

Reference:- CER/10/233

**Consultation on First Stage Payments on Acceptance of Connection Offer
to the Electricity Network**

A Chara,

On behalf of [Comharchumann Shailearna Teo](#).Windfarm Limited I would like to thank the CER affording the opportunity to interested parties to express their views on possible amendments to the existing terms for the payment of 'first stage payments' for renewable generators (CER/10/233).

Firstly we believe first stage payments should be rebatable in circumstances where REFIT support is terminated. Secondly we also propose that this rebate scheme is applied to the new planning permission environment where, under recent amendments to Section 42 of the Planning and Development Act (2000), a permitted project can only apply for an extension of time once and once only for up to five years. This restriction to the number of times a project can apply (and the length) for an extension of time raises a planning risk that was not there heretofore. We therefore suggest the first stage payment being rebatable if planning expires prior to the date the second payment falls due or if ESB fails to secure planning permission for the applicable grid connection works. We understand this already applies in the Gate 2 process.

Under the terms of the grid application [Clochar na Lara](#) Wind Farm Limited will shortly be required to pay approx. €400k in application fees. Also based on [Clochar na Lara](#) Wind Farm Limited's information, a sum of €400,000 will be due to ESB Networks by the end of [May](#) 2011. [Clochar na Lara](#) Wind Farm Limited contends that the first stage payment of €400,000 is excessive and equates to over €15,000k/MW. We have consulted with our financial advisors Grant Thornton and they have informed us that those Irish and foreign financial institutions they have worked previously on Gate 1 and Gate 2 projects are not willing to fund a grid connection deposit on a non recourse basis at such a level. These financial institutions are particularly concerned about the Wind in the SEM consultation process outcome, the continuation of REFIT support and uncertainty concerning TLAF/TUoS factors.

Given the above we would support the position that the calculation of grid connection deposits be €10,000/MW and that this payment would 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. This we believe would increase the likelihood of financial institutions at least part funding the grid connection deposit (balance payable from our own sources) while at the same time retaining a substantial payment to ensure that capacity hoarding does not occur. €10,000/MW is now a very significant commitment and in the current economic climate, it is most unlikely that any developer would enter into this commitment unless they firmly believed they were going to bring their project to fruition. Finally I can confirm we have spent to date €200,000 which I trust demonstrates our commitment to the project.

I look forward to hearing from you in relation to the above issues.

Mise le Meas,

Morgan Ó Concubhair
Bainisteoir
Comharchumann Shailearna Teo.

04/02/11