



Irish Grid Solution's response to the Contestability for Distribution & Transmission Level Connections to the Electricity System - CER 09/127

Irish Grid Solutions (IGS) welcomes the opportunity to comment on the consultation paper on contestability. IGS is the grid advisor to multiple wind farm developers in the Irish Market. Contestability for distribution assets is a very welcome initiative which will have significance impact on the industry. It is also an appropriate time to review the general contestability principles that apply to both transmission and distribution assets. IGS would like to comment on the current barriers to contestability for shared assets based on its experience of advising developers in a number of Gate 2 subgroups. IGS support the IWEA's response in other aspects of this consultation.

Barriers to Contestability for Shared Assets

Agreeing contestability for shared assets in subgroups has become a complex legal and commercial issue. It is commonplace for the lead developer constructing the contestable asset to request a bond from the other developers to guarantee their contribution towards the cost of the contestable assets. The developers will also request a bond from the lead developer to guarantee their contribution towards the cost of the contestable asset. Providing the necessary bonds early in the connection process has become a barrier to agreeing contestability. Agreeing contestability and bonds has been possible in some instances where the consenting works on the connection assets are complete and projects are at or near the financial close stage. These cases are more the exception as there is usually a two to three year consenting process required for most Gate 2 and Gate 3 connections.

IGS welcomes that the CER and ESB Networks are addressing this issue with the proposals in the consultation document. The CER's proposal that the TUoS/DUoS customer underwrites generators choosing not to proceed may remove the requirement for developers to provide a bond to the developer undertaking the contestable works. ESB Networks proposal for a performance bond may remove the requirement for the developer undertaking the contestable works to provide bonds directly to the other developers. For these proposals to be effective it is important that the legal and commercial terms, including appropriate long-stop dates, of the performance bond and the TuoS/DuoS guarantee are sufficient to remove the requirement for additional cross bonding between developers. If additional

cross bonding is still required the ESB Networks performance bond could just become an additional barrier to contestability.

The other barrier to contestability that is emerging with shared assets is the timing at which developers can choose to nominate a contestable connection. Developers should be able to request a contestable connection at a number of stages during the development of the connection and not just prior to the consenting process. For example, the system operator manages the connection asset through the consenting process and the subgroup takes over the consents and contests the construction of the asset. At this stage the developers would be in a better position to enter into commercial agreements between the subgroup members. The recent experience of IGS is that EirGrid insist that the subgroup agree to contestability at the start of the connection process and do not allow the projects to request contestability later in the process. Providing flexibility on the timing of requesting contestability will be critical to the successful uptake of contestability for shared assets going forward.

If required, IGS would be available to meet with the CER to further discuss the issues raised in this response.