

# **ALTNAGAPPLE WIND LIMITED**

## **ADMINISTRATION ADDRESS:**

**7 Main Street, Howth, Co. Dublin.**

Tel.: 01-8322636. Fax: 01-8326925. email [scanees@iol.ie](mailto:scanees@iol.ie)

The Commission for Energy regulation,  
The Exchange,  
Belgard Square North,  
Tallaght,  
Dublin 24.

31st January 2011.

Att.: John Lynch.

### **Re.: Consultation on First Stage Payments on Acceptance of a Connection Offer to the Electricity Network.**

Altnagapple Wind Ltd. is due to receive a Gate 3 Grid Connection Offer later this year for a 27MW windfarm, located app. 7 km west of Binbane Substation in North West Donegal.

The windfarm is currently in the planning process and is unlikely to be out of the planning process by the time its Grid Connection offer issues. Land Leases, easements on the public roads, wind measurements and windreports have all been carried out. Altnagapple Wind has also committed to pay € 150,000 before the end of June for installation of 4 additional ducts to facilitate the grid connection for Altnagapple Wind. Altnagapple Wind will be part sharing a grid connection with Corkermore Windfarm currently under construction and as such, it was prudent to install the extra ducts when Corkermore were trenching and installing their ducts. The combined capacity of Corkermore and Altnagapple cannot be accommodated on the same set of cables/ ducts.

The indicative grid connection cost for Altnagapple Wind is € 4,48 mill.; the largest part of this, namely € 2,3 mill. relates to the purchase and installation of a new 63MVA transformer in ESB/Eirgrid's 110kV Binbane Substation. Under the present rules, Altnagapple Wind would have to pay 10% of the grid connection cost as a non-refundable First Stage payment i.e. € 448,000. In addition Altnagapple Wind has just received an invoice of € 44,509 plus Vat from ESB Networks as an application fee. To raise a further € 448,000 is impossible in the current financial environment, where no banks are lending money for grid connections. Further uncertainty exists until we see the outcome of the Wind in the SEM consultation and also a REFIT 2 scheme for Gate 3 grid connections,

Directors: Inge Buckley, John Gillespie, Conal Shovlin, John Ward  
Company No: 444979. Registered Office, Crolly, Letterkenny, Co. Donegal

Altnagapple therefore strongly supports the industry view that, the calculation of the amount due for Gate 3 First Stage Payments should be the **lower** of 10% of the connection costs or €10,000/MW and that this payment be paid in two stages; 50% at the offer acceptance stage and a further 50% two years later or, for those projects that can build earlier, one year before the target connection date or when planning for any line work is lodged. By splitting the 10% payment over two years it would allow time for the economy to improve; allow the Wind in the SEM consultation process to conclude, developers will know if the REFIT support scheme is in place for Gate 3 developers, and allow bank funding in an hopefully improving financial climate. This would reduce risk of loss of capital for projects while at the same time retaining a substantial payment to ensure that capacity hoarding does not occur.

The CER Consultation document CER/10/233 specific refers to the requirements that developers of generation projects are required to pay a charge designed to cover the cost of their **shallow** connection. Altnagapple wind would like to point out that a large part of the connection cost for Distribution connected generators is often made up of large amount to be spend on upgrading ESB/Eirgrid's 110kV substations. Altnagapple Wind is therefore making an alternative suggestion that any First Stage Payment should be 10% of the **shallow** cost of connecting a windfarm and not include any upgrade work in ESB/Eirgrid's substations or any upgrade of existing ESB lines.

Finally Altnagapple Wind also proposes that any deposits paid are rebateable if the wind farm fails to obtain planning permission prior to the date the second payment falls due or ESB Networks fails to secure planning permission for applicable grid connection works. We understand this already applies in the Gate 2 process.

Yours sincerely,

  
Inge Buckley