



**Connection Offer Policy and Process
Paper
(COPP)**

**Consultation
December 2010**

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1 Introduction

The purpose of this paper is to clarify a number of diverse issues in relation to connection offer policy. The intention of the paper is to provide applicants seeking to connect with a clear set of guidelines in relation to entirely new policy areas as well as clarifying existing policy in relation to areas that have evolved over time.

The information contained in this paper applies for the most part to both SOs, i.e. it covers both the Transmission and Distribution Systems. Where policy differences between the SOs exist, these are clearly stated.

The policies outlined in this paper generally apply to all categories of renewable and non-renewable generators unless stated otherwise. Please note that in the event of any inconsistencies between this paper and any transmission or distribution connection agreement, the connection agreement would take precedence. In the event that the applicant is not satisfied with the application of regulated connection policy by the SOs then the applicant has the option of referring the matter to the CER for Energy Regulation as a formal dispute as per the Electricity Regulation Act 1999.

EirGrid plc, the Transmission System Operator, will be referred to as “TSO” throughout the document. ESB Networks Ltd., the Distribution System Operator, will be referred to as “DSO” throughout the document. Collectively they will be known as the “SOs” throughout the document. The Use of System customer will be referred to as the “UoS Customer” or “End-User”. The glossary in Appendix 1 contains further elaboration of some of the commonly used terms in this paper.

2 Structure of this Paper

The paper is essentially broken down into two sections. Section One deals with areas that are effectively new policy departures, or proposed rulesets that are largely appearing in the public domain for the first time. Section Two primarily details topics that are either a clarification or elaboration of existing policy or, in some cases, a restatement of more recently published policy.

Section 1

This section will contain new policy areas

3 Changes in Installed Capacity

3.1 Outline

On occasion request are received to process an increase in installed generation capacity associated with a given project. This would typically involve wind generation facilities increasing their installed capacity, namely the number or size of Wind Turbine Generators (WTGs), without applying to increase their Maximum Export Capacity (MEC).

Increasing installed capacity at a facility is likely to increase constraints for other system users and therefore careful consideration is required before processing any such requests.

3.2 Proposed Ruleset

Where a request to increase installed capacity is received, such a request shall normally be processed only as part of the normal application queue and in accordance with the processing system e.g. Gates, or non-GPA, that pertains to that type of project.

The SOs appreciate however that in reality it is not always possible for the MEC to exactly equal or be just above the installed generation capacity. This may particularly be the case where a customer has chosen to use assumed data when submitting or having their application processed. Ultimately these customers will have to choose a turbine type and inform the relevant SO of same at least a year prior to connection.

Thus the SOs would seek to balance the potential impact on other projects constraints while allowing some element of flexibility for practical difficulties that customers face. It is therefore proposed that a 'nearest value' approach could be adopted.

An example would be to divide the MEC by rating of the individual turbines chosen and round the answer to the nearest whole number. In a scenario whereby a project may have an offer for an MEC of 20MW, they may decide to use WTGs rated at 2.3MW. Consequently, the closest that this project could get to the MEC using WTGs rated at 2.3MW is either 20.7MW or 18.4MW. As 20.7MW is closer to the MW's applied for, the SOs would propose that the project be allowed install the additional turbine, even if this results in an increased load factor. For the avoidance of doubt, the MEC will remain at 20MW.

This is primarily designed to consider the issues associated with wind turbines but may be applicable to other types of generation. This will be determined by the SOs on a case by case basis.

3.3 Process

Applications for an increase in installed generation capacity shall be processed in accordance with the CER approved policy for processing capacity applications at that time or the normal modification process depending of the ruleset above.

4 Mergers and Splitting

4.1 Mergers

4.1.1 Outline

Mergers occur whereby two or more separate projects, with separate MECs and separate connection points to the system, apply to become one project with a combined MEC and a single connection point to the system, with the individual site and/or turbines connected via internal developer network (as described in Section X).

A merger can be due to one project relocating, such that both projects are adjacent. In addition to the proposed rule set below, such a merger will be subject to the rules on capacity relocation set out in Section 18. Alternatively a merger can lead to an extensive internal network, which is subject to the rules set out in Section 16.

The broad rules on mergers have been in practice and separately agreed with the CER previously so requests for mergers shall be carried out in accordance with the ruleset below until a final decision has been published by the CER in relation to the COPP paper, or separate CER instruction to that effect.

4.1.2 Proposed Ruleset

Where a request is received to merge part or all of a project with another, the request will be allowed subject to the set of rules and processes appropriate to capacity relocation (reference Section 18). In addition the following process will apply:

- Mergers shall be treated in the same way as modifications to connection offers in that customers should submit an updated application form from a single legal entity with all appropriate information including a revised landowner statement where appropriate. In addition, and even in the case where an offer has yet to be issued, an appropriate fee will apply to cover any additional costs required to process the merger and will be levied in accordance with the standard practice by the relevant SO. The timeline to process such a modification shall be advised at the time of application or as per the appropriate modification process. This application must include a signed declaration on official company paper that the customers that own the projects seeking to merge are satisfied for the merger to take place and identify the single legal entity to whom the new connection agreement will be issued. The offer shall be issued on the assumption that this legal entity will be formed and that all the premises and equipment will be

owned by them (confirmation of this to be by way of declaration). This will also be a pre-condition in the connection offer.

- The request to merge shall result in a connection agreement being issued to that single contracted legal entity for the merged projects at the new connection point. Any existing connection offers for the projects involved in the merge shall be automatically superseded by the new merged connection offer i.e. any existing offers cannot be accepted once a merged offer issues. Any existing signed connection agreements for the projects involved in the merge shall be automatically superseded once the new merged connection agreement is signed by the single legal entity.

4.2 MEC Splitting

4.2.1 Outline

Splitting of the MEC occurs where a project, which had applied for a certain level of capacity, subsequently looks for the original MEC to be accommodated over two or more connections.

The SOs are mindful that where splitting is allowed it should not lead to the suboptimal development of the transmission or distribution systems or costs or delays to other system users¹.

NOTE: As this is considered a new policy area and no specific ruleset currently exists, the SOs will not proceed to process requests that fall under this category until such a time as a final decision has been published by the CER in relation to the COPP paper, or separate CER instruction to that effect.

4.2.2 Proposed Ruleset

Where a request is received to split a project into one or more projects from that stated in the application form and on which the project holds its place in the queue, or on which a connection offer was based, the request will be allowed subject to the following rules, where applicable:

- i. The change for the project does not result in a change of the connection node on the meshed transmission system originally chosen by the SOs;²
- ii. The change and resulting connection method does not undermine their eligibility for the Gate. This condition does not apply to applications in the queue

¹ Who have connected, have a valid connection offer or are due to receive a connection offer within a defined timeframe.

² In the case of projects in the queue a node on the Transmission System may not yet have been assigned. Consequently this rule will be applied based on SO judgement as to the node where the project(s) might be assigned.

