



Modification Fees for Connection Offers
Version 7

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1. Introduction and Background

This document outlines a revised process for dealing with modification requests (as set out in Section 2), and the fees chargeable to the customer (Section 3) when applying for modifications to Connection Offers issued by either ESB Networks, in its role as the DSO, or EirGrid, in its role as the TSO (together known as the “System Operators or SOs”). Under the historic process, both SOs charge individual fees using different approaches. This means that connecting parties face either an upfront fee from the TSO or an outturn fee¹ from the DSO. In each case the fee would have been calculated on a case specific basis which could lead to inconsistent charges between modifications. The proposed fee schedule assumes a single fee to participants regardless of the system to which that customer is connecting.

The fee structure and the lead-times associated below in Section 3 are guidelines and are based on a number of assumptions which are described in Section 5. As currently proposed the fee structure is standardised around 5 categories. Naturally there is a considerable variation in both the type and range of modifications requested so it is only possible to provide broad descriptions and a guideline as to how a fee will be applied to individual customers for certain modifications. Appendix 1 includes some specific guidelines as to how different regularly occurring categories of modifications would be treated under this system.

The rationale for proposing changes in how modification requests are processed and charged for are as follows:

1. As with standard pricing, and application fees, a standard fee for modifications provides more certainty and transparency to the industry;
2. The proposed process allows the SOs sufficient flexibility to match the fees fairly to the work expected to be required over time;
3. A process whereby modification fees are standardised and are advised and paid prior to processing:
 - a. allows a party assess whether they wish to proceed with the modification request in full knowledge of the cost;
 - b. allows the SO's in some cases to process modification requests prior to offer acceptance (as allowed for in Section 20.1 of the Connection Offer Process and Policy paper);
 - c. gives a clear signal that the timeframe for completing the modification request has commenced; and
 - d. reduces some of the risks associated with a purely customised approach.
4. The SOs have had dialogue with various industry participants in the past who were well disposed towards standardising the modification process;
5. The fees are also calculated to enable a level of resource be available to deliver modifications within reasonable timelines (which are included in the assumptions) so that a good level of customer service can be provided;

¹ Albeit capped to the level of the application fee

6. There is an efficiency that comes with standardisation which means less administration in calculating individual fees. This means that there is more time available for customer engagement, and modifications can be processed more quickly; and
7. A prepaid approach helps to reduce the occurrence of spurious modifications. The elimination of such modifications would help to concentrate scarce resources where they are needed.

Overall, the SOs consider that a standardised pre-paid system will provide a real benefit to the industry by having a practical, consistent and effective method for processing modification requests.

2. Modification Application Process

1. Should a customer wish to submit a modification request that includes changes to information provided in the original application form, the customer should:
 - a) Submit a revised application form with the changes included along with any required supporting information (including consent from other parties where appropriate). It had been suggested in response to an earlier consultation that a separate application form be developed for modification requests. Sample forms have been developed by the System Operators and are as per Appendix 2;
 - b) Submit a cover letter² setting out what the requested changes are (including information as may be required by rule sets such as Group Processing, COPP³, or any other related rule set). Both the application form and the cover letter should be submitted in hard copy and soft copy;
 - c) In the event that there are no changes or very minor changes to the application form, the customer should contact the relevant System Operator to whom the request is addressed to discuss the most practical way to reflect the proposed modification; and
 - d) Any modification request should also include an initial payment of €1,000 plus VAT⁴ which is then netted from the remaining fee in the same way as the original application fee.
2. Once a modification request has been received, it will be assessed by both SO's to determine:
 - a) Whether the modification can be processed⁵;
 - b) Whether all the information required has been included;
 - c) The appropriate level of the modification request, and the corresponding fee which should apply; and
 - d) An expected lead time for delivery of a modified connection offer.

If insufficient data is available to make such an assessment, the SOs will request further information from the customer and confirm the applicable fee once satisfactory information has been provided⁶.

² Should the modification form set out in Appendix 2 be adopted, this will suffice instead of a cover letter

³ The Connection Offer Process and Policy Paper.

⁴ In the event that the customer opts not to proceed with the modification, this fee is non-refundable.

