



## **IWEA Response to the Consultation on EirGrid's proposal for calculation of interim Firm Access Quantities for Gates 1 & 2 generators**

**21<sup>st</sup> January 2011**

IWEA welcomes the opportunity to comment on the Draft Consultation on EirGrid's proposal for calculation of interim Firm Access Quantities for Gates 1 & 2 generators.

IWEA generally supports the proposals in the consultation to use the Gate 3 methodology and to allocate interim FAQs to Gate 1 and 2 projects however have a number of key points which we would like to raise in relation to this consultation.

- IWEA are extremely concerned with the delays from EirGrid in providing an optimisation of the deep reinforcements for Gate 2 projects. Gate 2 Offers were issued in 2008 and the first update from EirGrid with optimised list of reinforcements is not now due until Q3 2011. This is a period over 3 years from the offer being issued. It would be reasonable to require EirGrid to formally updating generators annually.
- IWEA is very concerned that following the proposed optimisation exercise that some of the transmission reinforcements listed in the original 2008 offers maybe replaced by EirGrid with an asset at a high voltage and longer distance. As no detailed works has started on the consenting of most of these new assets, it is likely that firm access for some projects could be delayed by 4-7 years based on EirGrid standard timelines. Changes of this nature would fundamentally change the risk profile of projects and materially change the terms of the contract.  
Gate 1 and Gate 2 projects have been financed on the basis of the scheduled deep works infrastructure and timings notified in the connection offers accepted for those projects. Lenders and investors based the financing arrangements on this.  
Changing the deep works and the timings to accommodate subsequent network developments is completely unacceptable and would be likely to result in financing defaults and would be very damaging to lender and investor confidence.
- The impact of network upgrade for future requirements should be applied to the future projects that will benefit from these developments. The principle is that projects should face the impact of the requirements that were needed for those projects at the time they accepted their connection offers.

- It is not reasonable that Gate 1 or Gate 2 projects be disadvantaged due to the decision to introduce the strategic development of the grid. Although IWEA support in principle strategic development, future proofing the grid for future connections should not disadvantage generators with existing connection agreements. Gate 1 and Gate 2 connections identified the necessary deep works to accommodate those projects. Any network developments beyond the original requirements should not have a further financial impact on Gate 1 and Gate 2 projects. If a decision is made to future proof the system the cost including increased constraint payments should be met by the system which will benefit from the efficiency of strategic development rather than generators who have signed connection agreements.
- IWEA strongly believes that wind developers need be provided with a contractually financially firm date for the delivery of network upgrades. This date should be consistent with the expected delivery date of the required assets. This means that individual generators do not need to adjust plans to account for potential delays in network reinforcements but rather can plan for delivery on the expected due date. In the event that a delay does occur the system owners and operators are better placed to manage this by addressing the cause of the delay or by pursuing alternative more efficient measures. These options are not available to the developer. IWEA believes that it will be very difficult for Ireland to meet its 2020 targets if this issue is not satisfactorily resolved.
- IWEA request that considering the existing delays to the proposed optimisation of Gate 2 deep reinforcements, EirGrid should prioritise any studies required and minimise any further delays. IWEA would question why it is proposed that it will take 5/6 months following a CER decision for EirGrid to release this information and would consider it useful that interim milestones are identified.
- IWEA understand that EirGrid are considering circulating an interim update on Gate 2 deep reinforcements that will be in most cases incomplete. This interim update we believe will be of limited value and in fact would be extremely damaging. Efforts are needed to focus on providing an update to all generators that is complete as a matter of urgency to allow Gate 1 and 2 projects to progress.

Please see below for some specific comments on the methodology presented:

- IWEA generally supports the proposals in the consultation to use the Gate 3 methodology for the Gate 1 and 2 projects. IWEA also believe that there is merit in further reviewing the methodology to ensure that tests to determine associated reinforcements are robust and reflect the binding reinforcements that will drive material levels of constraint.
- Can the SOs & CER clarify if they plan to update the FAQ annually following allocation? We assume that the FAQ for the full duration of FAQ published will be the worst case scenario & will only be increased in an annual review, also once a level of FAQ is achieved it is not reduced in any subsequent year. Clarity on how this FAQ will be awarded would also be useful.

- Consideration should also be given to special protection schemes being used to provide additional capacity. This additional capacity should be allocated to Gate 1 and 2 generators as firm capacity.

**Conclusion**

IWEA welcomes the proposals to allocate interim FAQ to Gate 1 and 2 projects and IWEA request that the commission progress this consultation process as a matter of urgency to allow the Gate 1 & 2 projects to progress. However in our response we have outlined a number of issues that warrant discussion and consideration and so would request a meeting with the CER to discuss further.