- (“Queued Application”) awaiting processing e.g. those who have not been selected for processing in a Gate. However please note that should a project in Gate 2 opt to split their facility such that the original criteria for their inclusion does not apply, the merger may be allowed on the basis that they would have qualified for Gate 3 on a date order basis. This is subject to compliance with the other provisions in this ruleset;
- iii. Where there is the potential for stranded assets resulting from the splitting of capacity (e.g. where there are now shared assets for which the original project was previously fully liable), than would otherwise have been the case if the full project had proceeded, a form of security will be required to be put in place by the project with the relevant system operator to cover the potential cost of the stranded assets;
 - iv. The amount of the security will be calculated based on value of the shared assets, and should be equal to the amount of the biggest pre MW share. The bond would be required to be put in place by the customer requesting the split, unless otherwise. Where there is a Change of Legal Entity subsequent to the split being processed, and prior to payment of all connection charges, the new customer would be required to put security in place before the change is processed. The security would be drawn down in the event of either project not proceeding;
 - v. In relation to requests to split which are also accompanied by specific connection method proposals, the request will only be allowed if the proposed connection method is technically feasible and there are no significant negative transmission or distribution system implications. In the event that the connection method is not feasible, but the request to split is still to be processed, the request will be assessed based on the remaining criteria and the connection method subsequently advised by the SO in the normal manner;
 - vi. It is consistent with other regulated policies on matters such as capacity relocation, capacity merging, generation technology, internal networks and connection point changes;
 - vii. The split projects shall result in two or more legal contracts and at least two connection points;
 - viii. The information provided with the request to split is complete, clear and unambiguous in respect of the location, nature and company details of the projects resulting from the split;

- ix. Where a change is requested which could in the SOs view impact on the timing of the completion of the connection method of another member of a subgroup, or subgroups, which have been established as part of the current or previous Gates, the written and unconditional consent of all the members of each subgroup must be provided. Subgroups are deemed to be established on the “Gate Start Date”.

5 Temporary Connections

5.1 Outline

Temporary connections occur where projects are connected to either the transmission or distribution systems in advance of their permanent shallow connections being completed. A number of Gate 3 applicants have expressed a strong interest in temporary connections, as they were facilitated during the Gate 2 process. The ruleset for Gate 2 was as follows:

- (i) Temporary works had to be part of permanent shallow connection method.
- (ii) Temporary offers were issued on a non-firm basis.
- (iii) Sufficient power control mechanisms in place prior to the temporary connection being energised.
- (iv) Customers were made aware that it was assumed that temporary connections would be constrained first.

In relation to whether temporary connections should be facilitated in Gate 3 there are a number of matters to take into account, namely:

- The additional level of constraint a temporary connection may impose in a particular area.
- The possibility of increased levels of stranded assets across the system which may subsequently impact on the delivery of other infrastructure. This impact can be as a result of line routes or station access being compromised, or indeed a general erosion of community goodwill due to what could be perceived as short-term system planning
- Where there is a practical limit to the number of temporary connections that can be given at a node, how temporary capacity is identified and assigned between these applicants.

In the interests of facilitating applicants, the SOs are in favour of allowing temporary connections for Gate 3 where possible, subject to the proposed ruleset outlined below. However it should be noted the facilitation of temporary connections for Gate 3 will, in the majority of cases, increase the level of constraints and curtailment across the system for generators particularly those in the same general area. This is due to the fact that

the assumptions used as the basis of constraint and curtailment studies for Gate 3 did not factor in the facilitation of temporary connections. In accordance with the proposed decision on the SEM Principles of Dispatch and Market Scheduling those worst affected would be non-firm applicants that would be further constrained due to the earlier connections being granted to those availing of temporary connections without receiving market payments for that additional constraint.

The SEM Principles of Dispatch and Market Scheduling is very closely associated with the potential impact of temporary connections on other system users. As this is currently only a proposed decision which may change prior to its anticipated completion early in 2011 the facilitation of temporary connections for Gate 3 and beyond is considered a new policy area. The SOs will not commence processing of any requests for temporary connections until such a time as a final decision in relation to the COPP paper has been arrived at - which it is expected will incorporate the final decision in relation to SEM Principles of Dispatch and Market Scheduling - and also any specific instruction required from the CER as may be required where there is competition for temporary capacity.

5.2 Proposed Ruleset

- Temporary connections will only be offered where there is expected to be a material difference between the leadtime for the permanent and temporary connections³;
- Temporary connections will only be progressed based on a permanent connection agreement being already in place;
- The customer must provide security for any remaining connection charges on their permanent connection;
- The temporary connection gives rise to minimal additional stranded shallow works;
- In the event additional stranded shallow assets are required, these are to be paid for in full at acceptance of temporary contract;
- Usual system studies apply e.g. connection is technically feasible;
- The temporary connection does not unduly increase the risk to security of supply for customers in the region;
- The temporary connection must be built in accordance with the relevant transmission or distribution design standards;
- The temporary connection can be accommodated in the overall work programme without impacting negatively on other system users;
- The customer connecting on a temporary basis shall not be entitled to market “constraint payments” for any outages of that customer’s generation units

³ E.g. a period of 6 months is unlikely to be considered to be a material difference in the leadtimes between the temporary and permanent connections.

- associated with the installation and removal of the temporary connection and the commissioning of the permanent connection;
- The connection agreement for the temporary works will be terminated once the permanent connection is energised and the terms of the temporary agreement have been satisfied or otherwise transferred to the permanent connection agreement.

Where there are a number of projects seeking temporary connections at a particular point in the system it may be completely impractical to allow all to proceed especially if the level of constraint that could reasonably be expected would be so high as to make all the connections unviable. An example would be where a subgroup of 400MW are all seeing to connect on a temporary basis into a 110kV line rated for 107MVA. It therefore may be necessary for an additional rule to be developed whereby the number of temporary connections in any subgroup would be in some way limited to a more practical number.

The proposed additional rule should not be taken in any way to suggest that a low level of constraint would be expected to apply as to carry out any detailed analysis is unlikely to be feasible. Rather the rule would be an attempt at a criterion which would lead to a more manageable level of constraint for the parties in that area than may otherwise have been the case.

5.3 Process

In the event that temporary connections are ultimately allowed, then a request for a temporary connections will be considered if submitted in writing on company headed paper and signed by a company director. Once determined to be eligible for a temporary connection the request will be processed in a similar manner to a request for a modification, subject to the usual timelines and fees. For clarity, any parties who received a connection offer in Gate 2, or parties who received a connection offer under the non-GPA process prior to the Gate State Date for Gate 3 will be deemed eligible or otherwise for a temporary connection under the Gate 2 rule-set. Any parties who received a connection offer in Gate 3 or are due to receive a connection offer in Gate 3, or parties who received a connection offer under the non-GPA process after the Gate Start Date for Gate 3, or are due to receive a connection offer under the non-GPA process prior to the Gate State Date for Gate 4 will be deemed eligible or otherwise for a temporary connection under the Gate 3 rule-set.

6 Combination of Offers

6.1 Outline

In an increasing trend, submissions are being received for multiple combinations of one application. In the past the SOs have engaged with the customer prior to offer issuance with a view to allowing the customer to specify how many offers they wish to receive. For example, an “Ireland Inc” 40MW wind farm may be broken into two individual applications of 20MW each, Ireland Inc 1-2. In such a scenario, the SOs would, by default, have offered 3 individual offers to cover the combinations of capacity unless otherwise requested by the customer.

However as the number of combinations grows it becomes impractical to do anything other than issue an offer for each individual application with the assumption it will be accepted in the same way as other separate members of the subgroup.

6.2 Proposed Ruleset:

As per the group processing philosophy the connection methods will be designed assuming that all offers are accepted and progressed. The pricing principles applied will be per individual offer..

