourced.
2. Classification for microgeneration is increased from 11kW to 50kW to ensure the energy citizen is not overly burdened by the existing connection process and allow the energy citizen to participate in the transition to a cleaner future.

Connection Costs

The cost of applying for connection is prohibitively high and disproportionally impact solar over other technologies and is not in the spirit of the recently adopted Renewable Energy Directive 2018 which seeks to promote the connection of renewable energy projects in a cost-effective manner. We contend that the barrier to entry to applying for a grid connection is to achieve planning consent and introducing additional financial barriers will discourage deployment in Ireland especially small-scale projects.

Our members have direct experience in applying for grid connections in other jurisdictions including the UK which is most comparable. We are happy to furnish further details to the CRU to allow a comparable study of costs.

We contend that there is no justification in the cost of the application fees below. Additionally, elements of the application fee should be refundable. We do not believe the application fees as set out are justified for administrative costs.

The following table shows the increase in costs for applications. This table shows how disproportionate they are in comparison to previous application costs.

MEC	ESBN Fees				
	Old Fees(excl. VAT)	Proposed Fees(excl. VAT)	% Increase	New Fees(excl. VAT)	% Increase
0≤11kW	€0	€0	0%	€0	0%
>11kW≤50kW	€763	€763	0%	€763	0%
>50kW≤250kW	€1,557	€1,557	0%	€1,557	0%
>250kW≤500kW	€1,557	€33,842	2074%	€1,557	0%
>500kW≤1MW	€8,841	€33,842	283%	€8,841	0%
>1MW≤4MW	€8,841	€33,842	283%	€18,111	105%
>4MW≤10MW	€27,276	€67,557	148%	€36,654	34%
>10MW≤20MW	€52,831	€67,557	28%	€67,557	28%
>20MW≤30MW	€52,831	€87,013	65%	€87,013	65%
>30MW≤50MW	€61,565	€87,013	41%	€87,013	41%
>50MW≤100MW	€73,836	€87,013	18%	€87,013	18%
>100MW	€86,426	€95,829	11%	€95,829	11%

Table 1 Increased Processing Fees

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While we believe the motive for increasing fees has been to discourage speculative applications, the barrier to entry now includes planning permission which involves commitment from project developers and only projects which are a high chance of success will get through the planning cycle.

Recommendation:

3. ISEA recommends the CRU revise the cost of connection applications in line with other jurisdictions in Europe especially for projects <10MW.

Target 50 Connection Offers for each of ECP-2 Batches

The proposal to process 50 connection offers as outlined in the proposed decision is wholly inadequate to meet Ireland's objectives under the Climate Action Plan. ESB Networks have previously issued over 100 connection offers per year through the Non-GPA process and it is unclear why this number cannot be replicated under ECP-2. With the assistance of the various industry bodies we believe a more efficient process can be delivered to allow the system operator process a greater number of renewable projects which will assist Ireland in meeting its climate change objectives. Increase levels of indigenous renewable energy generation will also increase the security of supply.

There are approximately 150 renewable projects with planning permission that will not receive a grid offer under ECP-1. This does not include battery projects, potential extensions to existing contracted generators, ECP-1 projects reapplying to ECP-2 due to evolving grid planning standards, and new renewable projects receiving planning permission. If the proposed decision is approved to only process 50 applications per batch, then some projects which have planning and missed out on ECP-1 will still not receive a grid offer by the end of ECP-2. It is recommended that the CRU develops and implements a system which allows for a sustainable connection offer process whereby projects that achieve planning in a particular year should be able to receive a grid offer within a 12-month timeframe of achieving planning permission. We believe an annual processing volume of 125 applications will achieve this. The critical step to moving to this enduring approach is removing the current queue for connections.

Recommendation:

4. ISEA calls on the CRU to direct the system operators to process a minimum of 125 projects a year under ECP to ensure backlog of projects are cleared and a sustainable process of connection is implemented during the life of ECP2.

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Early Engagement with Projects in the Batch

ISEA welcomes the proposal for early engagement between the system operators and developers to discuss potential connection methods and associated costs and thereby allowing an early opportunity to exit the offer process should projects costs be prohibitively high. However there needs to be a clear process allowing developers to withdraw their application which will benefit both developers and the system operators. Withdrawal of applications should be facilitated with a refund of the application fee. ISEA also requests that the CRU clearly directs ESB Networks to provide connection method meetings for all projects in ECP-2 as detailed in the Gate 3 direction (CER/08/260).

