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Submission to CER on the grid connection moratorium for wind

Dear Mr Reeves

Following your decision to suspend connection offers, and the subsequent public forum held by ESB National Grid on 17 December, FST, would like to make the following submission to you.

Firstly, we would like to broadly endorse the positions being put to you by both the Irish Wind Energy Association and Meitheal na Gaoithe. We would like to add a few further observations.

The EU has recognised the crucial role to be played by electricity generated from renewable sources through its adoption of Directive 2001/77/EC. However, while realising that it is not your function, FST is rather alarmed by the fact that Ireland has not seen fit to transpose that Directive by the deadline of October 27th this year. It imposes considerable obligations on Member States, as well as national regulatory and grid authorities, to guarantee transmission of electricity from renewables, for example, which is highly relevant to the current discussion.

FST does not accept that the failure of the authorities to adopt measures to guarantee that access, which has led to the current alleged grid stability issue, is covered by the exception provided in the first sentence of Article 7 of that Directive. Indeed that obligation, existing since 2001, means that the grid code revision and other works should have been undertaken more hastily, specifically to avoid the precise situation that has now arisen. That is to say it is open to developers refused or not offered connections on this basis to seek their rights under what is now the law, regardless of

transposition. What could possibly have been acceptable under the law would be, for example, ESB NG or CER refusal to grant individual connection offers on the basis that the necessary turbine PSS/E models were not available from the relevant manufacturers.

FST recognises that as Regulator, you primarily take cognisance of adopted laws and regulations as your policy guidance, but we might suggest that you also consider such EU legislation once it has passed its transposition date, since the provisions are directly enforceable.

Our other major concern relates to the broad policy issues surrounding the present impasse. As small island market, Ireland has a rather unsuitable mix of generating plant, especially as regards individual plant size. Much of the plant is rather inflexible, amounting to some 3200 MW we believe. Regrettably, we see that 500 MW of new plant coming onto the system, as result of your own recent competition, is similar in that respect, so that we are developing a generation system which is not as responsive as it might be to varying demand or as a provider of reserves.

Couple this with the market trading mechanism, and we have a recipe for a very volatile market, and a difficult job in matching supply and demand.

On top of that unstable mix, we will have to move our energy system towards sustainability for all sorts of well-established reasons, and the mechanisms that we adopt will need to actively favour that shift rather than simply providing a 'level playing field' (as discussed in previous submissions). Wind and other intermittent renewable energy forms will become the norm, not the exception. They will be relying at least to some extent, on fossil-based generation for reserves. The inflexibility of conventional plant, which is a problem now, will become an enormous obstacle in the future. The wrong choices now will prove very costly in the future.

This analysis gives rise to a number of conclusions:

1. We need to review our generating portfolio from several points of view: scale, age and reliability, flexibility, and regional matching of supply and demand.
2. When combined with renewables, we will need to re-examine that balance on a regional basis, so that we have to at least some extent, regional autonomy in sustainable electricity supplies.
3. The grid design will need to shift to accommodate this change in functionality, becoming a much more regionalised grid; grid investment decisions now should already be taking these issues into account.

4. The TSO & DSO will have an obligation to transmit, and will face a choice of investing in rather heavy grid development and interconnection or energy storage; TSO's elsewhere, for example Denmark, are already seeking to solve the storage issue themselves, to avoid a much greater challenges later; ESB did exactly this with Turlough Hill; in other words, current grid planning should be looking at this issue as well.

5. Constraining off can only follow these approaches as a measure of last resort. It is a highly inefficient and potentially costly means of solving problems elsewhere, and the better the overall system development, the less impact it will have.

This is some part of the context of our current discussion. ESB National Grid's proposal, which led to your short-term moratorium decision, indicates that we have some way to travel before arriving at a more forward-looking approach of the kind just described.

We have little choice but to embark on a more far reaching policy. We realize that policy is a matter for Government, and we are pursuing these issues at the political level. But they must also have a bearing on the thinking within CER, and how you respond to any more such panic measures, which may arise because grid authorities have not done what was required of them.