However in order to avoid gaming of this system potentially giving rise to significant costs to the UoS customer, the SOs consider that in the event that one of the offers is rejected, or otherwise at a later date not progressed, such that there are stranded asset costs arising, the customer who originally submitted the multiple applications shall be liable for these costs. To this end the connection offer for the first ‘phase’ of the project will include a requirement to put in place a bond to cover the potential stranded costs of the remaining phases prior to acceptance of the connection offer. In addition and in order to ensure that if the first offer is not accepted that the UoS customer is still kept whole, a clause shall be included in the remaining phases’ offers setting out that, in the event the first phase is not accepted, the per MW share of the original connection charge shall be recalculated. In this way the phases of the project are being treated in the same manner as if it had applied as one project in the first instance. For the avoidance of doubt, any other members of the subgroup will remain unaffected and not have their per MW shares recalculated to cover off stranded assets costs.

7 Hybrid Plant

7.1 Outline

A relatively recent development is the emergence of generation applications which have two or more different types of technology within the project’s site whereby the different types of generator are connecting via the project’s internal network to a single connection point on the distribution or transmission systems. In setting out this section,

the SOs are conscious that this is a fledgling policy area and one that could evolve considerably in the coming years, and as such have had to date limited practical experience in terms of dealing with Hybrid applications

Solely for the purposes of this paper, however, the SOs consider a Hybrid Project to be any project that has multiple generators which utilise multiple primary energy sources or technology types in generating power. A Hybrid Generator is a single generator which utilises multiple primary energy sources or technology types in generating power. These are effectively working definitions and are subject to legislative direction in the area.

NOTE: As this is considered a relatively new policy area and no specific ruleset currently exists, the SOs will not proceed to process requests that fall under this category until such a time as a final decision has been published by the CER in relation to the COPP paper, or separate CER instruction to that effect.

7.2 Criteria for Eligibility

In Summer 2009, CER published a decision paper (CER/09/099) on the Treatment of small, renewable and low Carbon Generators outside the Group Processing Approach. This allowed for certain projects to receive a connection offer, albeit on the basis of non-firm access to the Transmission System, without waiting to be included in the next Gate under the Group Processing Approach. Some customers have queried whether, where their project is a Hybrid Project or a Hybrid Generator and one of the technology types would qualify for an offer under cer/09/099, the full Hybrid Project or Hybrid Generator would also be eligible to be processed under this direction.

The SOs would consider that this matter is primarily for the CER to decide. However there is certainly a potential for gaming should a Hybrid Project or a Hybrid Generator be deemed eligible under CER/09/099 based on only one of the technologies being developed.

For simplicity, and unless directed otherwise, the SOs will consider a Hybrid Project or a Hybrid Generator to be eligible to be treated outside a Gate only where both technologies are eligible. Otherwise a Hybrid Project or a Hybrid Generator will be processed as part of the next gate or other processing system as directed by the CER at that time.

A subset of this issue to be considered is how to actually assess a Hybrid Project or a Hybrid Generator, including where one technology is renewable and the other is conventional. While at present there is one queue for conventional and renewable, there were two distinct sets of criteria for assessing eligibility for Gate 3.

7.3 Processing a Hybrid Project or a Hybrid Generator

In designing and analysing the network required for any given project to connect, the engineering and technical analysis is premised upon a given generator with a given export capability and technology. Similar assumptions are made regarding all other generators currently connected to, or contracted to, the transmission system (and indirectly to the transmission system through the distribution system). From this the SOs can deduce a set of possible scenarios or likely running regime for the plant which enables the SOs to plan the network efficiently. It will also dictate how certain plant types, be they renewable or conventional, are treated in the single market.

7.3.1 Proposed Ruleset for a Hybrid Project

- Hybrids shall be subject to the basic principal of central dispatch under the Grid Code and must be disaggregated by technology/fuel type.
- Hybrids will be treated as one single application and the MEC supplied for the overall project shall be used for any load flow, short circuit, voltage and dynamic analysis.
- The combined load factor of the plant shall be taken into consideration for constraints and curtailment studies and any optimised planning studies.
- The application fee for a hybrid shall be based on the MEC and whether shallow works are required per normal generation application fee rules. An additional fee, based on additional work undertaken, to be advised by the relevant SO, to account for the complexity of dealing with such applications shall be levied by the SOs on a case by case basis.
- Capacity bonds will be on the basis of the projects MEC rather than installed capacity.
- Where a project applies to add another generation technology after the initial application is received it shall be considered in line with the Change in Generation Type provisions in Section 10 and/or Change in Installed Capacity provisions in Section 3 above.

The above ruleset shall also be considered for a Hybrid Generator but as the operation of the plant could be quite different other considerations or changes to the above rules may be necessary.

7.4 Process:

Applicants shall apply for connection of a Hybrid Project or a Hybrid Generator in the same way as normal capacity applications or modifications to existing offers/agreements.

8 Changes in MEC

8.1 Outline

Previously, once Gate processing had commenced, applications for reductions in MEC for projects within the Gate could only be processed once a connection offer had been accepted, through a modification request to the connection agreement. The purpose of this provision was to:

- Encourage customers to be realistic when determining the MEC being requested
- Prevent the need to re-study network connections prior to offer issuance
- Prevent a situation where other projects are disadvantaged (for example by increasing their cost share of shared assets)

Following experience in Gate 3, the SOs propose that this rule be relaxed.

NOTE: As this is a change to existing rules, the SOs will continue to process requests under the existing rule set until such a time as a final decision has been published by the CER in relation to the COPP paper, or separate CER agreement to that effect

8.2 Decrease in MEC of Application in Queue

Prior to inclusion in a Gate (or other regulated application processing system) and studies commencing, a project can reduce their MEC, however there will be no refund of application fees.

8.3 Decrease in MEC within a Gate

In certain circumstances it may be prudent to allow a reduction in MEC that would be beneficial to a project(s) without having a negative impact on other projects (in many cases could have a beneficial impact). This can generally occur where a project does not share connection assets with other projects, however in some cases a subgroup can benefit and are also agreeable to the change. It is generally expected that reductions in MEC will have a positive effect on scheduled FAQs and constraints for other projects within a Gate. With that in mind the rules are proposed to be updated to the following.

8.3.1 Proposed Ruleset:

- The reduction in MEC can be accommodated without negatively impacting on costs for other parties.
- The reduction in MEC can be accommodated by the SOs without negatively impacting on the delivery date of connection offers within a Gate.

- A charge of €5,000/MW will apply where a request to reduce is received post studies commencing for a Gate. No fee would apply if a change was made pre-inclusion in a Gate

8.4 Decrease in MEC Post Offer Issue (Pre-Capacity Bond)

As per CER 09/138, the CER allowed all renewable generators and all generators that are connecting to the distribution system the opportunity to reduce their MEC by any amount, post offer acceptance and up to the start of construction. A charge of €10,000 per MW would be levied upon any project, with an MEC>5MW, connecting to the distribution system, and renewable generators connecting to the transmission system, who may wish to reduce their MEC up to the start of construction.

8.5 Increase in MEC

Should an project wish to increase its MEC, they will be treated as new applications per the process appropriate to the application type.

- The appropriate application fee will apply to the incremental increase in MEC.
- The increase in MEC may be issued in form of amendment to contract or new contract depending on the particular circumstance. They will typically be treated as an amendment where possible in order to reduce documentation for all parties.

8.6 Applications withdrawn pre-offer issuance

Lastly, in relation to a member of a subgroup withdrawing their application prior to offer issuance but post connection method studies, the following would apply:

- Within a Gate offers will be issued as if the application had not been withdrawn with remaining projects not made liable for shortfall in connection costs.
- There will be no refund of the application fee paid.
- The UoS customer will pay any remaining stranded asset costs, subject to reprocessing as set out in Section 2.

8.7 Process

Projects shall apply for a change in MEC in the same way as normal capacity applications or modifications to existing offers/agreements as per the standard practice.

