

EirGrid Stakeholder Engagement Plan 2022

March 2022

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EirGrid

Irish Solar Energy Association response

1.0 Executive Summary:

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. We appreciate the opportunity to provide feedback on EirGrid Stakeholder Engagement Strategy and Plan 2022.

Issues for Feedback

I. Stakeholder Engagement:

- It is positive that the stakeholder segmentation analysis takes into consideration many stakeholders within the 'Customers and Industry stakeholders' category.
- We would encourage EirGrid to engage with industry to build more strategic grid infrastructure to facilitate the installation of more renewable energy assets on the network.
- EirGrid needs to provide evidence that proposals made by industry have been considered.

II. Our 2020 – 25 Strategy:

- ISEA agrees with EirGrid's prioritisation of climate change and decarbonisation.
- We welcome EirGrid's recognition of the need to engage continuously with industry.

III. Key areas of engagement for 2022:

- We have concerns about Shaping Our Electricity Future (SOEF). In our view, it is inconsistent with DECC policy as it decreases the probability of hitting the relevant climate targets.

IV. Sustainability:

- ISEA appreciates EirGrid's acknowledgement of engaging with stakeholders in meeting the challenges of transitioning to a low carbon society.
- The public & industry consultations and stakeholder engagement are welcome steps – but these measures must result in substantive actions to be successful.

V. Security of Supply:

- ISEA recognises the recent challenges to the security of supply. The best way to protect the security of supply is for more renewable projects to energise more quickly.

VI. Operate, enhance & develop the all-island grid & market:

- Current connection standards are ultimately too conservative which impedes the progress of decarbonisation by increasing the cost of connecting to the grid.

VII. Work with partners for positive change:

- ISEA endorses EirGrid’s plan to collaborate with ESB Networks.
- This partnership must result in cost reductions & substantial changes to connection policy to be of benefit to the solar industry.

VIII. Connecting our Customers:

- It is positive to see that EirGrid aims to engage at an earlier stage with those connecting to the electricity transmission system.
- EirGrid’s statements on the subject do not provide clarity on if EirGrid will provide a greater degree of cost certainty.

IX. Regulation & Other Key Partners:

- ISEA welcomes the identification of industry representative bodies as a ‘key partner’.
- Engagement must be resourced appropriately and result in dividends for stakeholders.

Next Steps

ISEA submits our response to EirGrid. We would welcome the opportunity to discuss the analysis underpinning our response and contents of same.

3.0 Consultation Questions:

1. Do you have any feedback on our Stakeholder Engagement Plan 2022?:

ISEA welcomes EirGrid's acknowledgement of the large number of stakeholders they have. It is a positive feature that the stakeholder segmentation analysis takes into consideration many stakeholders within the 'Customers and Industry stakeholders' category. However, the acknowledgement of a wide variety of stakeholders within this process emphasises the importance of resourcing engagement appropriately while not compromising the delivery function.

ISEA appreciates EirGrid's acknowledgement of engaging with stakeholders in meeting the challenges of transitioning to a low carbon society. The public & industry consultations and stakeholder engagement are welcome steps towards achieving this goal – but we are keen to underline that these measures must result in substantive actions to be successful.

We welcome EirGrid's recognition of the need to engage continuously with industry and we agree with the primary goal to *"lead the island's electricity sector on sustainability and decarbonisation."* However, we do question if this goal aligns with EirGrid's role to *"operate, develop and enhance the all-island power system and the wholesale electricity market."*

ISEA endorses EirGrid's plan to collaborate with ESB Networks to develop, maintain and manage the transmission system. However, we are keen to emphasise that this partnership must result in cost reductions & substantial changes to connection policy to be of benefit to the renewables industry. The impacts of this interaction/partnership should be evident and evidenced in future plans. It must generate concrete outcomes that stakeholders can experience.

We respectfully request that EirGrid engage with ESB Networks and industry to encourage a rapid acceleration in their delivery of connections, more flexibility in the process, and, as an early priority, the production of work programmes consistent with the RESS-1 timelines.

2. Would you like to see any further information covered in future EirGrid Stakeholder Engagement Plans?:

We welcome that EirGrid intends to engage through several channels and mechanisms. We notice however that key performance indicators for many of these mechanisms are not mentioned in the Stakeholder Engagement Plan. As a semi-state body, the distribution system operator, and a key delivery partner for renewables, EirGrid should be as transparent as possible in its decision-making processes and governance.

