



DSO proposals in relation to:

- (1) Inclusion of some developers costs in determination of the LCTA solution**
- (2) Rebates policy in respect of shared network**
- (3) Application fees and modification fees for generators**
- (4) Fee for re-assignment of connection agreement**
- (5) Fee pre-feasibility study**

**Issued by: Distribution System Operator
ESB Networks**

(1) Inclusion of some developers costs in determination of the LCTA solution

Current Practice

At present when calculating the LCTA connection for a generator, DSO only considers the costs being incurred on the distribution system side of the connection. Any costs incurred by the developer on their own plant are not taken into consideration.

However, this could lead to a situation whereby, for example, the LCTA connection method determined on this basis might be at 38kV, but if account was taken of the 38kV transformer which has to be installed by the developer, an MV connection might in fact be the overall LCTA solution. DSO proposes to enhance this process by including where practical a number of the developers' costs in the determination of the LCTA solution.

Proposal

For Gate 2 and subsequent connection offers, DSO has proposed to take account of a number of developers' costs in the determination of the LCTA solution. These costs are:

1. Civil Works Costs
2. Developers Transformer Costs

The proposed items and associated costs are provided in the tables below. These items have been chosen for inclusion as:

1. They can be reasonably estimated, and
2. They are likely to have an impact on the connection method chosen.

Obviously there are numerous other costs which developers incur. However, for practical reasons, it is not possible to include all such items in the DSO LCTA solution calculation.

Civil works costs

The cost of civil works to be performed by the developer in relation to cabling will be estimated as below:

Table 1

Item	Proposed cost
Civil Works for MV cable	€50,000/km
Civil works for 38kV or 110kV cable	€144,000/km

These costs do not include road opening charges imposed by Local Authorities as they vary countrywide. In addition as it is policy to avoid cables in private land wherever possible, the costs do not include any easements purchased where cable may have crossed private land. The treatment of rebates in relation to these items is discussed below.

Transformer Costs

The size of transformer chosen by a developer can vary depending on their MEC. It is proposed therefore that – when using a transformer cost to include in the LCTA connection calculation –the cost will be taken from the graphs below, with the transformer size chosen being equivalent to the developers MEC. The exception to this would be where the developer has indicated that they will be using a larger transformer size to cater for planned expansion.

Table 2

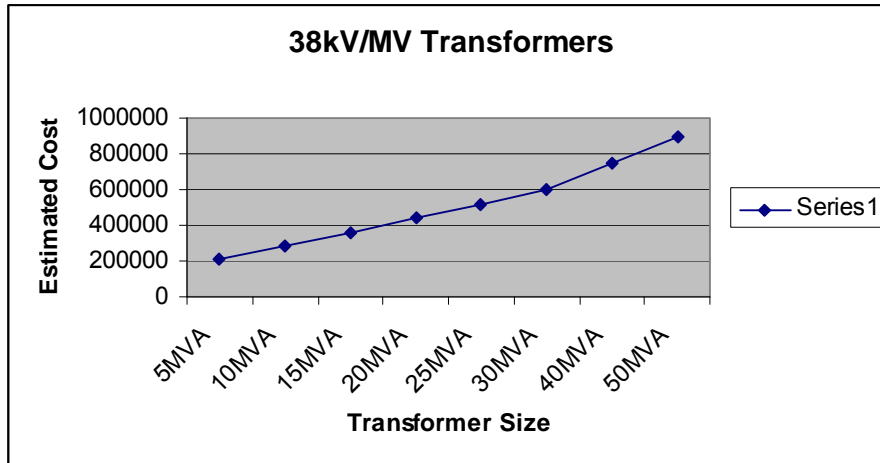
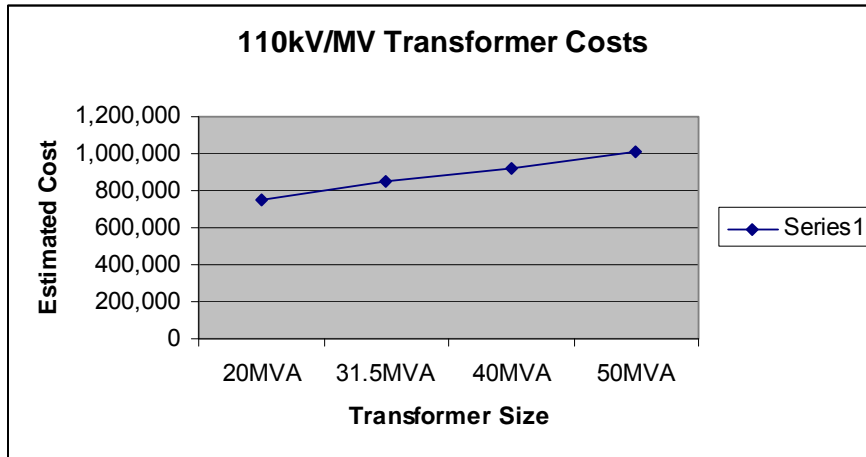


