



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

CER/09/127

EirGrid response

September 2009

EirGrid welcomes the opportunity to comment on the Commission's consultation on Contestability for Distribution & Transmission Level Connections to the Electricity System (CER/09/127).

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 also notes that the Commission's consultation paper has requested respondents provide any additional information on barriers to contestability "to ensure that options for parties to build their connection is facilitated to the greatest extent possible". Given the issues raised may be applicable to Transmission and Distribution, EirGrid would be keen to understand and to be involved in any discussions on barriers noted by parties. They can then be taken on board by EirGrid in considering amendments to the transmission contestability framework.

EirGrid would like to highlight and comment on the following sections of the proposed direction -

1. Section 3.1, Shared Assets, in which the Commission proposes that the costs associated with generators who choose not to proceed (following offer acceptance) be underwritten by the TUoS/DUoS customer,
2. Section 5, Appendix A, Financial Arrangements, dealing with performance bonds, and
3. Section 8.1, Appendix A, in which the DSO proposes that unanimous agreement be required from generators sharing connection assets in a specific gate and the issue of inter-gate contestability is addressed.

1. Section 3.1, Shared Assets, in which the Commission proposes that the costs associated with generators who choose not to proceed (following offer acceptance) be underwritten by the TUoS/DUoS customer

EirGrid notes that the Commission believes that customers wishing to contest their connection (at either transmission or distribution levels) should not have to risk paying the costs associated with generators who choose not to proceed (following offer acceptance). The Commission therefore proposes that these costs be underwritten by the TUoS/DUoS customer (in a similar manner as if the System Operators were to construct the connection). The portion of shared costs will be added to the Transmission or Distribution regulatory asset base, based on the standard charges.

EirGrid has considered the Commission's proposal and regards it as reasonable. In particular, EirGrid considers it appropriate that, in this manner, contested and non-contested connections are treated the same. This is subject to the costs being underwritten being no greater than would apply where parties did not elect to contest their connection. This will ensure that there is not a barrier to parties that share assets building contestably due to the risk of generators in a subgroup choosing not to proceed with their connection.

2. Section 5, Appendix A, Financial Arrangements, dealing with performance bonds

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.

3. Section 8.1, Appendix A, in which the DSO proposes that unanimous agreement be required from generators sharing connection assets in a specific gate and the issue of inter-gate contestability is addressed.

The DSO propose that -

- Where contestable offers are issued in advance of offers to a party in a subsequent gate – the party in the subsequent gate has no right of veto and pays for connection using standard pricing with the contestable party being rebated in the usual manner, and
- Where contestable offers are issued following offers to parties in a subsequent gate – the contestable parties require consent also from the party in the subsequent gate.

EirGrid regards these proposals as reasonable.