3. Do you have any view on the direction EirGrid's Stakeholder Engagement should be going in the coming years?:

In our view, EirGrid's communication of their economic assessment of policy implementation options needs to be meaningful for citizens & industry. In other words, assessments of this nature should include a more holistic "whole of society" costing. In this scenario, the cost of potential solutions to an issue on the network cannot be expressed solely as the cost to EirGrid. To accurately quantify the total cost to society, a list of relevant variables can be include (but are not necessarily limited to):

- Changes in curtailment levels (related constraint payments which land on bills via suppliers are worth EUR341mn this year).
- Bidding price of RESS renewables which affects PSO costs to the consumer.
- The carbon emissions of the sector which can be captured in the power price bid by thermal generators. In addition, it can result in customers not having access to zero marginal cost renewables.
- The use of system charges.

We also encourage EirGrid to consider the inclusion of supply chain transparency as part of their Environmental Reporting – the overseas production & importation of equipment is ultimately part of EirGrid’s environmental footprint even if this is not considered as part of Ireland’s official emissions statistics. It may also be worthwhile to consider Supply Chain Transparency as part of procurement – EirGrid should be able to demonstrate that procured equipment is manufactured by workers who operate in ethical & safe conditions. This is important not only for environmental & social responsibility obligations but also for managing public relations with key stakeholders.

4.0 Feedback:

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. As the leading voice for the Irish solar industry, ISEA works closely with stakeholders to advance the solar agenda on behalf of our members. ISEA is committed to delivering 5 gigawatts (GW) of utility-scale solar and 1GW of customer-scale solar in the next eight years to make a significant contribution towards 2030 energy targets and achieve a diverse and clean electricity network.

I. Stakeholder Engagement:

ISEA welcomes EirGrid's acknowledgement of the considerable number of stakeholders they have. It is a positive feature that the stakeholder segmentation analysis takes into consideration many stakeholders within the 'Customers and Industry stakeholders' category. However, the acknowledgement of a wide variety of stakeholders within this process emphasises the importance of resourcing engagement appropriately while not compromising the delivery function. We are also keen to ask that EirGrid provide adequate time for stakeholders to respond to consultations by considering that stakeholders may have varying resources.

We also welcome that EirGrid intends to engage through several channels and mechanisms. We notice however that key performance indicators for these metrics are not defined. As a semi-state body, the distribution system operator, and a key delivery partner for renewables, EirGrid should be as transparent as possible in its decision-making and governance.

We would encourage EirGrid to engage with industry to build more strategic grid infrastructure to facilitate the installation of more renewable energy assets on the Irish electricity network. In light of recent constraints reports, there is clear evidence of the need for this in order to minimise wasted renewable electricity – especially as constraints and curtailments are likely to increase dramatically once ECP 2.2. projects connect to the system. As Grid will be a scarce resource until more key infrastructure is built, Ireland will continue to struggle with meeting its emissions targets until more grid capacity is made available.

As an industry, we have found EirGrid staff willing to engage and communicate with us. However, the levels of good practice in this area have been inconsistent. We find that there is ultimately minimal evidence that views have been considered or the analysis done to warrant the rejection of the input. We recognise that EirGrid is not required to make changes to their practices based on the industry's position, but to retain positive relationships with industry stakeholders EirGrid needs to provide evidence that proposals made by industry have been considered – regardless of the outcome. In effect, there appears to be a mismatch between EirGrid's public rhetoric and on-the-ground delivery.

II. Our 2020 – 25 Strategy:

ISEA agrees with EirGrid's prioritisation of climate change and decarbonisation within their strategy: *"our 2020-25 strategy is shaped by two factors; climate change and the transition of the electricity sector to low-carbon, renewable energy. This strategy was informed by extensive engagement with key stakeholders. These included industry fora, government departments, customers, as well as board members, management and staff from across EirGrid Group."*

We welcome EirGrid's recognition of the need to engage continuously with industry and we agree with the primary goal to *"lead the island's electricity sector on sustainability and decarbonisation."* However, we do question if this goal aligns with EirGrid's role under legislation to *"operate, develop*

and enhance the all-island power system and the wholesale electricity market.” However, we are supportive of the supporting goals to *“operative, develop and enhance the all-island grid”, “work with partners for positive change”* and *“engage for better outcomes for all”* subject to the caveat that key performance indicators for these supporting goals are not mentioned in the Stakeholder Engagement Plan. In the interest of accountability, we believe this should be made available to EirGrid stakeholders.