Requirement for Planning Permission

We agree with the sentiment that planning permission is required in order for a connection application to be processed. However, we believe that allowances must be made for planning permission amendments in relation to the grid connection method. In certain cases, these changes would have been unforeseen when the planning application was submitted. Also, projects should be afforded the opportunity to amend the planning application boundary without fear of losing their grid position under ECP-2. Projects should have the opportunity to amend / correct local project issues which may have required subsequent planning consent. It is important the grid connection process facilitates projects that are being processed and supports them in project delivery and is not overly restrictive as they seek to evolve their project. Public interest is served by enabling the delivery of the lowest cost renewable energy, not restricting projects over minor details.

The requirement for planning permission substantially removes the potential for speculative grid connection applications. To achieve planning permission, the developer has already committed substantial resources to the project. It is therefore only reasonable that the System Operators also commit the resources to processing the applications. With the ambitious renewable targets and the need for scale and competition in the RESS auctions, we can no longer allow the connection offer process to unnecessary filter and delay the overall development process.

Recommendation:

5. Applicants who have received planning and have been accepted into ECP should be afforded the flexibility to amend elements within the planning application without fear of losing an ECP offer.

Boundary Corrections

The transition between the Non-GPA and ECP processing mechanisms resulted in several examples where project boundaries outlined in planning applications varied from that which was delineated within the original grid application. As the outlining of boundaries was not a defined requirement prior to the ECP process, some of our members have been disadvantaged as a result. It is recommended that the CRU provides an opportunity for disadvantaged projects to redefine their boundaries to align with what has been consented in their planning applications.

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Recommendation:

6. The CRU should allow projects, which have received a grid offer under NGPA, the opportunity to amend the site boundary in their application to match their planning permission. Changes should only be permitted to facilitate projects which do not require a relocation to another substation.

Batch Timing

The proposed timeframe as set out in the document should be reviewed considering the need to expedite delivery of grid connections. ECP2.1 is proposed to only begin in Q4 2020. A gap in excess of 6 months between the last offers being issued for ECP-1 and the beginning of ECP-2 will result in over 6 months of lost opportunity to deliver future connections. These connections are required immediately, and any delay is unwarranted.

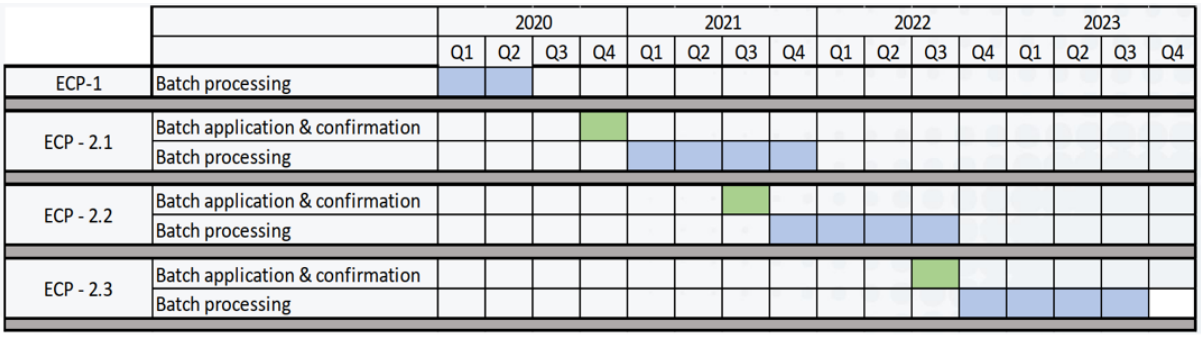

Figure 3 Proposed Batch Timing

Recommendation:

7. ECP-2.1 should begin in Q3 2020 to avoid knock on delays in project delivery.

Batch Prioritisation

The Proposed decision to prioritise 25 of the largest projects by GWh/YR clearly disadvantages solar projects and our members. A key objective of the CRU is to carry out its functions so as not to discriminate unfairly between relevant stakeholders;

"Section 9 (4) (a) of the 1999 Act, the CRU shall carry out its statutory functions in a manner which does not discriminate unfairly between relevant stakeholders"

The proposed decision to process 25 of the largest projects by their expected output clearly demonstrates a policy favouring certain generation types over others and is clearly discriminatory.