⁵ The Connection Offer Process and Policy paper sets out a variety of rules indicating where modifications are allowable, and in which scenarios modifications may not be allowed

3. Once all the information required is available, and the fee has been established, the customer will be advised and must confirm in writing that they wish to progress; and
4. An invoice will then be issued for the balance of the modification fee. The timeline for processing of the modification request will commence once the fee has been paid.

Timeline for Customer Response

In the event that the fee has been invoiced and remains unpaid for a period of three months all application information and work carried out in checking the application will be removed and the customer must restart the process again. Similarly should a customer decide not to respond to a request for clarification on the modification application within three months all application information and work carried out in checking the application will be removed and the customer must restart the process again.

Multiple Modifications

While in theory, there is no limit to the number of modifications which can be processed the following should be noted:

1. For purposes of efficiency, if there are a number of different changes requested to a connection agreement these are best processed at the same time;
2. Should additional changes be submitted post commencement of a particular modification, the time line for delivery of the modified offer will most likely re-start and additional fees will apply;
3. To avoid the potential for multiple modification requests to impact on delivery of renewable targets, in general the SOs consider the original longstop dates for the Connection Agreements should continue to apply;and
4. Customers will only be charged on the basis of one of the levels per modification request i.e. they are not additive. (Appendix 1 gives some guidelines as to how requests for multiple modifications will be charged.).

3. Modification Fees

Basis for Calculating Modification Fees

The basic principles applied when standardising the fees was that:

1. Any fee structure should be consistent regardless of whether a distribution connection agreement or a transmission connection agreement was being modified; and
2. Some account should be given to smaller applications so that the fee is reduced to be less than fully cost reflective.

It was also clear that for standard fees that an increasing scale should be applied for degrees of complexity rather than applying a specific fee for a particular category of modification.⁷ Taking on board these considerations the SOs adopted the following approach:

⁶ It has been suggested in response to an earlier consultation that a separate application form be developed for modification requests. A sample form being considered by the System Operators is included as Appendix 2

⁷ Different types of modifications are listed in Appendix 1

Approach to developing fee levels

The SO's estimated the average cost associated with processing a certain level and type of modification based on the degree of complexity associated. This was done using the estimated man days for an individual activity e.g. application checking, technical studies, construction review, charging calculation, offer preparation, customer engagement etc. Added to this was an attributable shared cost of the project management of the overall process.

Balancing of costs

Having assessed the expected costs of preparing modified offers, both SO's then considered areas where significant under-recovery was likely.

1. The individualised cost for a level 1 modification is well above the €1000 that was previously set out by the CER as the maximum fee for administering modifications. As a result this cost was spread across the other levels.
2. It was decided to apply a fee cap so that applicants will only pay up to what they originally paid for processing the application first time. Often smaller applicants will have significant processing costs associated as the number of options for connection can be considerable. As the processing time is mostly decided on the basis of complexity of the connection and activities required to assess the options rather than just the size of the application, as the number of options increases, so does the processing cost. This fee cap therefore does not reflect full cost recovery, but does protect smaller applicants from higher fees. This principle is in line with the principle adopted for application fees. This under-recovery was balanced across the levels.
3. Transmission customers which are of a comparable size and/or complexity to a distribution customer will drive less costs individually as they impact only on the Transmission System and as such only have to be assessed by one SO. As per the current capacity application fee structure customers will pay the same fee regardless of whether they are connecting to the transmission or distribution system. This under-recovery on customers connecting to the distribution system was balanced across the levels.
4. A large number of customers in Gate 3 chose to provide assumed data instead of a specific data application form. Once the revised specific data is provided⁸, the confirmation of the application details will have to be assessed by the SOs. It is assumed that most of the data will be within the assumptions made by the SOs and any reprocessing work will be minimal. It is also assumed that this work will not be charged for and can be accommodated within existing processes. Please note:
 - a. Any changes to an application which was originally provided with specific data will be chargeable; and
 - b. Any subsequent changes to details (following initial confirmation of specific data) will be chargeable and may also delay energisation.

