



Commission for Energy Regulation

An Coimisiún um Rialáil Fuinnimh

22nd February 2008

Our Ref: 35929

Mr. Bill Thompson
Commercial & Regulation
EirGrid
27 Lower Fitzwilliam Street
Dublin 2

Re. Direction to Amend Transmission Connection Offers/Agreements

Dear Bill,

I refer to your correspondence of 20th February regarding the timing for the posting to EirGrid of a connection charges bond, designed to cover the outstanding costs incurred during construction of the shallow connection assets, by applicants connecting to the transmission system.

The Commission welcomes EirGrid's proposal to amend the terms of a transmission connection offer so that provision of a connection charges bond is no longer a condition precedent to offer acceptance, but rather is only required by the consents (including, for example, planning consents) issue date as defined in the connection agreement. This follows representations made by generator developers and is supported by the Commission. We consider that a requirement for an applicant to post the bond by the consents issue date instead of the offer acceptance stage may assist connecting parties from a cash-flow perspective, including renewable generators currently receiving offers as part of Gate 2. Another consideration is that this change in when the bond is posted is not expected to represent a significant increase in the risk of a revenue shortfall to EirGrid or the end-customer. This is because an applicant provides a down-payment for connection assets at offer acceptance, while most shallow connection costs do not arise until the associated consents are in place. If and when a revenue shortfall does emerge, this will be treated by the Commission on a case-by-case basis.

Accordingly, pursuant to Section 34 (1) of the Electricity Regulation Act, 1999, the Commission hereby directs EirGrid to amend, as soon as practical, the terms of offers to connect to the transmission system, such that the connection charges bond must only be posted to EirGrid by the consents issue date. For clarity, this should include all renewable generators receiving an offer under Gate 2. In respect of any live offers (i.e. issued but not yet accepted), EirGrid should advise applicants that a connection charges bond is no longer a condition precedent to offer acceptance. Furthermore, any applicant who has already executed a connection agreement, and where the consents issue date has not been reached, should be facilitated if it wishes the bond to be returned from EirGrid.



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Should you wish to discuss this direction please do not hesitate to contact me at (01) 4000 800.

Yours sincerely,

A handwritten signature in dark ink, appearing to read 'Andrew Ebrill', is written over a thin horizontal line.

Andrew Ebrill
Manager, Electricity Transmission