Response to

Revised Application Procedure for Authorisations to Construct and Licences to Generate for Certain Generating Stations

CER/09/175

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Scottish and Southern Energy

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Airtricity highly welcomes the Commission's proposal to reduce the administrative burden arising from the application procedures for authorisations to construct and licences to generate for certain generating stations, notably small and distributed generators factoring in their limited size and impact. As noted by the consultation paper providing a less burdensome application procedure for smaller generators is in line with provisions in both Irish and EU legislation. Practically a more streamlined process will make some contribution to improving the process for getting generators from concept stage to reality.

Mechanism

On the mechanism to adopt in implementing the proposed simplified application procedure the consultation listed four options viz. Exemption, Extension of subsisting provisions, New application procedure independent of current legislation and Revision of the threshold provided in legislation. The preferred mechanism proposed in the consultation is to revise upwards the current threshold of 10MW as provided in S.I. 383 of 2008 and S.I. 384 of 2008.

Given the inapplicability of granting exemptions to generating stations, the reasonable level of the 1MW as a trigger for automatic authorisation and licensing, and the scope for confusion in devising a parallel application procedure to that provided for in the Orders, **an upward revision of the current threshold of 10MW as provided in S.I. 383 of 2008 and S.I. 384 of 2008 is wholly reasonable**.

Criteria

In selecting the criteria for selecting generating stations to which the revised, less burdensome application procedure will apply to, the consultation considered four aspects relating to the connection form ("Distributed"), the spatial arrangement ("Decentralised"), the class membership ("Renewable energy/Cogeneration") and the installed capacity ("Scale") of generating stations. From these four aspects Scale was judged to be the best criterion on which to determine eligibility for the proposed simplified procedure.

We agree that Scale should be a determining factor. However we would argue that there is no reason why the criteria should be based on a single factor, on an 'either-or' selection. While the size of a generating station can provide some indication of the security of supply impact of that station, it is only a blunt indicator. The security of supply impact is at least reflected also in the generation fuel/energy source and the nature of the generating technology. This is a view held by the Commission reflected in its statement that "[w]ith regard to security of supply, as wind is an intermittent source and is non-dispatchable it

does not contribute to electricity security of supply to the same extent that conventional generation does"[1]. Thus wind makes a lower contribution to, and hence lesser impact on, security of supply than conventional generation.

Applying the view expressed above to the position advanced in section 3.1 of the consultation paper ("Objective"), that "generating stations with a greater impact on security of supply merit more detailed examination… [while] generating stations with a lesser impact on security of supply be subject to the revised procedures…"[2], we would suggest that **in addition to scale, the fuel/energy source and nature of generating technology, essentially the generator class, should be included in the criteria set to form a more representative decision matrix**.

Threshold

The Commission has proposed 40MW installed capacity as the appropriate threshold for determining the generating stations to which the simplified application procedure was applicable. This is selected on the basis that it is felt to take into account the size and security of supply impact of relevant generators. Airtricity has no objections to 40MW installed capacity being a threshold for such determination. However our position is that **40MW installed capacity should represent the baseline threshold**. From that baseline an upward sliding scale should be adopted to indicate the progressively lesser security of supply impact of other generator classes.

As we demonstrated above, the criteria to apply to generating stations in determining their eligibility for the simplified application procedure should take into account not just their size, but also their potential fuel/energy source and generation technology, providing a composite decision matrix that is more indicative of the generating stations' security of supply impacts. On that basis 40MW installed capacity should provide the baseline threshold to apply to generating stations which have the greatest security of supply impacts – these would be conventional generating stations. For the next category of generating stations with relatively lesser security of supply impacts, such as co-generating stations 50MW should apply. And for the least security of supply impacting generation stations – intermittent generators such as wind – a threshold of 60MW should apply.

[1] Commission for Energy Regulation (July 2008) *Report on Ireland's Security of Supply of Electricity – As required under directives 2003/54/EC and 2005/89/EC* p. 44

[2] Revised Application Procedures for Authorisations to Construct and Licences to Generate for Certain Generating Stations

Summary

Our view on this consultation is summarised as:

1. The proposal to reduce the administrative burden relating to authorisations and licences for generating stations is highly welcome.
2. An upward revision of the current 10MW threshold as provided in the Orders is wholly reasonable.
3. In addition to scale, the fuel/energy source and nature of generating technology, essentially the generator class, should be included in the criteria set used to determine applicable generating stations.
4. 40MW installed capacity as a threshold is reasonable. However it should represent a baseline threshold.
5. An upward gradation in installed capacity threshold should be applied to different classes of generating stations in reflection of their varying impacts on security of supply.

We have provided a sample decision matrix in the Appendix 1 outlining our preferred classification of generating stations for the implementation of the simplified application procedure.

To discuss this document contact:

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Appendix 1: Sample Decision Matrix

Generation Technology (Fuel/Energy Source)	*Threshold for Simplified Application Procedure*	*Impact on Security of Supply*
Conventional (gas, oil, coal, other)	40MW	Greatest
Co-generation (gas, other)	50MW	Greater than Renewable, but less than Conventional
Renewable (wind, biomass, other)	60MW	Least