

Grattan C. Healy

BEmech MBA

Energy Advisor

Park West, Spiddal, County Galway, Ireland.

tel: +353 (0)91 504823

mobile: +353 (0) 87 9363348

email: grattan_healy@compuserve.com

Commission for Energy Regulation,
Plaza House,
Belgard Rd.
Tallaght,
Dublin 24

FOR PUBLICATION

Attention: David Naughton

Submission to CER

in response to consultation

**"Group Processing Approach for Renewable Generator Connection
Applications - Connection and Pricing Provisions
Proposed direction to System Operators"**

14 February 2005, CER/05/010

on behalf of:
Simone O'Neill
Garrett Sinnott
Aidan O'Neill
Myles Kehoe
Lester Rothwell
Thomas Kehoe
Ian Bailey
and Myles Nolan
Wexford,

otherwise known as the Ballycadden Group.

24th February 2005/final, gch

Further to submissions of Oct. 25th and Nov. 29th 2004 and Feb 9th, in response to your consultations on the connection system. The Ballycadden

Group has welcomed the fact that their projects have been taken into Gate 1, and look forward to individual offers shortly. However, should the proposal as it stands be adopted, alongside other unfortunate decisions already made, then the Ballycadden group of projects remains uncertain, for reasons we will outline.

Meitheal Na Gaoithe and IWEA have been dealing with the general policy issues and many of the details, and we can broadly endorse what they are saying. However, we propose to simply outline the main points that would affect us directly.

1. Payment Schedule

We must express our appreciation of the fact that CER has seen fit not to accept the TSO/DSO proposal of 100% upfront payment for shared assets at offer acceptance. This pulls our project back from the brink, but examining the current Proposed Direction suggests that we are not free from such substantial risks. The proposed connection costs bond is totally unworkable for project-financed developments. We cannot raise such funds in advance of financial close. Such a requirement would limit the market to balance sheet financed projects, and eliminate most if not all embedded generation. The payment schedule as proposed is already onerous enough, and the contracts combine with the Capacity Bond ensure that the System Operators will be paid. If anything the schedule should be relaxed to more accurately reflect the actual cash flow of those building the connections.

2. Contestability and Review

The Standard Pricing proposals of ESB Networks only served to highlight how far off the costs are from reality, and to show that we need to be able to challenge all costs, timings, designs and cash-flows associated with developing connections. We would welcome an opportunity to review the functional and detailed design of our proposed connections, with a view to optimising the cost and development time required. We would like to be able to either have them constructed for us, or be in a position to fully review all costs, timings and cash-flows associated with them. In other words, we need both full review and the option of contestability. And we would also like to be sure that once that process was gone through and agreed, that costs would not rise, but could only fall as savings were made.

3. Dynamic Modelling

We note that the TSO requires a conditionality in the offer related to dynamic modelling. TSO has been slow to deal with this issue, and we do not feel that we should be put at risk as a result. It is necessary for CER to either refuse this condition, or to treat such connection conditions in the same manner as is done for conventional generation - through a time limitation and compensation arrangement.

4. Application Fees

Since our projects are being studied as a unit, we would request that the TSO study fee be shared between us.

5. Project Size.

Our projects are all less than the 5MW threshold set in the Distribution Code. However, we note that there is a proposed cut-off for the Grouping Scheme of only 0.5MW. Although our projects are contiguous, they are completely separately owned, and are being treated separately by DSO. They are all between these two levels, and we believe should be given every chance to connect without any wider Grouping. We do not see why we would have costs imposed on us for which we have no responsibility. We have developed our projects separately, but as a Group, from day one, and indeed pioneered the concept in some sense. We would therefore like to be regarded as a 'Subgroup' for the purposes of this process, and have our offers made strictly on that basis. We would not appreciate being dependent on the success or otherwise of other projects that might happen to be in our area. We have a proposed shared scheme, and can envisage a high level of offer take-up, assuming the costs and timings are reasonable. Our best chance to proceed is on this basis and no other, and we ask CER to see to it that this is how we are handled by TSO and DSO.