9 Phasing of Connections

9.1 Outline

On occasion customers may wish to defer connection of part of their capacity, developing the project over a number of phases as opposed to one. The SOs consider that, in the context of some cases where there are relatively long lead times to achieve firm access, such requests are reasonable. There should be no negative impact on other customers awaiting offers provided all phases are complete prior to the phased project achieving firm access. Currently such a phasing of connections would be effectively prohibited by the 'Use-it-or-lose-it' policy as per CER 09/138, whereby if a facility fails to export 95% or more of its contracted MEC within 12 months of its connection date, a portion of its Capacity bond will be drawn down, while the MEC in its connection agreement would be reset to the levels achieved in the capacity tests.

NOTE: As this is considered a relatively new policy area and no specific ruleset currently exists, the SOs will not proceed to process requests that fall under this category until such a time as a final decision has been published by the CER in relation to the COPP paper, or separate CER instruction to that effect.

9.2 Phases identified at application stage

Where phases are identified at the application stage and all phases have been included in the same Gate, then the SOs would propose that the connection method design, associated charges and timing of the connection method would be as per the final MEC. In other words the SOs will charge for, and commence work on the assets required for, the final connection method. In addition the capacity bond put in place would be representative of each of the phases, for example a 100MW application that chooses two phases of 50MW and 50MW would have to put in place a capacity bond for each phase.

In relation to when the capacity bonds should be put in place the following is proposed:

Phase One: As one of the criteria to allow phasing is that the full shallow connection works be completed for phase one, the timing of the capacity bond for phase one should be as CER/09/138

Phase Two and subsequent phases: Bond to be put in place the earlier of

- 3 months before increase in MEC allowed
- Prior to release of the capacity bond for the previous phase

In the event that the shallow works are complete and firm access is available prior to completion of all phases, then the capacity bond drawdown for all phases and associated 'use-it or lose-it policy' as per CER/09/138 will apply within one year of both firm access being available and energisation being complete. This is in order to avoid the

hoarding of Transmission capacity which is what the capacity bond is designed to prevent.

9.3 Phases identified Post Offer Issuance

Where phases are identified post offer issuance, the SOs would propose, as above, that capacity bonds be put in place for each phase and as per the timing set out above. In the event that the shallow works are complete and firm access is available prior to completion of all phases, then the capacity bond drawdown for all phases and associated 'use-it or lose-it policy' as per CER/09/138 will apply within one year of both firm access being available and energisation being complete. This is in order to avoid the hoarding of Transmission capacity which the capacity bond is designed to prevent.

In order to avail of this modified capacity bond policy, the request to phase a project must be advised of no later than the second stage payment, the timing of which shall be as per the payment schedule in a customer's connection agreement.

9.4 Proposed Ruleset

- Capacity bonds to be put in place linked to the respective phases and not released until the MEC for the relevant phase is reached.
- Capacity bond drawdown provisions as set out in CER/09/138 and 'use it or lose it' provisions apply per phase, i.e. the MEC apportioned to a particular phase must be reached 12 months after energisation or a proportion of the capacity bond will be drawn down and the MEC of that particular phase re-set to the value consistent with capacity tests carried out by the SOs.
- Time between phases connecting to be greater than 3 years and/or final firm access date and scheduled shallow connection date.
- The final connection method for the project must be built in full before any MEC bond will be released.

10 Change of Generation Type

10.1 Introduction

On occasion requests may be submitted to replace the generation type on which an original application/offer was based, or supplement a facility with generation plant of a different technology, for example conventional with onsite wind, without increasing the original MEC.

Allowing for a different type of generation is effectively changing the export profile of a generation facility. The technical characteristics and running regime associated with a certain plant type will drive certain assumptions regarding its operation and maintenance over the term of its connection agreement. A variation to the assumed regime will alter those assumptions and create a new set of parameters that must be

technically, commercially and legally catered for and in accordance with national and regulatory policy and objectives.

In designing and analysing the network required for any given project to connect, the engineering and technical analysis is premised upon a given generator with a given export capability and a given technology. Similar assumptions are made regarding all other generators currently connected to, or contracted to, the transmission system (and indirectly to the system through the distribution system). From this the SOs can deduce a set of possible scenarios or likely running regime for the plant which enables the SOs to plan the network efficiently.

For the purposes of this topic, the SOs have essentially split the consideration into (i) a change in type prior to energisation and (ii) a change in generation type after a facility has been energised.

NOTE: As this is considered a relatively new policy area and no specific ruleset currently exists, the SOs will not proceed to process requests that fall under this category until such a time as a final decision has been published by the CER in relation to the COPP paper, or separate CER instruction to that effect.

10.2 Prior to Energisation of a Facility:

10.2.1 Outline

Prior to the energisation of a generation facility, the following proposed ruleset will apply:

10.2.2 Proposed Ruleset

Changes in generation technology will generally only be processed as per a new application and be subject to the processing rules that pertain to a new application appropriate to the change in generation technology sought. The SOs reserve the right, however, to process changes in generation types where it is deemed that it is appropriate to do so. e.g. where there are not considered to be any undue adverse impacts on either system, or on other users. Where an customer may wish to change to a more efficient or different type of generating technology, for which the SOs have not studied and which the network has not been designed to accommodate, the SOs take into consideration a range of factors. These factors (set out below) being, in combination, a reasonable basis for assessment of the ability of the network to accommodate any such generation type change while also considering some of the wider policy type issues designed to promote fairness and non-discrimination:

- Where there is no appreciable anticipated increase in load factor from the old plant to the new plant, taking account of all other generation connected or contracted, which is expected to lead to significant or material additional

- network requirements being identified (reflecting size, running regime but also generation technology and its effect on network stability);
- Where other non firm generation connected or contracted to the system is not materially adversely affected in that the level (and in particular value) of anticipated constraints would not rise significantly;
 - Where there is a change from being renewable to non-renewable or vice versa the party has gained no material advantage over other similar applications based on the original application;
 - Where there is any change in priority dispatch status the party has gained no material advantage over other similar applications based on the original application;

10.2.3 Process

Changes in generation technology shall be applied for in the same way as any modification in that a new application form must be completed and provided along with any supporting documentation required. The SOs shall then consider, in accordance with the guidelines set out above, whether it should be processed at that time as a modification or should form part of the application queue. If it is appropriate to process as a modification then the applicant will be liable for a modification fee. The SOs will endeavour to respond as to whether the application is deemed an acceptable generation change within 30 business days.

If not deemed an acceptable change, the customer shall decide whether to pay the initial application fee of €7,000 and join the application queue. If no payment is received within 20 business days the application shall be considered to be withdrawn.

10.3 Post Energisation of a Facility:

10.3.1 Outline

In relation to rights where an existing and energised project may wish to transfer its access rights to a more efficient or different type of generating technology for which the SOs have not studied and which the network has not been designed to accommodate, the SOs propose the rule set out below. These rules being, in combination, a reasonable basis for assessment of the ability of the network to accommodate any such generation type change:

10.3.2 Proposed Ruleset

- That rights would be transferable such that, given all other generation connected or contracted, no significant or material additional network requirements would be expected to be identified (reflecting size, running regime but also generation technology and its effect on network stability);

- That rights would be transferable such that other non firm generation connected or contracted to the system would not be adversely affected in that the level (and in particular value) of anticipated constraints would not rise significantly;
- Taking into account the first two rules the rights attributable would not in any case exceed the MW capacity currently contracted to the site/ unit.
- The SO would be given due notice as to when a transfer of rights is scheduled by a customer to take place. A failure to do so would consequently result in delays in facilitating the transfer of rights or may mean that the network has changed to such a degree that a transfer is no longer feasible, or that the rights have been offered to another project.