Table 3

Application of the proposed costs

As outlined above, it is proposed to use these costs purely in the course of determining the LCTA connection method for a given development or group of developments. Note these costs will not be included in the quoted connection costs – they will purely be taken into account in determining the overall LCTA.

It is proposed that these costs would be updated by CPI on an annual basis and reviewed in more detail on a three yearly basis.

(2) Rebates policy in respect of shared network

Basis of connection offers

The LCTA method of connection will always, in the first instance, be offered to generators. Under the Group Processing Approach this will be the connection method associated with the LCTA for the overall sub-group.

In the majority of cases such a connection will be an overhead line. As is currently the case in the event that planning permission cannot be secured for the construction of the proposed line, the LCTA method of connection will be revised and connection will be provided by means of an underground cable for some or the entire route.

Where planning permission has been secured for an overhead line ESB Networks will proceed to construct the line. However, sometimes there may be significant time delays before the line can be built because of local landowner opposition. These delays arise because of the legal measures that must be pursued before progress can be made on the construction of the line. These measures include possible recourse to the courts, including the High Court and Supreme Court, and the associated timeframes must be advised to the developer.

The developer may decide against pursuing the implementation of an overhead solution and opt for an alternative method of connection which in most cases will involve an underground cable to provide the connection to their plant. In such cases the developer will request a modified connection offer and will carry the cost of the underground connection and provide the necessary civil works including trench excavation and ducting installation to ESB Networks' specifications. The developer will also be responsible for securing all necessary road opening licences etc. from the relevant Local Authority and for complying with all conditions imposed as part of those licences as well as the costs associated with ESB Clerk of Work attendance on site during ducting installation as necessary. The developer will also be responsible for all costs arising from securing easements where the proposed route crosses private property. The cable route to be followed in each case will be subject to ESB Networks approval.

Subsequent Connections

If within 10 years of a generator energising, another party connects to an asset for which it has paid, the pre-existing generator will be eligible to receive a rebate on the basis of the actual build as requested by them. For example, in a situation where the LCTA connection offer was an overhead connection but the developer requested a modification to an underground connection, the rebate to this generator will be on the basis of the costs of the cable.

There may be situations where an LCTA offer for a generator involves the construction of an overhead connection along a route similar to one which another developer had decided not to pursue. In such instances, ESB Networks would again lodge a planning application for this line and advise the second developer that ESB Networks is prepared to pursue the implementation of the overhead connection through to completion. However, ESB Networks would also advise of the difficulties previously experienced by the first developer in attempting to pursue the overhead connection and at that stage the second developer may decide to request a modified offer involving connection to the existing underground cable. If the second developer's connection method involves connection to the existing underground cable (within 10 years of its construction) the original developer will receive a rebate based on the cable costs irrespective of whether this arose because the second developer requested that connection or planning permission was not granted for the overhead connection.

Basis of Rebates

For assets aged 10 years or less rebates will be based on the new connecting party's per MW share of the depreciated historical cost of the asset less administration costs incurred in calculating and processing the rebate.

Where a cable solution is involved rebates for the civils element¹ will be based on standard civil costs (which were determined from a sample of costs obtained from developers and may be updated from this consultation) contained in table 1 above. Costs of road opening licences and easements are not included and it is proposed that rebates for these elements would be based on invoiced amounts. In addition as it is policy to avoid cables in private land wherever possible, these costs do not include any easements purchased where cable may have crossed private land. For the purpose of calculating rebates, such charges can be refunded based on submitted legal documentation as evidence of the costs incurred.