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While we acknowledge the pressing need to increase the number of GWh's of renewable energy on the Irish system the CRU and system operators must be cognisant of the objective to diversify Irelands energy mix and to allow all projects compete on a level playing field. The proposed policy of favouring the processing of 25 of the largest projects by their expected output is contrary to this.

ISEA will accept the prioritisation of 25 larger projects if and only if the annual processing volume is increased to 125 applications per annum. Our calculations show this is the required level to ensure smaller projects are processed within a reasonable time period and are not left awaiting processing indefinitely. We call on the CRU to ensure that the system operators deliver 125 connection offers each year under ECP-2. This will ensure fair access for all projects and enable processing of the largest 25 projects.

Recommendation:

8. The ECP-2 process should set out to clear the queue for grid connections and move towards an enduring streamlined regime with minimal delay.
9. The batch size should be increased to 125 offers being processed per annum.
10. ISEA will not accept prioritisation should the batch size not be increased to 125.

Shared Asset Bonding

The proposal to continue with shared asset bonding is not warranted. Our members have direct experience in receiving grid offers under ECP-1 which they could not accept solely due to the presence of shared asset bonding. Shared asset bonding puts an unacceptable front-loading risk on the developer.

The justification for shared assets bonds under ECP-1 has never been demonstrated by the system operators. It was suggested but never demonstrated that assets which were delivered under previous Gates 1, 2 & 3 were stranded, and the Use of System customer has had to pay for them with no possibility of being rebated by future connections. The current policy requiring payment of bonds at offer stage places an unacceptable high level of entry to offer acceptance. The consequence of such a policy is that less offers will be accepted therefore reducing the level of potential GWh's delivered and reducing competition in RESS auctions.

We call on the CRU to further investigate previous claims by the System Operators that the customer has borne the cost of significant stranded assets which now results in a policy which overly burdens the connection of renewable energy projects.

Recommendation:

11. The CRU reverses the decision from ECP-1 to apply shared asset bonds on connection offers due to the unacceptable high threshold of costs at grid offer acceptance stage.

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Capacity Hand Back

ISEA welcomes the proposal to allow projects a final opportunity to hand back capacity under ECP-2. However, we would suggest that the CRU allows for partial capacity hand back for projects that are not able to use their full Maximum Export Capacity (MEC). This would allow other projects to avail of this capacity.

Our members have spent considerable capital from 2015 - 2017 lodging grid applications. It was only at the point of application that details on the queue position were shared therefore many of these applications were not progressed. Furthermore, substation capacity information was only made available by the system operator after the majority of applications were made.

As the connection process has now changed fundamentally, we ask that the system operators be directed to return application fees associated with work that was never carried out. This return of fees will only apply to projects that will not progress as per confirmation for the applicant.

Fees of €7,000 per application were received by the system operator. It is hard to justify how such monies were spent. ISEA request, on behalf of our many members, that these monies are returned. We accept that these fees were a non-refundable deposit, but they were a non-refundable deposit towards the cost of being processed and were consideration under a contract. If they are not being processed, and the contract is not being performed, then these fees should be refunded. ISEA call on CRU to confirm their position on this anomaly.

Recommendation:

12. Allow projects to hand back unwanted capacity including a partial release of existing capacity to free up capacity for other projects.
13. CRU should direct the system operators to return unspent monies for project applications submitted under the previous GPA and non-GPA process.

Grid Following Funding

ISEA welcomes the CRU's concept of Grid Following Funding proposals however, we believe developers should receive a formal grid offer before entering a RESS auction to allow for certainty of bidding. Acceptance of the grid offer should be made within 30 business days of winning a bid in RESS.

While we welcome the proposed change in the acceptance of grid offers, we urge the CRU to consider alternative routes to market for projects including Corporate PPAs and most importantly utility or traditional PPAs.

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Recommendation:

14. Grid Offers should be issued under an option to contract basis to be executed within 30 days of receiving a winning bid in RESS.

15. Projects seeking an alternative route to market can execute grid offers within 30 days of presenting a signed contract for a utility back or corporate PPA.

Non-batch process

ISEA members have raised concerns regarding the ambition of the system operators to facilitate the connection of "energy citizens" many of whom will rely on the Non-Batch Group Processing for connection to export on site generation to the grid.