10.3.3 Process

Where a project applies to change their generation type post energisation, a formal modification request under the connection agreement must be received by the SOs indicating in detail the nature of generation change requested and proposed timeframe by completing a reduced criteria application form. The SOs will endeavour to respond to as to whether the application is deemed an acceptable generation change within 30 business days.

Section 2

This section will contain topics that are either a clarification or elaboration of existing policy or, in some cases, a restatement of more recently published policy.

11 Reprocessing Subgroups Due to Non-acceptance of Offer or Termination of Connection Agreement

11.1 Outline

This section sets out the rules and process to apply in the event an applicant drops out of a pre-defined subgroup. Under these circumstances, the connection method for that subgroup will be reviewed. Currently, if stranded assets are created by a project dropping out of a subgroup on this basis, the resultant increase in costs are not charged to the remainder of the subgroup⁴. Instead the Use of System (UoS) customer will cover the outstanding balance. In order to minimise the potential costs to the UoS customer the SOs must review the connection method to endeavour to re-design it such that the remaining subgroup can be connected at a lower cost to the UoS Customer. In addition should the impact on the UoS customer, due to this rule, prove to be excessive, the SOs will advise the CER and it may be appropriate to revisit this basic charging principle.

The SOs are mindful that redesigns should be carried out to reduce the potential costs to the UoS customer, while not unduly delaying the connection of the remaining members of the subgroup, or leading to suboptimal development of the transmission or distribution systems.

For the avoidance of doubt, where reprocessing the subgroup results in a revised connection method or revised costs, connection offers will be re-issued to the subgroup and works will not commence until these revised offers have been accepted, rejected or lapsed. Where not all subgroup members accept their revised offer, then the original connection method will be provided, but the per MW share to the subgroup will be adjusted to reflect the new cost share⁵.

As this relates to existing processes, work will proceed on the basis as set out below until a final decision has been published by the CER in relation to the COPP paper or separate instruction to that effect.

11.2 Proposed Ruleset

Prior to Offer Issuance

If a member of a subgroup withdraws from the subgroup prior to offers being issued for that sub-group, studies will be undertaken based on the revised subgroup and costs will be distributed on the basis of the new configuration of the subgroup. Please note that – in the event that connection method studies have already been undertaken at the time

⁴ Under the assumption that the subgroup opted for the LCTA connection method. For further detail refer to sections 2.4-2.7

⁵ Due to reduced End-User contribution.

the sub-group member withdraws – this is very likely to result in delays in offer issuance to the remaining members of the sub-group and probably other members of the Gate due to a cascading effect. To avoid excessive delays in offer issuance Transmission deep re-enforcements will not be revised in the first instance to take account of the project withdrawal as will be accounted for in the optimisation phase unless the withdrawal from a Gate is so material that a complete restudy is necessary.

The remaining members of the subgroup can, however, elect not to have the subgroup connection method reassessed and their offers delayed, in the event that they are willing to pay for the potential stranded asset costs resulting from the project withdrawal. The specific stranded asset costs cannot be calculated at this time if the offer schedule is to remain on track.

Prior to Offer Execution (Post offer issue but prior to execution)

If a member of a subgroup withdraws from the subgroup prior to offer execution, a re-design of the connection method will take place whereby:

- The existing connection method is no longer optimal.
- The remainder of the subgroup will not be expected to cover the financial shortfall, i.e. the UoS customer would pay the difference⁶.

The remaining members of the subgroup can however elect not to have the subgroup connection method reassessed in the event that they are willing to pay for the potential stranded asset costs.

Post Offer Execution

If a member of a subgroup withdraws or is removed from the subgroup, post offer execution, a re-design of the connection method will take place whereby:

1. The existing connection method is no longer optimal.
2. The connection method has not advanced to such a stage that redesigning the connection method is no longer practical e.g. materials have been procured and construction has advanced to such a stage that no appreciable cost saving would be made by the redesign for the use of system customer
3. The remainder of the subgroup will not be expected to cover the financial shortfall, i.e. the UoS customer would pay the difference.

Please note that in order to avoid excessive costs to the End-User, projects within a subgroup may not be in a position to progress – where this involves commitment to shared assets – independent of the remainder of the sub-group, as to do so may remove the option of redesigning the subgroup. However this will be assessed on a case by case basis with a view to avoiding such delays if possible.

The remaining members of the subgroup can however elect not to have the subgroup connection method reassessed in the event that they are willing to pay for the potential stranded asset costs.

⁶ See sections 2.4-2.7 for more detail

11.3 Process for Redesigning Connection Methods

The process for considering the redesign of a connection method will commence once it is confirmed that a member of a subgroup is not proceeding and the subgroup does not wish to proceed with the original connection and carry the additional costs. This confirmation shall occur upon one of the following:

1. A member of a subgroup's connection offer has not been executed and the relevant offer validity period has expired;
2. Connection agreement has been terminated;
3. Otherwise formally agreed by that member and the system operator with which that member is contracting that the project is not proceeding; or
4. All other subgroup members have either accepted or rejected/terminated their connection agreement, or their offer has lapsed.

It shall also require for the SOs to consider that a redesign is appropriate, or at minimum full studies are required to assess whether a redesign is appropriate.

The SOs shall endeavour to process any potential redesigns within 90 business days of it being confirmed that the subgroup member is not proceeding, and all other subgroup members have indicated that they are proceeding. However customers should be aware that this may be an iterative process, in that it has to be assumed that all other projects which may impact on that subgroup's connection method are still proceeding. In the event of another project within, or potentially impacting on the design of, the subgroup not proceeding the SOs may have to recommence the redesign of the subgroup. This anticipated leadtime (of 90 business days) is also contingent on the scale of the modifications requested at any given point in time and any Gate that may be underway at that point in time. The SOs shall however endeavour to incorporate an allowance for reprocessing subgroups due to non-acceptance or termination in its planning for modifications post Gate 3 and during subsequent Gates.

11.4 Impact on Charges to Remaining Subgroup Members

The impact on charges to the subgroup will vary depending on whether the connection method proposed is the Least Cost Connection Method (LCCM)⁷, SO preferred method, or customer requested connection method.

11.5 Least Cost Connection Method Offered

In the event that the LCCM was offered and, following reprocessing of the group, the LCCM for the remaining group is unchanged, then the cost to the remaining subgroup will remain unchanged, and the shortfall in cost will be to the account of the End-User.

In the event that a re-study identifies a new LCCM for the remaining subgroup the SO's propose to modify an offer in the event that the refund to the customer exceeds the

⁷ See glossary for meaning of term

cost of modifying the offer, as calculated by the SO on a case-by-case basis. The refund, where applicable, will be provided to the customer net of the administrative cost of modifying the offer.

For the avoidance of doubt, where the subgroup wish to proceed with the original connection method, the individual members allocated cost may increase, although the sub group may still be entitled to a contribution.

11.6 SO Preferred Connection Method Offered

In the event that a SO preferred connection method was offered and following reprocessing of the subgroup, the SO considers that this connection method should remain unchanged, then the cost to the remaining subgroup will remain unchanged, and the shortfall in cost will be to the account of the End-User.

In the event that a re-study identifies a new LCCM for the remaining subgroup the SO's propose to modify an offer in the event that the refund to the customer exceeds the cost of modifying the offer, as calculated by the SO on a case-by-case basis. The refund, where applicable, will be provided to the customer net of the administrative cost of modifying the offer.

