



Commission for Energy Regulation

An Coimisiún um Rialáil Fuinnimh

**Generator Connection Offer Processes:
Process for Connection of Generation to the
Transmission and Distribution Systems in Ireland**

**A Direction
by the
Commission for Energy Regulation**

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1 Introduction

This paper contains a direction by the Commission for Energy Regulation (“the Commission”) in relation to the terms for connection to and use of the transmission and distribution systems.

The Commission hereby directs the Transmission System Operator (TSO) and the Distribution System Operator (DSO) to implement the Commission’s decision set out below under Section 34(2) of the Electricity Regulation Act, 1999 (“the Act”).

2 Background

In December 2003 the Commission identified the alignment of the transmission and distribution connection offer processes as an issue requiring urgent attention.¹ This was due to discrepancies between the processes that have been highlighted by the recent unprecedented demand for network capacity.

ESB National Grid, as the TSO, and ESB Networks, as the DSO were asked to submit proposed modifications to the current processes, which would deliver the consistent and equitable treatment for all generators applying for connection to the transmission or distribution system, respectively.

In March 2004 ESBNG² and ESB Networks³ forwarded proposed modifications to the existing transmission⁴ and distribution⁵ offer process documents. The proposed modifications were published on the Commission’s website for public consultation and comments were invited before 9th April 2004.

The Commission published its Draft Direction⁶ on the Generator Connection Offer Processes on 14th May 2004. The Draft Direction categorised and addressed individually the issues requiring alignment under the current process as follows:

- (i) 70 Business Day Connection Offer Process
- (ii) Queuing System
- (iii) Payment Schedule
- (iv) Application Fees
- (v) Capacity Bond
- (vi) Decommissioning and Reinstatement Bond
- (vii) Connection Offer Validity Period
- (viii) Connection Agreement Validity Period
- (ix) Customer (Firm/Non-Firm) Letter
- (x) Selection of contestable, non-contestable or defined interface offer within the 70 day process
- (xi) Application Completeness
- (xii) The Concept of Interaction

¹ See Commission’s letter to ESBNG re wind moratorium extension:
<http://www.cer.ie/cerdocs/cer03310.pdf>

² See proposed Transmission modifications: <http://www.cer.ie/cerdocs/cer04126.pdf>

³ See proposed new Distribution process: <http://www.cer.ie/cerdocs/cer04124.pdf>

⁴ See existing Transmission process: <http://www.cer.ie/cerdocs/cer04127.pdf>

⁵ See existing Distribution process:

http://www.esb.ie/esbnetworks/downloads/connection_process_doc_250602_ade.pdf

⁶ See Draft Direction: <http://www.cer.ie/cerdocs/cer04200.pdf>

3 Current Connection Process

The concept of 'Interaction' is a significant feature of both the Transmission and Distribution System Operators' Connection Policy and indeed is a physical reality of the nature of any electricity system.

Currently the connection offer processes adopted by the transmission and distribution system operators deal with interaction on a marginal basis when offering parties connection to their respective systems. For instance, it is stated in the current transmission process that:

'If an offer has been formally accepted, then work that ESBNG may be undertaking for another interacting applicant to develop or finalise a connection offer or an issued connection offer which has not yet been accepted by the applicant, may no longer be valid or appropriate for other interacting applicants'.

In light of the dramatic increase in the number of wind applications for connection to the system, it has become increasingly evident that this approach can take a significant length of time for an applicant to receive a connection offer. There are currently 111 wind connection applications in the connection offer process, representing 1,640MW of capacity, a significant amount of which are interacting and will be required to be re-worked under the current process. The TSO has stated that it could take up to 8 years before all applicants would be able to accept connection offers under the current process.

The Commission considers that such delays are unacceptable. The Commission asked the system operators, in its Wind Generator Connection Policy Direction⁷, to review the conventional approach of preparing connection offers "with a view to speeding up the clearing of the applications backlog".

4 Developments since the Commission's Draft Direction

The TSO and DSO forwarded a joint proposal to the Commission for processing and issuing offers to renewable generation based on a group processing approach. This proposal followed a half-day workshop hosted by the TSO on 20th August in which the concept of group processing was first presented to the industry.

This proposal is published for public consultation on the Commission's website⁸ and interested parties are invited to submit comments by close of business 25th October 2004.

The TSO/DSO proposed group approach means that all renewable applicants within the chosen gate will be guaranteed connection, with the uncertainty arising from the current local interaction process now removed.

As a result of the new proposals to address the backlog of applications many of the proposed modifications to the current process, consulted upon in the Commission's Draft Direction are subject to further review.

This Direction addresses a number of modifications to the generator connection offer processes which are independent of the outcome of the consultation on

⁷ See Direction <http://www.cer.ie/cerdocs/cer04245.pdf>

⁸ See TSO/DSO Joint Proposal : <http://www.cer.ie/cerdocs/cer04317.pdf>

the TSO/DSO proposal. The following modifications shall apply to all generators connecting either to the transmission or distribution system⁹:

- (i) Application Fees
- (ii) Capacity Bond
- (iii) Connection Offer Validity Period
- (iv) Connection Agreement Validity Period
- (v) Application Completeness

5 Commission's Decision

5.1 Fees

Generator applicants seeking connection to the distribution system shall pay application fees and modification fees as specified in the distribution connection offer process document subject to approval by the Commission. This requirement shall apply to all generator applications which were not deemed complete by the DSO on 3rd December 2003 and applications received by the DSO on or after 3rd December 2003. Therefore parties whose application was deemed complete before the connection offer moratorium shall not be affected. Applicants to the transmission system shall continue to pay fees as set out in the transmission connection offer process document.

5.2 Capacity Bond

Generators seeking connection to the distribution system shall also be required to post a Capacity Bond of €10,000 per MW as a condition precedent to offer acceptance. This requirement shall apply to all new generator connection offers issued from the date of this Direction. Generators seeking connection to the transmission system shall continue to be required to post a Capacity Bond of €10,000 per MW.

5.3 Connection Offer Validity Period

Offers to generators for connection to the distribution system issued from the date of this Direction shall be valid for a period of 70 business days. Within this time distribution applicants shall be required to fulfil all applicable conditions for acceptance set out in the connection process document as approved by the Commission. Transmission offers shall continue to be valid for a period of 70 business days.

5.4 Connection Agreement Validity Period

A validity period or 'back-stop' date shall apply to all transmission and distribution generation connection agreements. The TSO and DSO shall develop proposals for the implementation of the validity period which shall be subject to approval by the Commission.

⁹ For the avoidance of doubt the proposed modifications do not apply to demand applicants and as such are not affected by this direction.

5.5 Application Completeness

The Commission's Wind Generation Connection Policy Direction set out the requirement for both transmission and distribution applicants greater than or equal to 5MW to provide a dynamic model.

The payment of the application fee shall also be a requirement for application completeness. The purpose of this measure is to remove any incentive to free-ride on the capacity allocation process, encourage commitment and minimise the cost exposure to the TUoS and DUoS customer who finances the TSO and DSO.

Tom Reeves
Commissioner

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