

8<sup>th</sup> July 2005

Mr. Dermot Byrne  
Managing Director  
ESB National Grid  
27 Lower Fitzwilliam Street  
Dublin 2

Dear Dermot

### **Renewable Connection Offers and Transmission Reinforcement Works**

As you know, all connection offers issued by the distribution and transmission system operators to renewable generators are now subject to a group processing regime.

The background to and rationale for this regime have been well documented. In essence it is designed to:

- Accommodate the unprecedented volume of connection applications in a more rational and efficient manner than under the conventional individual processing regime
- Remove the risk to developers of “interactions” between offers which would otherwise overhang many, if not all, offers issued
- Improve overall network planning and make better use of manpower resources
- Bring forward the aggregate volume of renewable generation connected to the system and thereby help ensure delivery of Ireland’s international obligations in this regard.

One feature of the conventional connection offer rules that has survived into the group processing regime is the requirement that all necessary shallow connection and deep reinforcement works triggered by the application must be completed before the generation station is given physical access to the system. The Commission is aware that a significant number of current offers issued, or due to issue, state that they require major transmission reinforcement works. This, of course, pushes back the date by which the applicant can expect physical access to the system. In some cases the delay is very considerable. This prospect has the potential to call into question the viability of some projects, even more so in cases where planning permission for the project expires before the target networks completion date.

I emphasise, incidentally, that the Commission is not commenting here on the reasonableness of the anticipated system reinforcement works and projected deep connection dates being cited in any particular offer. That is *not* the focus of this letter. Apart from anything else, applicants have a right to refer a dispute on such issues to the Commission for determination if they so wish.

The Commission has, however, been reviewing with the system operators the case for relaxing the current requirement that all reinforcement works be completed before an applicant plant be given any physical access to the system. Indeed, ESB National Grid itself has advocated such a move. We have also consulted publicly with the industry and the operators on the issue and have taken account of submissions received.

The basic idea here is that connection applicants would be offered non-firm physical access to the system from the date the necessary shallow works connecting their plant to the system are completed (including distribution system reinforcements) up to the date all required transmission reinforcement works are completed, providing they invest in the equipment necessary to enable the transmission system operator constrain/ dispatch downwards their plant during this period if system operation so requires. Such investment is now mandatory under the grid and distribution codes for all wind generators with an installed MEC of 5MW or over. The Commission has concluded that a relaxation of the current rule should be helpful – though not a panacea – to developers. We have not seen any evidence that it would give rise to serious or insurmountable system or generator despatch problems.

Accordingly, the Commission hereby directs ESB National Grid, as Transmission System Operator, pursuant to Section 34(1) of the Electricity Regulation Act, 1999 to waive the provision included in connection offers to renewable generators issued under the group processing regime to the effect that applicants will not be granted access to the system until all deep reinforcement works, as described in the offer, are completed provided the applicant install the equipment necessary to enable their plant be dispatched down by the operator. The waiver will not dispense with the requirement that short-circuit driven reinforcement works, where necessitated for safety reasons, are completed prior to connection.

This waiver will apply to offers issued to date, including offers accepted, and, until further notice, to future offers under the group processing regime.

The Commission appreciates that, for this direction to be meaningful and helpful to developers in deciding whether or not to proceed with projects, sufficient information will have to be made available to all applicants in Gate 1 to allow likely constraint levels to be estimated. Furthermore, the Commission understands that ESB National Grid is currently developing a methodology to enable reasonable estimates to be made of the likely level of constraints for different scenarios. I understand that both operators are currently engaging in, or are due to very soon engage in, discussions with all recipients of Gate 1 offers on the matter. Decisions will obviously need to be made on the rules for deciding which plant should be constrained off first and the Commission will soon be engaging with ESB National Grid on this issue.

Lastly, and for the avoidance of doubt, I emphasise here that this direction relates exclusively to non-firm *physical* access to the system between the projected shallow connection date (the date by which the shallow connection and any distribution system reinforcements are completed) and the date when the deep transmission reinforcement works are completed. The direction makes no provision regarding financial compensation for generators being dispatched down during these dates. Neither is it intended to anticipate, or prejudice, any rules regarding financial compensation for constraining down of wind or other plant as these rules are being developed as part of the new wholesale single electricity for the whole island.

The Commission has issued an equivalent direction to the distribution system operator today. I attach a copy.

Yours sincerely

Michael G Tutty  
Commissioner

c.c. Mr John Shine, Executive Director ESB Networks