For the avoidance of doubt, where the subgroup wish to proceed with the original connection method, the individual members allocated cost may increase, although the sub group may still be entitled to a contribution.

11.7 Subgroup requested Connection Method

As per revised processes for gate 3, a subgroup now have the option of agreeing a customer requested connection method, which is greater in cost that the LCCM, in advance of offer issuance.

In the event that a customer preferred connection method was offered and not all subgroup members accept, the connection will be re-processed in the usual manner as set out in 2.3 above and the SO will identify the cost to be borne by the UoS customer.

In the event that the subgroup opt to continue with the customer preferred connection method, the End-User will underwrite the cost of the defaulting subgroup member only to the extent of the cost which would have been borne had the original or revised LCCM (or revised SO preferred connection method) been built.⁸ In the event that the subgroup

⁸ In such an instance, new Connection Agreements, with revised costs will be issued. In the first instance and to avoid delays to the project progressing, the costs will be based on the total cost of the customer Requested Connection Method divided amongst the subgroup, with the End-User contribution advised when studies have been completed.

opt to revert to the new LCCM (as now set out by the SO) their charge will be revised such that the subgroup will be liable for the lesser of:

1. The charge which would have applied – based on the original subgroup share – had they been issued an offer based on the LCCM for the original subgroup.
2. Their share of the LCCM for the new subgroup, based on the MW of the new subgroup.

Any under-recovery will be borne by the End-User in the normal manner.

11.8 Re-design to Minimise Stranded Asset Costs

Where a customer requests a modification that leads to stranded assets, re-processing to minimise stranded asset costs will be undertaken in the event that a modification request is received within twenty (20) business days of offer acceptance of the entire subgroup, and will follow the process as set out in 2.3 above.

In the event that stranded asset costs result from a later request, a redesign will not occur unless the subgroup as a whole agree. In the absence of a redesign, the modifying customer will be fully liable for their original amount of shared costs. In addition please note that in the event that a redesign is driven by the need to minimise stranded assets, the cost of processing this redesign will be to the account of the modifying customer.

12 Firm Connections to the Transmission System

12.1 Outline

Generation customers are issued with offers for connection, either directly to the transmission system, or via the distribution system, on the basis of firm access to the Transmission System. This means that infrastructure is put in place whereby the TSO can dispatch generation under a range of credible scenarios and the load can be adequately served. In recent years the TSO has facilitated firm/non-firm connections on the basis that connections could be made to the transmission system before all the required infrastructure was in place, but would be constrained when necessary. Whether a customer requests a firm or a firm/non-firm connection could have a material impact on the expected connection date for that customer's project.

An explanation of what is meant by a firm or a firm/non-firm offer are outlined below

Firm Offer

A firm offer is as an offer that only allows a project to connect and subsequently export onto the system once its associated deep reinforcement works have been completed in full. Some customers choose this option where they wish to wait for the deep works to

be completed which may improve their access to market payments. The rules relating to the Single Electricity Market (SEM) including scheduling and dispatch, constraint and curtailment, etc are available at www.sem-o.com.

Firm/Non-Firm Offer

A non-firm offer allows a project to connect and subsequently export onto the system once its associated shallow works, distribution deep reinforcements, short circuit works and other necessary works, including control systems have been completed in full⁹, but before the load flow transmission deep reinforcements are completed. Prior to Transmission deep works being complete, the project will be considered non-firm in the SEM. The project will have firm access once their associated Transmission deep reinforcement works¹⁰ have been completed in full. The rules relating to the Single Electricity Market (SEM) including scheduling and dispatch, constraint and curtailment, etc are available at www.sem-o.com.

Further information in relation to the above can be found in CER/01/72 'Firm and Non Firm Access to the Transmission System A Direction by the CER for Electricity Regulation'.

12.2 Process

In accordance with the above the SOs shall only offer firm or firm/non-firm offers for connection to the Transmission System. Unless otherwise directed, the SOs will issue non-firm offers, which in turn, will become firm once the Transmission Deep Reinforcements associated with the connection have been completed in full. Customers will be required to decide whether their connection is to proceed on a firm or non-firm basis either prior to offer issuance or at offer acceptance. In the absence of a customer decision, the SOs will assume that the connection will be on the basis of firm access to the Transmission System

13 Term

13.1 Term

The existing distribution connection agreement has a twenty year term (from the date of connection of the project) with a one year rolling extension in the absence of termination provisions being exercised by either party to the contract. This extension is, however, subject to the conditions set out below. Also subject to the conditions as set out below, it is proposed to introduce an automatic roll-over facility for transmission connection agreements, whereby the term will roll over after the end of the standard 20

⁹ Further information is available on CER web-site ref [cer/05/106](#); [cer/05/107](#)

¹⁰ Please note that while Transmission deep works are identified at the time of offer issuance these works can change due to other system developments.

year term until either party to the contract serves notice of termination on the other of no less than two (2) years.

13.2 Extension of Term

Charges

In the event that the term of the Connection Agreement is to be extended beyond the term originally contemplated then the SOs shall reassess the connection and consider whether additional charges should be imposed based on the extended term. The recalculation of all charges shall be in accordance with the relevant General Conditions.

Additional costs which may be incurred by the relevant SO and which it is appropriate to pass through to the project would include the following.

- Additional works driven by changes in standards.
- Additional works driven by the need to connect additional generators into the area under the Group Processing Approach.
- Any costs associated with extension of leasehold title.

Costs which are covered by annual charges, be they Operation and Maintenance Charges or UoS charges, include:

- costs of fault repair.
- costs of scheduled replacement.

Please note for the purpose of calculating the above charges, the SOs will assume that the contract will be extended for a further 20 years unless a lesser period is specified by the customer.

Access Rights

In the interests of making best use of existing assets, a connected project would have first refusal on the capacity for which it is contracted. Unless otherwise instructed the SOs will assume the connected project will, by default, avail of the automatic roll-over facility at the end of its 20 year term. This will form the basis for the various studies carried out by the SOs, based on existing plant and characteristics. Should a project not wish to continue to avail of its MEC beyond the 20 year term of its contract based on its existing plant and characteristics, the intention to terminate the connection agreement must be submitted a full two calendar years before its relevant expiry date, or prior to finalising the list of applicants for the next Gate, whichever is earlier. This notice period is important in order to allow the SOs to ensure its studies and assumptions for the system are as accurate as possible. Any capacity not contracted shall be made available to other applicants.

13.3 Process

At the end of the 20 year distribution or transmission term, the connection agreement will automatically roll-over indefinitely unless either party chooses to invoke the termination clause of the respective agreement. Should an applicant not wish to continue to operate its assigned access quantity at end of the 20 year term of its contract based on its existing plant and characteristics, it must serve a notice of termination of no less than two (2) years on the relevant SO or notify the relevant SO that the term should be shorter. If this notification is not received within the timeframe above the developer shall be bound by the terms and conditions of the connection agreement for a further 20 years.

14 Extension of Offer Validity Period

14.1 Outline

The standard validity period for connection offers is usually in the order of 50 to 70 business days after a connection offer has issued. This is confirmed per the individual Gate directions made by CER, including the circumstances such as the publication of constraints reports upon which the validity period also depends, as well as general policy with regard to offers issued outside the Group Processing Approach, or modified offers.

In the case of Gate 3, at the time of writing the 50 days acceptance period cannot be invoked until such a time as a number of other outputs of the SOs and CER have become available, namely final area constraint reports and SEM scheduling and dispatch paper. On occasion, customers request an extension to the validity period of its offer beyond that directed by the CER.

