



Commission for Energy Regulation

An Coimisiún um Rialáil Fuinnimh

**Consultation on  
Modification Requests to Connection Offers  
– Fees & Process**

DOCUMENT TYPE:	<b>Consultation Paper</b>
REFERENCE:	<b>CER/11/194</b>
DATE PUBLISHED:	3 <sup>rd</sup> November 2011
CLOSING DATE:	2nd December 2011
RESPONSES TO:	Bríd O'Donovan bodonovan@cer.ie

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

[www.cer.ie](http://www.cer.ie)

## Table of Contents

1.0 Purpose of this Paper & Responses .....	3
1.1 Purpose of this paper .....	3
1.2 Responding to this paper/queries during consultation .....	3
2.0 The System Operators' Paper .....	4
3.0 Interim Arrangements ( <i>during consultation period</i> ) .....	5
4.0 View's Sought .....	6
5.0 Next Steps.....	6
Appendix A.....	8
“Modification Fees for Connection Offers” .....	8

## 1.0 Purpose of this Paper & Responses

### 1.1 Purpose of this paper

The purpose of this paper is to seek the views of interested parties with regard to the system operators' procedures for processing applications for modifications to offers for connection to the electricity network.

To aid the CER in this consultation, the system operators have developed a joint paper – **“Modification Fees for Connection Offers”** - which outlines the proposed process and fees chargeable for modifying offers for connection to the electricity network. The system operators' joint paper forms the main body of this consultation and is included in Appendix A.

#### Target Audience:

This paper will be of interest to parties involved or concerned with connection to the electricity system at distribution and transmission level, and the system operators.

#### Related Documents:

- Connection Offer Policy & Process Decision (CER/11/093) available here: <http://www.cer.ie/en/electricity-distribution-network-decision-documents.aspx?article=f60275f5-1442-4330-93f3-895a68f861b3>

### 1.2 Responding to this paper/queries during consultation

Should respondents wish to seek clarification on any aspects of the System Operators' paper during the consultation period, queries should be directed in the first instance to the System Operators - Distribution System Operator contact Fiona O'Donnell ([Fiona.ODonnell@esb.ie](mailto:Fiona.ODonnell@esb.ie)) and Transmission System Operator contact Mark Needham ([mark.needham@eirgrid.com](mailto:mark.needham@eirgrid.com)). Thereafter, final consultation responses must be forwarded to the Commission at the contact details given below.

Responses to the consultation must be received by Friday 2<sup>nd</sup> December 2011 and sent to:

Bríd O'Donovan  
Commission for Energy Regulation

The Exchange  
Belgard Square North  
Tallaght  
Dublin 24  
Email: [bodonovan@cer.ie](mailto:bodonovan@cer.ie)  
Tel: 01 4000 800  
Fax: 01 4000 850

The Commission intends to submit responses to this consultation to the system operators and CER's independent consultant for response/comment. Respondents may request that their response not be forwarded to these parties in which case the respondent should clearly mark the document(s) to that effect, stating the rationale for confidentiality.

Please note that the Commission intends to publish all responses to this paper on their website at [www.cer.ie](http://www.cer.ie). Respondents may request that their response be kept confidential. The Commission shall respect this request, subject to any obligations to disclose information. Respondents who wish to have their responses remain confidential should clearly mark the document(s) to that effect, stating the rationale for confidentiality.

## 2.0 The System Operators' Paper

The system operators have developed a paper – ***“Modification Fees for Connection Offers”*** – which details their proposals for revising the process followed when dealing with applications for modifications to offers for connection to the electricity network.

Currently, when the SO's receive an application for a modification to an existing offer, their processes are broadly as follows:

- The distribution system operator processes modifications to offers whilst tracking the costs incurred in doing so and invoicing the customer based on outturn<sup>1</sup>
- The transmission system operator however uses estimated fixed costs which are charged either up front or during the modification process

The SO's have now made joint proposals in relation to the process to be followed by them when dealing with such requests.

Below is a synopsis of the content of the SO's paper and the proposals therein.

---

<sup>1</sup> Albeit this charge has in the past been capped at the level of the relevant fee for a new application

- Section 1 of the paper gives an overview of the system operators' rationale for revising the current process of modifying offers.
- Section 2 of the paper details the modification application process and states the timelines associated for customer responses and the process for dealing with multiple modifications associated with a single connection.
- Section 3 of the paper details the modification fees proposed – the system operators propose that a fee level be applied to modification applications – currently five levels have been proposed based on the anticipated work associated with differing types of modification requests. The proposed charges range from €1,000 to €29,900 for a Level 4 modification (with an initial €1,000 application fee being netted off the final modification cost). Level 5 modification fees are charged on a customised basis. The SO's have also included the basis for calculating the modification fees and the approach used by the system operators in developing them. The system operators also outline their rationale for dealing with the issue of possible under-recovery of costs associated with the fee levels proposed.
- Sections 4 and 5 of the paper detail the structure and assumptions made by the system operators in developing the fees and the modification process. The system operators also commit to reviewing the fees once a sufficiently representative number of modifications have been processed.
- Appendix 1 details the five levels associated with the fees and includes details such as the main drivers associated with different types of modification requests – this should offer more certainty and transparency to generators in relation to which modification level their specific request is likely to fall under, thus giving an opportunity prior to modification application, of ascertaining the likely cost levels associated with their application.
- Appendix 2 shows the proposed application form to be completed by generators seeking a modification to a connection offer and includes the details the system operators would need in order to assess the level of work associated with the modification request, and the resultant associated fee.

### **3.0 Interim Arrangements (*during consultation period*)**

The CER has agreed that modification applications received after the date of publication of this consultation, can be processed by the SO's on the basis of the proposals and fees in their paper in Appendix A.

This means that from the date of publication of this consultation, the SO's will process all modification requests received based on the process in Appendix A

hereto. *(note: the CER decision will be retrospectively applied to such applications).*

The CER also wishes to highlight that at this time, it has not yet reviewed the charges proposed by the SO's in their paper. The CER intends to have an independent consultant carry out such a review on its behalf during, and as part of the consultation process. The outcome of this external review, together with the responses to the consultation and the SO's views will all be considered when the CER are deliberating their decision(s) on the matter of offer modifications.

## **4.0 View's Sought**

The CER looks forward to hearing views in relation to the proposals set out in the SO's paper.

The CER asks that respondents be mindful of three key areas when responding to this consultation – these being:

- The development of the five modification levels and their structures
- The development and level of the proposed fees
- The concept of paying standardised up-front fees for modification requests – capped at the level of the application fee - rather than paying based on outturn costs.

## **5.0 Next Steps**

Following close of the consultation, the CER will take account of the views submitted from industry and the SO's, and, the review carried out by CER's independent consultants.

Following deliberation, the CER will develop a decision on the matter and will publish same once this process is complete.

The CER looks forward to hearing the views of respondents in relation to the proposals set out in the CER's paper. The CER wishes to thank respondents in advance for any submissions they wish to make and again wish to draw any potential respondents' attention to the specific topics covered in Section 4 above.

Finally, upon conclusion of the CER decision on the matter of modification fees, generators who submitted application requests during the consultation period, will have the results of the decision applied to them. This means that any increase or decrease in charges in the CER decision, compared with the fee originally paid, will be retrospectively applied to those applications made during the consultation period.



## **Appendix A**

### **“Modification Fees for Connection Offers”**