III. Key areas of engagement for 2022:

We appreciate the intent of EirGrid in aiming to provide ‘thought leadership’ on energy policy but we question if this role is within their purview. Strictly speaking, it is the responsibility of the Department of Environment, Climate & Communications (DECC) to set policy in this area (though we recognise that is appropriate for EirGrid to express a view). Within this frame, EirGrid’s view should be subject to governance and oversight, but it should also not be binding in terms of setting formal policy.

ISEA believes that an ‘Education and Engagement Campaign’ by EirGrid to inform the public as to their role is particularly important for ensuring societal acceptance of the green transition and the building of grid infrastructure.

In previous engagements, we have expressed concerns about Shaping Our Electricity Future (SOEF). In our view, it is inconsistent with DECC policy to decarbonise Ireland’s electricity system as it decreases the probability of hitting the relevant climate targets. Our key concerns are as follows:

- SOEF sets out EirGrid’s preferred way for the transmission system to accommodate 70% by 2030 which is not equivalent to the least cost blend of renewables for the consumer, on which theme we have provided a variety of reports and data.
- The report does not distinguish between the generation profile of wind and solar. As solar has a strong inverse correlation with wind, it can be more readily accommodated on the existing system than the equivalent GWh of new wind energy.
- DECC policy aims to decarbonise our electricity system, not to hit a target RES-E penetration at a moment in time. It has been demonstrated that adding solar is more effective in reducing carbon from the system than an equivalent GWh volume of incremental wind. Furthermore, solar can be connected to the system many years in advance of offshore wind, but these carbon benefits have not been factored into the EirGrid analysis.
- By proposing the bulk of the new generation from offshore wind, EirGrid is proposing a heavy concentration of risk. There are significant risks that offshore wind may not deliver the required volumes by 2030 and it is ill-advised to rely heavily on a single source over which we have limited control due to international competition and supply chains.
- SOEF seems to assume non-delivery of interim renewable targets through an excessive reliance upon offshore wind arriving in the second half of the decade.
- SOEF sends a specific negative signal to potential investors in Irish renewables by suggesting a cap on solar PV in the near term, which is extremely concerning to us and our members.

We encourage EirGrid to engage further with ISEA and its members on the implications of Shaping Our Electricity Future to find a more equitable solution. Aside from this, we have no major objections to the other proposals for engagement with stakeholders on Shaping Our Electricity Future. However, we would once again like to emphasise that it is important for industry to see delivery on EirGrid proposals as opposed to just rhetoric.

We welcome EirGrid's moves to engage via customer surveys, CRM tools, and customer clinics as well as making changes to improve the accessibility of information. From the generation point of view, we appreciate recent actions taken by EirGrid to be more available in general to generation customers.

IV. Sustainability:

ISEA appreciates EirGrid's acknowledgement of engaging with stakeholders in meeting the challenges of transitioning to a low carbon society. The public & industry consultations and stakeholder engagement are welcome steps towards achieving this goal – but we are keen to underline that these measures must result in substantive actions to be successful.

We would also encourage EirGrid to consider the inclusion of supply chain transparency for this reason as part of their Environmental Reporting – the overseas production & importation of equipment is ultimately part of EirGrid's environmental footprint even if this is not considered as part of Ireland's official emissions statistics.

It may also be worthwhile to consider Supply Chain Transparency as part of procurement – EirGrid should be able to demonstrate that procured equipment is manufactured by workers who operate in ethical & safe conditions. This is important not only for environmental & social responsibility obligations but also for managing public relations with key stakeholders.

V. Security of Supply:

ISEA recognises the recent challenges to the security of supply. We welcome EirGrid's plans to engage with other stakeholders to protect energy supplies, but ultimately it is our view that the best way to protect the security of supply is for more renewable projects to energise more quickly. This requires the construction & delivery of more enabling infrastructure and connections. In effect, Ireland needs to triple its renewable electricity volume to simultaneously meet demand and reduce emissions to meet Climate Action Plan targets. Solar can assist with this as its generation profile is inversely correlated with wind due to solar serving as a largely predictable source of renewable energy that runs during the day to displace less efficient assets. In effect, solar maximises the volume of consistently available renewable electricity whose demand fit can reduce network issues.