14.2 Proposed Ruleset

A request must demonstrate a reasonable case for consideration, where individual circumstances that would warrant an extension period were somewhat exceptional.

The proposed ruleset under which an extension would be granted, would be as follows:

- The request does not delay the start of a Gate or other process for assessing new capacity applications as directed by the CER;
- Does not delay the commencement of works for other parties.

14.3 Process

A request for an extension of an offer validity period will be processed following a submission in writing, outlining in detail the rationale for the extension.

The SOs will endeavour to return a decision to the applicant as to whether an extension will be granted within a five (5) business day period. The length of extension granted will

be at the discretion of the SOs, however, will typically not exceed 35 consecutive business days.

15 Non-LCCM Planning Related Charging Issues

The Group Processing Approach enables the SOs to process a pre-defined number of connection offers concurrently, rather than having to treat each application on an individual independent basis, as had been the case before Group Processing was introduced. The SOs jointly specify the connection method which is to be employed.

By default, the SOs will determine an LCCM when looking at an individual or subgroup connection.

The SOs may specify a connection method different from the LCCM as being a more appropriate connection method for an individual or sub-group. This proposed connection will take into account wider system development, the costs of associated transmission system deep reinforcements, the possibility of future connections at a subsequent date and an overall prudent medium term approach to system planning. Such a connection method is referred to as the SOs Preferred Connection Method.

To the extent the SOs Preferred Connection Method is more expensive than the LCCM then the additional cost will be recovered through from the UoS customer, rather than from the connecting parties, subject to usual regulatory scrutiny.

An customer or subgroup may also request a connection method different from the LCCM or SO Preferred Connection method. Assuming the proposed method is technically acceptable, and is not contrary to the longer term prudent development of the transmission or distribution systems the SOs will proceed on this basis.

To the extent the Customer Preferred Connection Method is more expensive than the LCCM, then the customer or subgroup will be liable for the additional cost, as per section 2.4 of the SOs Charging and Rebating Principles Paper 2010 (CER 10/085).

Where the SO Preferred Connection Method is being pursued, the SOs policy, in the interest of minimising costs to the End-User, is to use overhead line where possible. In the event that the SO is unsuccessful in obtaining planning permission for overhead line the SOs would seek first to remedy the matter that caused the rejection to the original planning request and in certain circumstances may consider a change to the connection method and the submission of an alternative overhead line planning application. However, in the event the SOs are ultimately unsuccessful with a revised planning submission, it may be deemed necessary to pursue an underground cable option.

The primary factor in deeming it necessary to pursue underground cable would be the specific environmental factors that are unique to a particular connection method and specifically the Environmental Impact Assessment (EIA) that is required for the vast majority of overhead line projects.

In certain circumstances, as set out in Section 2.4 of the Joint Charging Paper, the subgroup will be eligible for a contribution from the End-User towards cabling the SO preferred connection method.

Given the complexity and site specific factors associated with the planning process it is not possible to provide a comprehensive rule-set for when the use of cable is to be considered as the least cost solution and consequently a contribution may be appropriate. However, at a minimum where a build is being undertaken on a contestable basis it must be demonstrated that reasonable efforts were made to address issues raised in a failed planning application, by way of a planning re-submission, in relation to overhead line. The SO will consider the decision on planning permission, and may elect for a change to the connection method and request the submission of a planning application for an alternative overhead line solution.

16 Internal Network

16.1 Outline

An internal network is the electrical network that a customer builds, owns and operates within the boundaries of a project. There are some cases however where this internal network can be quite extensive and can potentially interfere with more optimal wider electrical system development. Requests leading to lengthy internal networks or changes at the connection point, inclusive of mergers, would be considered only if the proposal is technically feasible and there are no significant negative system, planning or environmental implications associated with the proposed connection method.

The primary issue for consideration is whether the existence of internal network impacts in any way on the ability of the SOs to develop the electricity system in an economic and efficient fashion, or impacts on the SOs ability to connect future customers.

The SOs will consider the extent to which the proposed internal network traverses areas where (i) demand customers or other generators already exist and (ii) are likely to emerge in the future.

The broad rules on assessing internal network have been in practice and separately agreed with the CER previously so requests leading to extensive internal networks shall be carried out in accordance with the ruleset below until a final decision has been

published by the CER in relation to the COPP paper, or separate CER instruction to that effect.

16.2 Proposed Ruleset

- The proposed network is in line with the general principles of the Group Processing Approach.
- Where the proposed network is due to a change in the originally submitted application(s), and the change impacts on shared assets the alternative connection must at a minimum be agreed by the group as a whole. Any stranded asset cost incurred would be to the account of the project requesting the change.
- The proposed network is consistent with the long term development of the system.
- Similarly, a proposed internal network, or connection point change would not be granted should it be seen to be adversely impacting upon the ability of the SOs to obtain necessary planning consents for other system developments in either the short or medium term and in particular:
 - The proposed network is not adversely affecting scarce station, or line routing capacity for potential future system development to the benefit of all customers.
 - The proposed network is not likely to lead to higher charges for potential future connecting customers.
 - The proposed network is not likely to increase costs for the End User.
 - The proposed network is not resulting in a change of the designated connection point on the meshed transmission system originally chosen by the SOs.
- If the requested connection point is not considered appropriate by either or both of the SOs, the relevant SO will determine an appropriate connection point in accordance with the criteria outlined above. The customer will be advised of this and given the opportunity to agree the exact details of the new proposed connection point.
- The system operator approved connection point shall then be used in the system operator connection offer processes for both conventional (includes demand) and renewable customers.

16.3 Process

Applicants shall apply for an extensive internal network in the same way as normal capacity applications or modifications to existing offers/agreements as per the standard practice.

17 MEC Capacity Bond

17.1 Outline

As per CER 09/138, the MEC Capacity Bond is designed to prevent the hoarding of transmission capacity and also, in the event that a capacity bond is drawn down, contribute towards the cost of transmission deep reinforcements which may have commenced. The requirements with regard to this bond are as set out in CER 09\138. Please note as this issue has been consulted and directed on already, this section is for information only.

17.2 Ruleset

- The capacity bond is required to be posted by both distribution and transmission connected developers.
- Capacity bonds will not be required for projects with an MEC of less than or equal to 5MW or as directed by CER.
- For all generators connecting to the Distribution System, and for renewable generators connecting to the Transmission System, the capacity bond to be posted is as follows:
 - The earlier date of two years post planning permission date, or at the second last payment, prior to commissioning and energisation, for Distribution connected applicants.
 - The earlier date of two years post Consents Issue Date (CID) or no less than one month prior to energisation for transmission connected applicants.
 - Please note that any delay in providing the capacity bond will result in a delay in energisation.
 - The value of the capacity bond to be based on €25,000/MW of MEC.

At present, for conventional generators and interconnectors connecting to the Transmission System, a capacity bond is to be posted at offer acceptance stage. The value of the bond to be €10,000/MW of MEC¹¹. For interconnectors, the capacity bond will be calculated based on export rather than import capacity.

However the TSO proposes to align the capacity bonding arrangements for conventionals to those outlined for renewables as per the arrangements detailed in CER 09/138.

17.3 Drawdown and Use-it of Lose-it

The process for drawing down on the capacity bond is as set out in detail in CER decision paper CER\09\138. However the basic principles are as follows:

- In the event that 95% of MEC is not achieved by 1 year post energisation, a portion of the capacity bond will be drawn down, and the MEC reset to the maximum output of the generator over the course of that year

¹¹ Bonding arrangements for conventional and renewable may yet align.