Taking all the above into account a balancing process has been carried out to determine the appropriate fee for each level which would enable sufficient cost recovery overall to process the

⁸ No later than 12 months prior to energisation

assumed number of modifications for each SO, while being consistent with the original overall principles.

Modification Fees Table

The table on the next page outlines the levels of fee that the SOs believe are required to support the resources needed by both SO's to deliver modifications within acceptable timelines, and to ensure overall cost recovery from the parties driving the work. The SOs will determine the appropriate level of fee based on the table below for each individual application. As set out above, where customers chose to use assumed data no charge will apply when submitting specific application data including turbine type, transformer and internal network information, etc once it is submitted within the 12 month prior to energisation deadline and is only submitted once.

Level	Description	Fee/€ (excl VAT)
All	Initial application/request checking fee (netted from fees below at second stage)	1,000
Level 1 fee	Basic Administration e.g. name change or assignment	
Level 2 fee	Minor application changes, MIC/house load changes or other minor assessment work resulting in amendment to offer	11,050
Level 3 fee	Medium level of technical reassessment e.g. turbine change, number of turbines, material changes to internal network, with no or minor Connection Method change	21,450
Level 4 fee	Full reworking of connection method including new costs e.g. merging or splitting, temporary connection, change to number of grid connecting transformer bays (excludes transmission load flow and constraints analysis but includes transmission short circuit and possibly transmission dynamic analysis)	29,900
Level 5 fee	As per standard Application Fee Schedule as published separately by the SOs	As per individual fees ⁹

Table 1: Fee Structure

For clarity as per standard practice to date, and as set out in point 2 above, the level of the modification fee will be capped to the amount which would be payable for a new application of that size. For example, a project of 499kW will never pay more for a modification than €1482¹⁰, or the revised application fee for the current year.

4. Description of Fee Structure

The fees and timelines quoted are based on a number of assumptions which are believed to be a reasonable estimate, at this point in time, as to the number and range of modifications that will be requested over the next two years or so. The fees are intended to be cost reflective and the SOs intend to review the fees to compare the overall costs incurred on processing modifications versus the fees collected, once a sufficiently representative number have been processed.

In the event that the actual outcomes are considerably different from the assumptions, and the SOs are faced with the potential for a significant under-recovery of costs reasonably incurred, the SOs reserve the right to remedy the situation, which may include reviewing the fees and fee structure. In

⁹ As per EirGrid's Statement of Charges and ESB Networks Application fees for Embedded Generators

¹⁰ 2011 application fees

addition, should the costs incurred be less than the fees collected, a reduction in fees may be appropriate for future years.

The SO's expect the fees to be valid so long as the flow of modifications is in line with assumptions as set out in section 5 below. Where the impact of a change in the assumptions is assessed to primarily affect the delivery timeline, the SO's will advise/update those affected of the estimated delivery date of the modifications.

5. Assumptions for Modification Fees

The following assumptions have been used to determine the modification fees and are provided in order to give a more complete understanding to applicants regarding the underlying information upon which the SOs have developed these fees.

1. Guidelines

The fees quoted are based on future assumptions which remain very uncertain and are the best estimates at this point in time until offer validity periods commence. They are valid so long as the flow of modifications is broadly in line with assumptions

2. Lead Time to acceptance

Based on the experience of Gate 2 and allowing for the experience of the industry in general, the SOs expect that the vast majority of modification requests will be received within a two year window from offer acceptance.

3. Acceptance Rate

Based on feedback from the industry, the SOs expect approximately 70-80% of offers to be accepted. Based on Gate 2 on average the expectation is that each offer would be modified at least once¹¹.

4. Lead times for processing applications

The SOs believe that the following processing lead-times are viable:

Form of Modification	Lead-time from Official Commencement
Level 1	20 business days
Level 2-4	90 business days
Level 5	Customised

Table 2: Table of lead-times

A specific target delivery timeline for modifications will be advised to the customer once the required information has been submitted by the customer. The timelines above are the amount of time that the SOs generally expect to require to process a modification. Where possible the SOs will issue modified offers in advance of these dates.