VI. Operate, enhance & develop the all-island grid & market:

We appreciate EirGrid's efforts to create a more efficient network through maintaining & replacing network infrastructure. However, ISEA does feel that current connection standards are ultimately too conservative which in turn impedes the progress of decarbonisation by increasing the cost of connecting to the grid – though we recognise that ESB Networks is largely responsible for this. We are open to engaging with EirGrid on more appropriate standards for the Irish electricity system.

In our view, part of the solution is for EirGrid to work more forcefully with the regulatory authorities to generate the wholesale market changes as envisaged in Shaping Our Electricity Future and to

move forward on making provision for flexible connections such as battery storage and hybrid renewable sites.

VII. Work with partners for positive change:

ISEA endorses EirGrid's plan to collaborate with ESB Networks to develop, maintain and manage the transmission system. However, we are keen to emphasise that this partnership must result in cost reductions & substantial changes to connection policy to be of benefit to the solar industry.

We respectfully request that EirGrid engage with ESB Networks and industry to encourage a rapid acceleration in their delivery of connections, more flexibility in the process, and, as an early priority, the production of work programmes consistent with the RESS-1 timelines. The evidence of the impact of this engagement should be demonstrable in the outcomes it creates for stakeholders.

Our experience of the RESS-1 rollout to date is that connections at both transmission and distribution levels for certain projects are not being delivered at a rate consistent with meeting the RESS-1 delivery dates. This slow rate of network deployment on some solar projects risks compromising the wider renewables rollout, therefore, impacting on our ability to meet our carbon emissions targets.

The RESS-1 support framework incentivises projects to deliver as early as possible to start earning support payments. Successful RESS-1 bidders placed competitive bids based on this fact, with some projects hoping to begin operations this year. Every day of delay is a day that the clock is ticking on the RESS-1 contracts, meaning more carbon emissions and lost revenue for RESS-1 projects, undermining their financial models and underpinnings.

In the meantime, elements of connection costs have shifted from what was quoted by the System Operators to inform many RESS-1 bids and this is a major issue for project financing. While we have seen improvements in terms of engagement with customers and positive public statements, the actual delivery of projects on the ground is frustrated by inflexible rigid processes. To add to this, passthrough costs can vary dramatically between projects seemingly without explanation. This has been an issue of particular concern for ISEA members involved in transmission projects.

VIII. Connecting our Customers:

It is very positive to see that EirGrid aims to engage at an earlier stage with those connecting to the electricity transmission system: *"engage early with potential customers seeking to connect to the transmission system. We will provide information and guidance on the transmission system, potential connection methods, connection policy and the connection process to support customers in making informed decisions."* Despite this progress, we note that these statements are still quite vague as it does not provide clarity on if EirGrid will provide a greater degree of cost certainty. On a positive note, we appreciate efforts made by the TSO to complete more upfront analysis to minimise non-viable projects progressing and enable better RESS bidding.

As mentioned previously, we welcome the cited criteria for success, but we note that these criteria do not have quantified metrics or specified delivery timeframes attached to them. We propose that EirGrid provide some indications to this effect so that the TSO can be held accountable but also that industry can factor in delivery timelines to their project planning.

IX. Regulation & Other Key Partners:

ISEA welcomes EirGrid's proposal to work more closely with the CRU, particularly in respect of facilitation of interconnection, PR5 implementation, and offshore policy. We welcome the identification of industry representative bodies as a 'key partner'. As mentioned previously, engagement must be resourced appropriately and result in dividends for industry stakeholders.

5.0 Conclusion:

ISEA welcomes EirGrid's planned efforts to engage with stakeholders in 2022. We would welcome the opportunity to discuss the analysis underpinning our response and contents of same. In conclusion, we would like to emphasise the following key points:

- We would encourage EirGrid to engage with industry to build more strategic grid infrastructure to facilitate the installation of more renewable energy assets on the network.
- We have concerns about Shaping Our Electricity Future (SOEF). In our view, it is inconsistent with DECC policy as it decreases the probability of hitting the relevant climate targets.
- ISEA recognises the recent challenges to the security of supply. The best way to protect the security of supply is for more renewable projects to energise more quickly.
- Current connection standards are ultimately too conservative which impedes the progress of decarbonisation by increasing the cost of connecting to the grid.
- Engagement must be resourced appropriately and result in dividends for stakeholders.