- In the event that an MEC reduction request is processed after the capacity bond has been put in place, a portion of the bond will be drawn down
- In the event that an Operational certificate has not been issued within 4 years of energisation
 - The full capacity bond will be drawn down¹²
 - The connection agreement will be terminated.

18 Capacity Relocation

This issue has been recently consulted on. The final rules and CER decision on this issue will be included in the decision paper on COPP.

19 Alternative Connection Method

19.1 Outline

On occasion an alternative connection method to that offered by the SO may be requested. The reasons and rationale for this vary. In general, the SOs are open to accommodating such connections, where feasible.

19.2 Proposed Ruleset:

Requests for alternative connection methods by connecting customers shall be assessed by the SOs in accordance with the following:

- It is technically feasible and there are no negative significant system, planning or environmental implications associated with the proposed connection method;
- It is in line with the general principles of the Group Processing Approach;
- Where the change impacts on shared assets all projects affected by the change must advise their agreement in writing;
- It is consistent with the long term development of the system including, but not limited to:
 - Not adversely impacting upon the ability of the SOs to obtain necessary planning consents for other system developments in either the short or medium term.
 - Not adversely affecting scarce station, or line routing capacity for potential future system development to the benefit of all customers.
 - Not likely to lead to higher charges for existing or connecting customers which includes those within the Gate being processed at the time of the request.
 - In the event that the change proposed might lead to a delay in connection of other projects, any projects affected must advise their agreement in writing

¹² Partial drawdown of the bond each year up to the 4 year mark.

- Not likely to increase costs for the End User.
- Not resulting in a change of the designated connection point on the meshed transmission system originally chosen by the SO
- The project will be liable for any additional cost to the system operator associated with its connection method;
- In the event that the requested connection method change involves the project no longer being part of the subgroup determined by the system operator, it should pay as if it were a member of that subgroup. Once all offers have been accepted, rejected or lapsed it may be that the subgroup connection arrangements can be re-optimised such that the 'stranded asset' charge payable by those who have left the subgroup is reduced. However this will follow the process set out in Section 3.7. In addition, any re-optimising of the subgroup will, in the first instance, be to the benefit of the End-User.

19.3 Process

Applicants shall apply for an alternative connection method in the same way as normal capacity applications or modifications to existing offers/agreements as per the standard practice.

20 Change in Application Details

20.1 Outline

Depending on the modification requested many of the same rules as above may apply. As a general rule consideration should be given to whether it is appropriate – based on the revised information – to process the application with the same deemed complete date, or whether the change means that an entirely new application is being processed. The minimum data required to allow an application to be processed is as set out below, as per the Gate 3 CER Direction 08/260:

1. Legal applicant name, address and company registration number;
2. Contact name and address;
3. Generator address and grid coordinates;
4. MEC;
5. MIC;
6. Internal network layout and major equipment location (e.g. turbines, stations, etc) on a Discovery Series 1:50000 OS Map or a similar appropriate scale;
7. Preferred connection date;
8. Preference for single or multiple connecting circuits; and,
9. Signed statement from applicant that any necessary landowner consents are in place for the project and witnessed by a solicitor.

20.2 Proposed Ruleset

In relation to items 1, 2, typically these modifications will not have any impact on others and as such can be progressed. Items 3 (and 9 which is associated), 4 and 6 are covered in this paper. Items 7 and 8 most likely will have to be assessed on a case by case basis.

20.3 Process

Changing application detail requests should be applied for by submitting a revised application form to the appropriate SO. The modification fee shall be calculated and invoiced subsequently.

21 Modifications Requests

21.1 Outline

With regard to any request for modifications to connection applications, offers or agreements, the SOs propose the following ruleset.

21.2 Proposed Ruleset

- Once an offer has been made modifications will only be processed after an offer has been accepted.
- Any modification requested will take account of the impact on all offers issued or due to be issued before the modification has been processed – even where such offers are issued in different Gates – once the Gate Start Date has passed.
- Post the Gate Start Date there may be delays to processing of modifications (even from a previous Gate), if the request impacts on the connection method of a current site. This is due to the fact that studies for a given Gate need to be based on the definite network configuration
Where a modification requested by a subgroup involving shared assets is not accepted by any project sharing those assets, the modification acceptance of all other subgroup members is invalid and as such the original connection method will be progressed.

Finally it is worth bearing in mind that the connection method offered for a subgroup may be revised if one or more project within a particular subgroup decides not to proceed with their connection, or reduces their MEC.

Sections 11 and 8 covers in detail how such situations are treated.

21.3 Process

Modification requests should be applied for by submitting a revised application form to the appropriate SO. The modification fee shall be calculated and invoiced subsequently.

Appendix 1 – Glossary of Terms

Some of the commonly used terms in this paper have been elaborated upon as below for ease of reference. For full meaning of the terms please refer to the specific connection agreement documentation or appropriate CER direction(s).

CER – means the Commission for Energy Regulation

CID – Consents Issue Date. This means the date on which Transmission System Operator and the customer have obtained the consents relating to the relevant connection works for connection of the customer’s project. Further details are set out in customer’s connection agreements.

Connection Queue is the queue of applications for connections which includes contact details of the customer applying for connection, the capacity requested, the location of the plant and the relevant application dates.

COPP – Connection Offer Policy and Process

A *Gate* is a regulated set of customer connection applications which are chosen and assessed for connection using a defined set of eligibility criteria and processing rules.

Gate Start Date - is the date upon which a final direction to commence a Gate is issued by the CER or some other date as specified by the CER

LCCM – Least Cost Connection Method. This is typically the basis on which a customer will be charged (except where a customer requests a more expensive connection method). For DSO connections the term typically used is the Least Cost Technically Acceptable (LCTA) Connection method. This is the least cost method by which the customer, or subgroup, can be connected which can accommodate their MEC and MIC, while meeting system standards both under normal and standby feeding arrangements.¹³ For TSO the LCCM is the Least Cost Chargeable (LCC) – which is the basis on which the connecting customer is charged. However the LCC may not be technically acceptable when TSO considers catering for contingencies deeper in the system.

MEC – Maximum Export Capacity means the maximum permissible amount of electricity that can be exported onto the Transmission System or the Distribution System at a customer’s connection point expressed in MW as set out in a customer’s connection

¹³ A more comprehensive definition can be found in Section 2.1 of the Joint TSO/DSO Group Processing Approach Charging and rebating Principles 2010

agreement. Where such values require conversion from MVA or kVA to MW as appropriate a factor of 0.95 kW/kVA shall be used;

Modification is a formal request submitted by a customer to a system operator to make a change to application details, a connection offer or a connection contract.

Planning Permission Date means for the DSO the date on which the planning permissions necessary for the relevant connection works have been achieved, scope of work designs have been completed and invoice for Second Stage Payment has been issued.

SOs – means the Transmission System Operator (EirGrid) and Distribution System Operator (ESB Networks)

Stranded Asset Costs are connection costs, other than deep reinforcements, or shallow optimization works called for by the SOs, which are not paid for by connecting customers and have to be funded by the UoS customer.

SO Preferred Connection Method is a connection method called for by the SOs which may be more expensive in terms of shallow connection works, but is deemed to result in more optimum system development

Sub-group is a set of applicants which share shallow transmission or distribution works.

UoS Customer/End User – means the overall customer base who pay for use of the Transmission System or Distribution System for the passing of electricity through these systems and for the transportation of such electricity to the customers connection points.