The CRU proposes that ESB process 30 applications through the NGPA process of which up to 15 will be community based. Our members have experienced a huge surge in interest from SMEs, community buildings, schools and farms to connect to the grid. ESB need to have streamlined processes and quicker response times to deal with the forecasted upsurge in connection applications. In addition, a policy to facilitate connections for smaller rooftop projects is required. The current queued system around the nearest 110kV node is inadequate with some customers potentially waiting several years for a connection offer while the roof space goes unused.

The CRU needs to consider how the mass deployment of small-scale generation will be accessible to all. Ireland has committed to meeting its obligations under the Renewable Energy Directive to remove barriers for small scale generation projects access the grid;

"In order to foster the uptake of renewable energy by microenterprises and small and medium-sized enterprises (SMEs) and individual citizens, in accordance with the objectives set out in this Directive, a simple-notification procedure for grid connections to the competent body should be established for small renewable energy projects, including those that are decentralised, such as rooftop solar installations."[5]

The UK has seen a huge surge in rooftop installations in recent years, partially due to the support scheme. However, as installation costs have continued to reduce many projects are still connecting. The UK experienced a total of 30,534 connections for projects between 10kW- 50kW and a further 4,139 connections for projects between 50kW-5MW between 2010 and 2019[6].

The CRU and ESB need to expect the same level of interest in the coming years in Ireland, so allowing for 15 applications per annum is clearly insufficient.

[5] DIRECTIVE (EU) 2018/2001 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 11 December 2018 on the promotion of the use of energy from renewable sources https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32018L2001&from=EN

[6] UK National Statistics Solar Photovoltaic Deployment https://www.gov.uk/government/statistics/solar-photovoltaics-deployment

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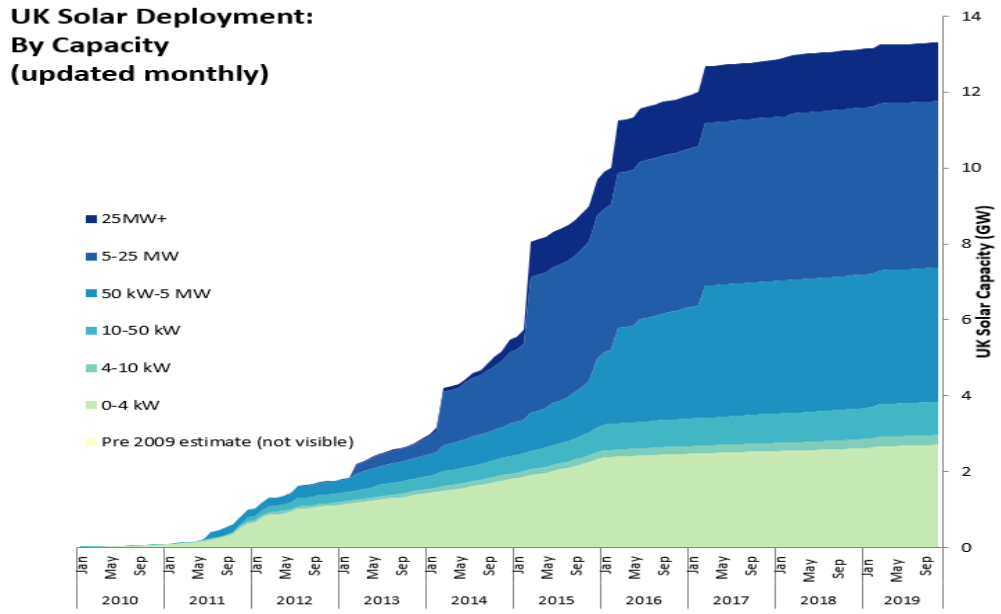

Figure 4 – Solar Installations in UK 2010-2019[7]

Recommendation:

16. The CRU and ESB need to design an appropriate connection process to cater for the surge in demand for rooftop solar in Ireland.

Community projects

ISEA welcomes the inclusion of community-based projects in the NGPA process which will help attract communities into the development of solar projects. While we believe there is a sentiment to support community projects by inclusion in the NGPA process and not having planning as a pre requisite to applying. We are firmly of the belief that project application fees will need to be revised to encourage deployment of community projects in Ireland.

Application costs of c.€30k for community projects is not considered wise and we believe that the CRU and ESB will come under serious criticism in the public domain for having fees at the such a high level for local projects.

Recommendation:

17. The CRU and ESB seek to encourage community projects by significantly reducing the cost of connections for projects <10MW.

[7] UK National Statistics Solar Photovoltaic Deployment https://www.gov.uk/government/statistics/solar-photovoltaics-deployment

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