



**Contestability for Distribution & Transmission Level
Connections to the Electricity System**

CER/09/127

EirGrid comments on responses to consultation

October 2009

EirGrid welcomes the opportunity to comment on the responses to the Commission's consultation on Contestability for Distribution & Transmission Level Connections to the Electricity System (CER/09/127). EirGrid's comments on the responses listed below should be considered in conjunction with EirGrid's consultation response as submitted to the Commission on 18th September last.

EirGrid recognises that as additional generators connect to both the Distribution and Transmission Systems and increasingly complex inter-gate issues arise, provision for contestability will become more of a challenge. Against this backdrop, EirGrid will examine its own framework which provides for contestability at transmission level (EirGrid's Contestability of Connection Assets Position Paper, October 2007) to determine whether it will also require some level of revision in the coming months.

EirGrid has reviewed the responses received by the Commission to date and would like to make the following comments on some of the specific points raised by the respondents -

1. Industry has suggested that when a lead developer in a contestable sub-group defaults, other sub-group members should be given the option of paying the defaulting members costs and claiming their capacity. This proposal seems inequitable and is non-compliant with the overriding principles of the Group Processing Approach. Such a provision could have an undue adverse effect on other interacting applicants seeking to connect to the system at a future date.
2. Industry has requested that a number of elements of a connection be considered eligible to be undertaken contestably, including Commissioning, Metering, Communications, Deep Reinforcements and Work in Live Stations. It is important to note that, typically, these elements constitute an immaterial portion of total connection costs. For reasons such as the need to maintain system stability and security, to ensure continuity of supply and to manage system disturbances, EirGrid is strongly opposed to the consideration of such works as eligible to be undertaken contestably.
3. Industry has requested that the Protection Elements of a connection be considered eligible to be undertaken contestably. In this context, EirGrid would like to take this opportunity to clarify how the Protection elements of a Transmission Connection are dealt with at present. Currently, where a transmission-connected station is built contestably, certain protection devices are supplied as part of that station and are handed over to the TSO/ESB, for example, transmission feeder protection, EHV/HV side transformer protection and station Bus Zone/CBF schemes. It is essential that all of this equipment is fully specified and fully approved by EirGrid pre-installation.
4. Mixed views were expressed by industry regarding the transfer of asset ownership issue and whether this should be mandatory or exercised on a discretionary basis. In the context of Transmission Assets, the process applicable is already outlined in the Infrastructure Agreement and legislated for in the Electricity Regulation Act 1999, which set out the principles where the legal ownership of assets can be transferred on a discretionary basis,

subject to the Commission's direction. EirGrid regards the continued application of this discretionary approach as key to the long term delivery of generation assets in future.

5. EirGrid agrees that in the absence of written confirmation to the contrary from all sub-group members, the default in all cases should be non-contestable.
6. EirGrid considers the retention of the unanimity principle regarding sub-group agreement as critical to the long term delivery of generation assets in future. The unanimity principle is a core element of the Group Processing Approach, without which substantial time delays and connection asset inefficiencies are likely.
7. It is proposed that a developer undertaking a contestable build be required to post a performance bond with the DSO in respect of the connection works. EirGrid seeks further information on the rationale behind the proposal and who the bond is seeking to protect in order to be in a position to comment further. EirGrid would also need further information the mechanics of the proposal, such as how the bond level would be calculated, the duration for which the bond would remain in place, how the proceeds of any drawdown would be utilised/allocated, events which would trigger drawdown etc.
8. One respondent suggested that where the DSO commit to the provision of inspection and supervisory services to a pre-agreed schedule and this schedule is not adhered to, the works should be deemed to be accepted. It is essential that both System Operators reserve the right to refuse connection, to ensure the continued safe operation and efficient maintenance and development of the network. Should issues arise, a developer can revert to the Commission as appropriate.
9. The concept of a contestable/non-contestable hybrid was proposed, whereby a System Operator would be responsible for the planning aspects of a proposal, while the assets would be built on a contestable basis. EirGrid recognises that such a proposal would involve a number of complexities and that the implementation of such an arrangement would not be simple. This proposal would need to be considered in the context of the current industry framework, to ascertain if there are alternative ways of achieving the same end goal. EirGrid will consider this issue when reviewing EirGrid's Contestability of Connection Assets Position Paper in the coming months.

As mentioned above, EirGrid will examine its own framework which provides for contestability at transmission level (EirGrid's Contestability of Connection Assets Position Paper, October 2007) to determine whether it will also require some level of revision in the coming months. EirGrid is keen to remain involved as the Commission's thinking develops, particularly given the potential applicability at transmission.