

## **Proposed Modifications to the Process for Connecting Generators to the Transmission System in Ireland**

**CER/04/126**

### **Introduction**

In December 2003 the Commission identified the alignment of the transmission and distribution connection offer processes as an issue requiring urgent attention. This alignment had become pressing as a result of the increased volume of applications for connection from wind developers and the current technical difficulties in relation to the connection of windfarms.

ESB National Grid, as the Transmission System Operator (TSO), and ESB Networks, as the Distribution System Operator (DSO)<sup>1</sup> were asked to submit proposed modifications to the current process which would act to ensure the consistent and equitable treatment of all generators applying for connection to the transmission and distribution system respectively.

### **Proposed Modifications**

Following discussions with the Commission and ESB Networks, ESB National Grid have proposed 5 modifications to the current process for connecting generators to the transmission system.

- 1) *ALIGN THE TSO PAYMENT MECHANISM TO THAT OF THE DSO (i.e. 25% on Offer Acceptance date, 50% on Consents Issue Date (CID)/ Before Construction Work Begins, Balance (25%) 1 month prior to energisation)*

ESB National Grid (ESBNG) proposes to remove the requirement for a Connection Charges Bond and seek a payment schedule of 25% of the connection charge on signing of the Connection Agreement as a condition precedent to offer acceptance; 50% on CID and the remaining 25% on connection works completion, on the basis that any cost recovery shortfall risk which may arise by not having the Connection Charges bond will be offset through the TUoS recovery mechanism.

- 2) *WHERE APPROPRIATE FOR INTERACTING OFFERS, ESBNG TO FACILITATE THE ISSUING/CONTERSIGNING OF THE 'CUSTOMER LETTER' (FIRM AND NON FIRM LETTER) WITHIN THE 70 BUSINESS DAY PROCESS*

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<sup>1</sup> To view the proposed distribution connection offer process for generators please visit <http://www.cer.ie/cerdocs/cer04124.pdf>

ESBNG proposes to offer applicants the opportunity to formally select their deemed firm date (DFD) at the Connection Method Meeting, which occurs approximately at day 30 of the 70-business day process. Applicants will be allowed until Day 50 to formally confirm their selected DFD. Failure by the applicant to formally advise the DFD by Day 50 will mean that the Quotations Letter (without an agreed DFD) issues in the normal manner. In this situation the Connection Agreement cannot be prepared by ESBNG until the DFD has been formally advised by the Customer and accepted by ESBNG.

- 3) Further, ESBNG intends to offer interacting applicants the choice of getting a Connection Agreement which, if the option outlined under 2) above were also taken up, may be signed on Day 70. This will require them to select their choice of a contestable, non-contestable or defined interface offer within the 70-day offer process as opposed to post Day 70. This opportunity will again be offered during the Connection Method Meeting and applicants will have until Day 50 to formally confirm their choice. Although the applicant will be advised of their proposed connection method at the Connection Method Meeting, the costs for the different options will not be known. Failure by the applicant to formally advise their connection choice by Day 50 will mean that a Quotation Letter (with contestable, non-contestable, etc. options) issues in the normal manner. In this situation the Connection Agreement cannot be prepared by ESBNG until an option has been chosen and formally advised by the applicant.
- 4) *A 2<sup>nd</sup> VALIDITY LONG TERM PERIOD, AFTER THE OFFER IS ACCEPTED, TO CONSTRUCTION (E.G. 5/6 YEARS) SHOULD ALSO BE CONSIDERED*

ESBNG supports this CER proposal

- 5) *CHANGES TO THE QUEUING SYSTEM*

ESBNG has worked on a queuing procedure with the DSO to ensure a consistent and fair treatment of applicants irrespective of whether they apply for DSO or TSO connections. The principal underlying this queuing procedure are that applicants will receive their offers in the order that their applications are deemed complete. A draft proposal for the queuing system is discussed below.

### **Proposed TSO/DSO Queuing System**

- o Purpose

This procedure has been established to set out the business process required to underpin a fair and consistent queuing and Offer acceptance system for all applications for connection, irrespective of whether they are TSO or DSO applications.

o Procedure

| <b>Step</b> | <b>Action By</b> | <b>Action</b>   |
|-------------|------------------|---|
| 1.          | TSO/DSO          | Application received                                  |
| 2.          | TSO/DSO          | 'Completeness Check'                                  |
| 3.          | TSO              | Post interactions to Eirgrid website.                 |
| 4.          | TSO/DSO          | Agree Offer Issue Date                                |
| 5.          | TSO/DSO          | Issue Offers (from relevant system operator)          |
| 6.          | TSO/DSO          | Offer Acceptance (by relevant system operator)        |
| 7.          | TSO/DSO          | Agree order of Offer acceptance and inform Applicants |

**Step 1:**

Applications should be submitted by post or by hand to the appropriate Network Operator. Applications are date stamped. Clarifications and further information requested from Applicants may be submitted by post, email or fax.

**Step 2:**

Applications are deemed complete as per the current processes and checks<sup>2</sup>. This is completed **on** the tenth working day following receipt of application. Application completeness date<sup>3</sup> must be recorded and advised by email between the TSO and DSO.

**Step 3:**

This will be carried out in accordance with the existing DSO/TSO procedure.

**Step 4:**

The Completeness Date will determine the order in which Applications are issued i.e. the Offer Issue Date. The Application that has been deemed to be complete first will receive their Offer first. Interactions for certain forms of generation may have a national interaction. The length of time between different Offers being issued will be jointly agreed by the Network Operators based on the number of applications to be processed at that time. The Offer Issue Dates,

<sup>2</sup>A completeness date may change in the event that further information is not supplied by the Applicant when requested or if the applicant modifies their application mid process.

<sup>3</sup> This date is deemed to be day 0. Day 1 of the Offer Process occurs on the next working day.

which under these circumstances will probably exceed 70 business days, will be advised to the customer accordingly.

**Step 5:**

Offers are issued to applicants on the date agreed between DSO and TSO in accordance with Step 4. Applicants will be given the option of collecting their Offer from the offices of the appropriate Network Operator.

**Step 6:**

Offer acceptance will be assessed when the applicant meets the conditions precedent stated in the Connection Agreement.<sup>4</sup>

Once the conditions precedent to the Agreement have either met, the TSO or DSO will have 10 working days to respond to the applicant with an Offer Acceptance Notice or to advise them that they were unsuccessful in the event of an interacting Offer being executed first. This period of time will be used for the TSO/DSO to assess whether the level of interaction is material in their view for other offers and applications, and to confirm that all is in order with the Agreement<sup>5</sup>.

**Step 7:**

Offer acceptance will be notified between the TSO and DSO. Where two or more ‘accepted’ Offers materially interact, the Applicant that meets the conditions precedent first will be deemed to have an accepted offer and an Offer Acceptance Notice will issue. The other Applicant(s) will have the option of having their application reassessed through the standard Connection Offer Process. The Applicant must advise the appropriate Network Operator within 10 working days that they wish to avail of this option and submit the appropriate modification fee<sup>6</sup>. The applicant may also choose to change parameters in their original application in this time.

Note: Where there are multiple interactions and reworking of applications is required, the original ‘Completeness Check’ date will determine a party’s position in the queue.

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<sup>4</sup> For the avoidance of doubt initial payment must be made to the appropriate Network Operator by bank draft.

<sup>5</sup> For the avoidance of doubt, the Offer Acceptance Date will be the date that the Conditions Precedent were met by the Applicant.

<sup>6</sup> To be paid by bank draft.