¹ DSO requires the developer to undertake civil works for any cable connection.

(3) Application fees and modification fees

Application Fees for non-GPA generators

Currently generators processed under the Group Processing Approach (GPA) are charged an application fee which covers the cost of processing a connection offer. In contrast, distribution applicants processed outside of the GPA regime have not been required to pay application fees. This is not the case for generators applying to be connected to the transmission system whereby all applicants are charged an application fee.

DSO believes that all applicants should be required to pay an application fee and proposes the set of fees as outlined in the table below. These application fees are in line² with the application fees applied for the most recent gate under the GPA and it is intended they would apply to all applicants processed outside of the GPA.

The application fee would be payable when the requisite approval from the Commission (see CER/05/049) has been received for an application to be:

- processed outside the GPA in the case of a renewable generator; and
- given priority in the connection queue in the case of a conventional generator.

MEC	Application Fee (excluding VAT)	
	(Shallow works required)	(No shallow works required)
0≤11 kVA	€0	€0
11≤50 kVA	€763	€763
50≤500 kVA	€1,558	€1,558
500 kVA ≤4 MW	€8,844	€8,515
4 ≤ 10 MW	€27,283	€22,865
10 ≤ 30 MW	€52,845	€32,648
30 ≤ 50 MW	€61,582	€36,602
50 ≤ 100 MW	€73,856	€39,465

Table 4: Proposed Application fees for distribution applicants

It is proposed that these costs would be updated by CPI on an annual basis and reviewed in more detail on a three yearly basis.

² Adjusted for CPI

Modification Fees for generators

Unlike the case for transmission connected generators, there are currently no standard modification fees for distribution generators seeking modifications to their connection agreement. The DSO is of the opinion that it is appropriate to have such a set of modification fees for all generators seeking modification to a connection agreement.

To date there has not been a large volume of modification requests. Therefore, rather than determining standardised costs for such requests the proposal is that:

- For modifications of a relatively minor nature, where the method of connection is not essentially changing, the cost of processing as calculated from timesheets etc. would apply. An example of such a modification would be where a party requests a section of their connection to be undergrounded.
- For modifications where a new connection method is essentially requested, the standard application fee would apply as effectively processing such a modification would entail the equivalent work to processing a new connection offer.

4. Fee for re-assignment of connection agreement

DSO proposes to introduce a new fee to cover the costs associated with requests from applicants to re-assign a connection agreement to a different legal entity. In these cases there are significant legal, contractual, financial and administrative implications associated with processing such a change.

The legal work in processing a change request involves review of contracts and charges/liability issues as well as credit exposure issues. It also involves the drafting and agreement of a suitable transfer contract (in most cases a deed of novation) and arranging for the proper execution of same and any associated contractual documents.

DSO believes that it is reasonable that the party requesting such changes should contribute towards the costs associated with such changes. Based on an average processing time by legal staff this cost has been estimated and a fee of €2000 is proposed.

Where there is a mere change in company name, or share takeover, or other very small change a nominal fee of €300 would apply.

Description	Proposed Fee (excluding VAT)
Re-assignment to different legal entity	€2000
Change of company name or share takeover	€300

Table 5: Proposed fees for re-assignment of connection agreements

(5) Fee pre-feasibility study

Demand customers and generators can apply to DSO to have a pre-feasibility study performed which will provide information to them in relation to the various connection options available. This option is obviously not relevant for demand customers that have made a formal application for connection or for those generators being processed through the Group Processing Approach (GPA) as under this approach the connection method is determined through the group LCTA process. However, for non-GPA and commercial/industrial demand customers a pre-feasibility study can be useful. The work involved in such pre-feasibility studies includes the following:

- Study of the network in question
- Development of the preferred connection option
- Develop the least cost technically acceptable method of connection
- Establish cost estimate
- Provide summary report on connection option and approximate cost.

Historically there has been a fee levied for these studies. However, this fee has not been reviewed in several years. The new proposed fee for a pre-feasibility study as outlined above is €1360.

Description	Proposed Fee (excluding VAT)
Pre-feasibility Study fee	€1360