¹¹ Over the course of Gate 2, DSO in particular recorded a high level of Change of Legal Entity (CoLE) in addition to other modifications

5. Workflow

While acknowledging that there will be peaks and troughs in the workflow, the calculation of fees and timelines is based on an average capacity of around 15 modifications over a quarter. This allows for a normal rate of modifications request of 5 per month. This has inbuilt capacity to stretch for a limited duration by 20-50% and still be expected to be practical to deliver within the lead times outlined in table 1. This accounts for a limited reprocessing of sub-groups due to non-acceptance of offers where appropriate. Any request for temporary connection is considered to be a modification for the purposes of these assumptions.

6. Level of Engagement

It is acknowledged that some modification requests are more complex than others and will require additional engagement which the SOs have endeavoured to account for in the differing levels above. It is assumed that, in general, and on average no more than two meetings will be required with an applicant/subgroup during the modification process and a reasonable level of email queries will be addressed.

7. Annual Adjustments

The modification fees are subject to an annual adjustment in line with CPI/HICP and will be included as an appendix in the annual EirGrid Statement of Charges. ESBN will publish the updated charges on their website as per current practice with application fees.

8. VAT

The fees are subject to VAT at the appropriate rate.

6. Contact Details

Contact details for modification related queries are:

ESBN: Email : DSOGenerators@esb.ie

EirGrid: Telephone 353 (01) 7026642 email: info@eirgrid.com

Appendix 1: Categorisation of modifications

The broad outline of the type of modification that would fall within the various levels is as set out below. It is not possible to be absolutely definitive as to what level will apply in each case as each modification request will be constructed differently and will have differing complexities for the same type of modifications. An example is that a change in a 100m internal overhead line to an underground cable will have a significantly different impact than if a customer wishes to change 10km of 110kV overhead line to 10km of underground cable. It is expected that the description of the levels and how the individual modification requests fall into each category will be refined and clarified in the future once more experience is gained.

Level	Description
Level 1	Basic Administration e.g. name change or assignment
Level 2	Minor application changes, MIC/house load changes or other minor assessment work resulting in amendment to offer
Level 3	Medium level of technical reassessment e.g. turbine change, number of turbines, material changes to internal network, with no or minor Connection Method change
Level 4	Full reworking of connection method including new costs e.g. merging or splitting, temporary connection, change to number of grid connecting transformer bays (excludes transmission load flow and constraints analysis but includes transmission short circuit and possibly transmission dynamic analysis)
Level 5	As per standard Application Fee Schedule as published separately by the SOs

Table 3 – Broad Description

The types of modifications listed in Table 4 below are a list of the currently known typical modification requests. As new types of modifications are requested the SOs shall apply the appropriate level and update the list periodically.

Types of Modification	Basic Type	Level	Main Driver
Applicant Name Change/Change of Legal Entity	Name Change	1	Commercial
Merging projects with no significant expected change to shallow works	Merger	2	Tech Studies
Merging projects with significant expected change to shallow works		4	All
Splitting projects with no significant expected change to shallow works	Splitting	2	Tech Studies
Splitting projects with significant expected change to shallow works		4	All
Capacity Relocation with no significant expected change to shallow works	Relocation	2	Tech Studies
Capacity Relocation with significant expected change to shallow works		4	All
Decrease in MEC with no significant expected change to shallow works	MEC Change	2	Commercial
Decrease in MEC with significant expected change to shallow works		4	All
Increase in MEC		5	All
Decrease in MIC with no significant expected change to shallow works	MIC Change	1	Commercial
Increase in MIC <5MVA with no significant expected change to shallow works		1	Commercial
Increase in MIC >5MVA, or where a smaller change is expected to give rise to a change in shallow works		5	All
Extending offer validity period	Offer Validity Period	1	Commercial
Change to generation unit ¹² with no significant expected change to shallow works	Change to generation unit(s)	3	Tech Studies
Change to generation unit ¹³ with significant expected change to shallow works		4	All
Change to number of generating units with no significant expected change to shallow works	Change to generation unit(s)	3	Tech Studies
Change to number of generating units with significant expected change to shallow works		4	All
Change to reactive power compensation devices	Reactive Power Devices	2	Tech Studies
Change to internal network < 1 km of total conductor lengths	Change to internal network	1	Commercial
Change to internal network > 1 km of total conductor lengths		2	Tech Studies

¹² Including wind turbine changes etc.

