



Meitheal na Gaoithe
42 Parliament Street
Kilkenny
Ireland
mnag@eircom.net
www.mnag.ie

Tel. 00 353 56 7752111
Fax. 00 353 56 7752333

19th December 2003

Commission for Energy Regulation
 Plaza House
 Belgard Rd
 Tallaght
 Dublin 24

FAO: Ms Clare Beausang, Renewables
 Mr David Naughton, Networks

Dear Sirs,

Wind Generation – Proposal to Limit New Wind Connections

Meitheal Na Gaoithe

Meitheal na Gaoithe, the Irish Wind Farmers Co-operative Society Ltd. is a grassroots organisation representing rural communities and individuals dedicated to promoting and harnessing Ireland's greatest renewable resource, wind energy. MnaG was formed against a backdrop of The 1999 Electricity Regulation Act and emerged from the desire of a number of interested farmers and like-minded individuals to ensure that the harnessing and marketing of 'green' energy does not become the sole domain of bigger power generators and supply companies, thereby ensuring that market liberalisation and competition as envisaged under the Act is achieved. Both the Irish Farmers Association and the Irish Creamery Milk Suppliers Association have given their support to the co-operative. MnaG embraces the mutual help ethos of the traditional farming structure from which they have drawn their name and inspiration.

As an organisation we encourage and facilitate the development of renewable energy in geographic locations and on a small-scale that would not be considered viable by professional developers. These projects become feasible through local ownership, with the individual or community carrying the full risk in the development phase and with the maximum economic benefit accruing locally after completion. In this way renewable energy benefits the rural community where the project is located, whilst on a wider level the misunderstandings of the technology involved and the issues surrounding planning and siting of turbines do not hamper the responsible development of wind energy in Ireland.

Policy Support for Small-Scale Renewables

In recent years small-scale wind farm developers have spent approximately €4,000,000 in planning and feasibility studies. This development was encouraged by the **Green Paper on Sustainable Energy** published in 1999 "*local co-operatives, representative organisations and other local interests will be encouraged to develop projects in order to offset their own electricity bills*". The **Strategy for Intensifying Wind Energy Deployment** published in the year 2000 "*recommend that small scale Renewable Energy Scheme be maintained ... to encourage smaller scale projects in order to facilitate community based schemes*". The **Programme for Prosperity and Fairness** said that "*The contribution of renewable sources of energy will be brought to its optimal level through a wide range of initiatives including at rural and local community level*".

Recognising government policy on small-scale renewables the last two AER competitions have included a specific category for small-scale projects. In the case of AER V the threshold was set at 3MW installed capacity, whereas in AER VI the threshold was set at 5MW. CER itself has introduced

less onerous licensing procedures for small-scale proposals using the 5MW threshold. These were justified by CER on the basis that small-scale projects connected to the distribution system would be unlikely to have a significant impact on the security of the system.

Yet despite this, CER has agreed to the ESBNG request for a blanket ban on all new grid connections, thereby failing to recognise small-scale renewables as a distinct market segment which can contribute significantly towards meeting Government Green Paper target dates and installation levels, in a manner which poses least threat to security and safety of the grid. In making their request ESBNG are fulfilling their statutory responsibilities in relation to safety and stability of the grid, however CER in adjudicating must have regard to the wider considerations of competition and promotion of renewable energy sources. The data put forward by ESBNG does not in any manner justify the inclusion of small-scale projects in the blanket ban imposed on grid connections.

Impact on Small-Scale Renewables

Small-scale renewable projects by definition have limited access to technical and financial resources. The Garrad Hassan report identified three distinct market segments (Individuals/small-scale, Developers in the range 5 to 50MW seeking connection to the distribution system and large organisations) and recommended that the Regulator and TSOs should have regard to this disparity in resources when interfacing with the industry.

It can be factually demonstrated that this has not happened in the past. As opposed to having limited resources recognised and catered for, there is a widespread perception amongst the small-scale community that they are actively discriminated against by established parties within the industry. This belief forms the basis of the complaints made by this organisation to EU and Irish Competition Authorities.

The impact of the stance adopted on this matter by CER, in failing to distinguish between small-scale and other projects, has a much more severe impact on the small-scale sector which is totally reliant on AER Programmes for market access. Many projects now find that they have successfully secured long-term PPAs but can not avail of them due to uncertainties over grid access. All AER PPAs incorporate deadlines for commencement of generation which, if not complied with, will result in withdrawal of the PPA.

It has never been envisaged, under any circumstances, by any party, that small-scale wind projects under 5MW would be subject to comparable technical requirements and obligations as large-scale renewable projects. The failure to give explicit recognition to this (or the scheduling of this matter for the sixth and final planned meeting of the GCRP in May 2004) simply confirms perceptions. The TSO and Regulator, by failing to pro-actively cater for the small-scale sector is simply contributing to its demise.

By acceding to the total restriction requested the Commission has unfairly penalised and disadvantaged small-scale projects, giving undue emphasis to system security whilst ignoring competition and market realities.

Yours Faithfully,

Thomas W. Cooke Chairman.