¹³ Including wind turbine changes etc.

Change from overhead line to underground cable or vice versa for connection method with no significant expected change to shallow works	Change to overhead or underground cable	2	Tech Studies
Change from overhead line to underground cable or vice versa for connection method with significant potential change to shallow works		4	All
Temporary Connections	Temporary Connection	4	All
Phasing Projects	Phasing	3	Construction and Commercial
Extension to term of contract with no significant expected change to shallow works	Extension to term of contract	1	Commercial
Extension to term of contract with significant expected change to shallow works		4	All
Change to grid connecting transformer(s) specifications	Transformer Changes	3	Tech Studies
Change to number of grid connecting transformers		4	All
Change to house load	House Load	1	Commercial
Change to contestability decision where allowed	Contestability	2	Construction and Commercial
Change to metering arrangements	Metering	2	Construction
Provision of Applicant Specific Data (One submission only. Second and subsequent will be charged as per above)	Application Data	0	Tech Studies
Subgroup dropout and reprocessing	Subgroup Reprocessing	0	All

Table 4: Type of Modifications

NOTES

- 1.** Where a subgroup is potentially affected by the modification(s) requested by a member of that subgroup, the customer requesting the modification(s) should ensure that the other members of the subgroup are aware of the potential impact and that there are no objections to the modification.
- 2.** Where there is a potential impact on another customer's connection method, the customer is obliged to provide evidence of consent from the other customer(s) to proceed under the general principle of unanimous decision making within subgroups. Where a modification drives change to other customer's connection offers, the customer driving the changes shall be responsible for payment of the associated fees for modifying the other connection offers.
- 3.** A fee will be charged per new connection offer issued. For a merger of a number of projects into one, therefore, a single modification fee will be charged. In this case the applicants shall nominate which applicants should be invoiced the applicable modification fee. Where a project is split, such that 2 or more new offers are issued, a fee will apply per each new offer. The two fees will be charged to the applicant requesting the split.
- 4.** Changes in the connection method which arise as a result of the detailed design process – typical minor changes to circuit length – will usually be accommodated as part of the standard process, and the changes in the connection method and associated costs will be formally advised to the customer as part of the process of advising pass through costs. However in some exceptional cases, such changes have the potential to drive a more fundamental change in connection (for example a change to conductor size, or even a change in voltage level). In such cases it may be necessary to process this change as a modification. The SO's would expect that such a change would be a level 2 or 3 modification.
- 5.** Where there are a number of modifications requested together the level that will be applied will typically be the highest level for those particular modifications where they are largely driven by the same work. However, in some cases, where there are a high number of modifications being processed (i.e. greater than 3), it may be appropriate to increase the fee level by 1. See example 1 below;

Example 1: The same applicant submits a modification for:

- 1) A change in generation unit with no significant change in shallow works expected (level 3 – mainly driven by Technical Studies)
- 2) Merging projects with no significant expected change to shallow works (level 2 mainly driven by Technical Studies)
- 3) Capacity Relocation with no significant expected change to shallow works (level 2 mainly driven by Technical Studies)

The level that will be applied is the higher of the above i.e. a level 3

3. Where a number of similar type modifications are submitted which involves differing main drivers (e.g. Technical Studies AND Construction Assessment), the level which will apply is the highest level of those modifications plus 1 level as per example 2 below.

Example 2: Applicant submits a modification for:

- 1) A change in generation unit with no significant change in shallow works expected (level 3 - mainly driven by Technical Studies)
- 2) Change to decision to contest where applicable (level 2 – mainly driven by Construction Assessment)
- 3) Capacity Relocation with no significant expected change to shallow works (level 2) (tech studies)

The level that will be applied is the higher of the above plus 1 i.e. a level 4

Appendix 2: Supplemental Application for Modifications to Generation Connection Offers

Part 1: To be completed by the applicant on first submission

Section/ Form	Component parts	Yes / No
NC 5 form	Turbine change	
NC 5 form	Change of Legal Entity	
General		
A	Overhead to cable	
B	Non-contestable to Contestable offer ¹⁴	
C	Connection Point relocation	
D	Capacity re-location	
E	Merging of two or more existing applications	
F	Splitting of capacity of an existing application	
G	Complete Change of Connection method	
H	Change of internal collector network	
	Other	

General Section

Is the applicant part of a sub-group? Yes/No?	
If Yes,	
Does the modification requested impact on shared assets, or otherwise impact on other group members	
Is the written and unconditional agreement ¹⁵ of the other parties in the sub-group, per the template in Appendix x attached? Yes/ No	

¹⁴ For distribution works, a change from non-contestable to contestable will only be allowed in limited circumstances

¹⁵ Where shared assets are unaffected such consent may not be required

Section A: Overhead line to cable

Previously offered		
Line start location [station]	Line end location [co-ordinates]	
	Easting	Northing
Requested modification		
Cable for all of previously offered route? [tick]		
Cable for part of previously offered route? [tick]		
If partial:		
Cable Section start		
Station [if applicable] or	Co-ordinates [if applicable]	
	Easting	Northing
Cable Section end		
Station [if applicable] or	Co-ordinates [if applicable]	
	Easting	Northing
Map showing proposed cable route supplied? [tick]		
Estimated length of additional cable [km]		
Estimated length of remaining overhead line		

Section B: Non-contestable to Contestable offer¹⁶

Is the applicant part of a sub-group? Yes/No?		
If No		
Please indicate in words, the works which the applicant wishes to contest		
SLD depicting clearly the works which the applicant wishes to contest attached? Yes/No?		
If Yes, and request is to contest shared assets		
If intending to act as Lead Developer		
Please indicate in words, the works which the applicant wishes to contest as lead Developer		
SLD depicting clearly the works which the applicant wishes to contest as Lead Developer, and the boundaries with other applicants attached? Yes/No?		
<u>If request to contest relates to dedicated assets</u>		
Please indicate in words, the works which the applicant wishes to contest		
Is a Single Line Diagram depicting clearly the works which the applicant wishes to contest attached? Yes/No?		

¹⁶ Such a change will only be allowed in certain circumstances, and at the discretion of the System Operator

Section C: Connection Point relocation

	Easting	Northing
Confirm co-ordinates of Connection Point per existing offer		
State co-ordinates of proposed Connection Point		
Is the location of the turbines remaining at the same location that existing offer was based upon? Yes / No		
If No, please complete Capacity Relocation Section xxx		
If yes		
Is a map depicting clearly the location and route of all additional internal collector network arising from this change attached? Yes / No?		
Is a schedule of the electrical details of all additional internal collector network arising from this change attached? Yes / No?		

Section D: Merging of two or more existing applications

List Applications/projects to be merged as part of this modification	DG Number	Name
State Location of proposed Connection Point for Merged Application		
State name of Legal Entity to whom modified offer is to issue		
State address of Legal Entity to whom modified offer is to issue		
Is the written and unconditional agreement of the other parties in the sub-group attached (where applicable to be provided on company headed paper and signed by a company director? Yes/ No		

Section E: Splitting of capacity of an existing application/project

Confirm existing application/project to be split	DG number	Name
Confirm MEC per existing offer, of existing application to be split [MW]		
Post Split Application/Project 1		
Proposed MEC [MW]		
Is proposed destination location co-incident with an existing application/project? Yes no?		
If Yes		
Details	DG number	Name
If No		
Is a fully completed NC 5 form attached for the resulting new application? Yes / No		
Post Split Application/Project 2		
Proposed MEC [MW]		
Is proposed destination location co-incident with an existing application/project? Yes no?		
If Yes		
Details	DG number	Name
If No		
Is a fully completed NC 5 form attached for the resulting new application? Yes / No		

Section F: Complete Change of Connection method

Describe as completely as possible, proposed Connection Method in words	
Is a complete Single Line Diagram showing schematically, the entire proposed connection method attached?	
Is a map showing the geographical layout of the entire proposed connection method attached?	
Is a fully completed NC5 form attached?	