SSE

Cost-Reflectivity and Non-Discrimination

Customer View

SSE agrees with the principle of standardisation in general and with the principle of up-front charging for modifications pre-offer acceptance. As regards the point made in our response to the Consultation on this matter, we accept that standardised costs will not meet the exact costs of a modification in all situations. However, when the charging methodology is consciously designed so that applications from some customers under-recover, ie small developers, distribution connected generators and multiple modification applicants, and where that under-recovery is split amongst other modification applicants, we consider that the principles of cost recovery and non-discrimination are breached.

If this under-recovery were to be split between all customers this would be less material than when it is split only between those customers seeking modifications. Among this small group, large customers would carry an undue burden under the rules proposed. If there is to be any under-recovery built into the charging regime, we consider that the balance should be recovered from all TUoS/DUoS customers, and not from other modification applicants.

SO View

Largely for CER to comment however the SOs agree that there is cross subsidy inherent in the design. However as the PPA report used to derive the current fee schedule ignored the cap for smaller applicants and the balancing between DSO and TSO customers the current fee schedule does not allow for a subsidy to be to the account of the modifying customers. We would further note that the principle referenced above is already established for fees associated with new applications

Basis for Calculation of Fees

SSE agrees with the CER and its consultants that modification fees should cover the discrete pieces of work involved in processing a modifications application. We would highlight that this seems to be at odds with the SOs' statement that one of the features of a standardised approach is that 'the fees are also calculated to enable a level of resource to be available to deliver modifications within reasonable timelines'; rather we consider that the fees should be calculated to cover the actual work carried out on a modification, as stated by CER and not the estimated costs of having resources on 'standby'. On this basis we question whether a number of assumptions set out by the SOs in their paper are relevant – namely guidelines, lead time to acceptance and acceptance rate.

SO Response

The purpose of the SOs' proposal on modifications was not only to set out standardised fees for processing modifications, but also to consider how the process for processing modifications

could be improved and advise of the expected timeline to deliver modified offers. In that context the SOs contend that the level of resource available to do the work, and the assumptions re lead time to acceptance, acceptance rate etc are pertinent to the consultation which took place.

Having said the above, we can confirm that the fee schedule originally proposed by the SOs was intended to broadly reflect the workload required on average in delivering a modified offer of a given level of complexity

In addition, we detect that there is some divergence between the CER's paper and the SOs' proposal on the related issue of sufficiency of the proposed fees. We understand that the CER proposes that the fees given will cover the actual costs of modifications – that this is the efficient level of costs that can be recovered by the SOs. However, the SOs argue that there will be systematic under-recovery in the lower categories and that this will be compensated for by other generators. We consider that under the CER's proposed decision if the SOs incur more than the efficiently incurred costs in processing a modification, then, under the principles of regulation adopted for TSO revenue recovery, the TSO should bear the additional costs itself and thus be incentivised to operate more efficiently. Other applicants should not bear the costs of inefficiency. For this reason we consider that the SOs statement that they 'reserve the right to remedy the situation [under-recovery], which may include reviewing fees and fee structure' is misplaced; we would highlight that the power to determine such charges rests with the CER under section 35 of the Electricity Regulation Act 1999.

SOs View

Largely for CER to comment however as the under-recovery is built into the model per the PPA report this will have to be borne somewhere.

In relation to the comment that it is not appropriate for the SOs to reserve the right to remedy the situation [under-recovery], which may include reviewing fees and fee structure', the SOs would note as follows:

1. As set out in the paper any such review and adjustment of fees was intended to cover either a situation where there was a general under-recovery, or a situation where there was an over-recovery
2. Any such review would, of course, be subject to CER comment and approval

We note that the CER and its consultants propose a 14.7% decrease on the fees proposed by the SOs and welcome this reduction. Section 1 of the SOs' paper sets out the 'philosophy' of standardised charging and Section 4 the basis for calculating modification fees, we consider that the decisions on this policy sits with the CER and it is not proper that the SOs should provide an interpretation unless this exactly reflects the CER parent decision paper.

SO Response

The SOs agree that ultimately the decision on standardising lies with the CER. However in the context of a consultation we also consider that it is appropriate to set out the background, and identify where the principles proposed are aligned with existing policy in related areas

Timelines

SSE agrees with the SOs that all modifications must be processed as quickly as possible. As regards the priority rule set we agree that modifications to offers which have been accepted

should receive greatest priority, we also consider that projects which are in construction or whose timelines have earlier completion should be given priority in processing modifications.

As for the second category, we accept that there are difficulties where two modifications for the same subgroup are submitted. We would argue that there may be scope for increased efficiency if both modifications are treated together, for example, there may be possibility of processing the necessary modelling work or technical studies together. We do consider that if one modification is holding up another that the first modification applicant should be obliged to process the modification promptly so as not to hold up the later applicant. In general, we consider that the SOs should have some discretion to expedite modifications where these constitute a critical path issue for a project. We believe, however, that the processing of connection offers is always of great importance to all projects and that in the case of disagreements the CER should decide whether a project should be treated with priority.

We agree with the SOs' proposal that where a customer does not provide information or remainder of fee within three months that the application will be considered abandoned. Waiver of this rule must be exceptional and should be subject to the agreement of projects which may be delayed as a result. We also agree that original longstop dates should continue to apply in the case of modifications.

SO Response

The SOs welcome this respondents input. As proposed by the respondent it would also be our preference where possible to process both modifications together. However in some cases – where there is a time lapse between modification requests – a decision to process the modifications together may lead to a delay in issuing an offer to the first applicant. Furthermore, in some cases, it may be that the first applicant is negatively affected by the processing of the modifications together.

AS a general rule CER has directed the SOs that in the event that it is necessary to prioritise modifications they should be done in the following order:

- Modifications to offers for permanent connections which have already been accepted
- Modifications to offers for temporary connection which have already been accepted
- Modifications to offers which have not yet been accepted

Where a choice is necessary between progressing modifications to offers which are accepted (permanent or temporary) then the SOs shall consider critical path projects to be priority i.e. the SOs shall have discretion in deciding what applications to progress based on perceived urgency.

Categories

As discussed in the CER's paper we agree that standardisation of the modification process has the potential to increase efficiency, which should result in decreased costs and timelines. If this proves not to be the case, the regime should be reviewed. We consider that it is a useful approach where modification applications are in fact standard. However where the applicant and SO do not agree that the requested modification is analogous to one of the standard fee categories or where there is no agreement on a custom fee for a non-standard request (based on costs) the CER should determine the issue.

SO Response

The appendix to the SO paper on modification fees and processes has been expanded from the initial consultation with a view to providing as much clarity as possible. Where an applicant has a query about the level being applied and/or considers that their modification request is not covered by the updated and approved paper, the SOs will be happy to discussing the fee further and explain the level applied. This is particularly appropriate where the level varies based on whether the change drives significant works.

In the event of any ongoing disagreement, the applicant has of course the right to raise the matter with CER. We would consider, however, that any such concern should be raised prior to the modification being processed and that payment of the fee implies agreement to same. One of the primary purposes of the fees is to provide certainty and if the fees are subject to review post processing this removes that certainty for both parties. Disputing fees during or after a modification request would also create an increased administrative overhead which has not been factored into the modification fees. In addition it could create some difficulties particularly where there are shared modifications.

We also submit that objective criteria must be set out for the assignment of categories where a judgment call by the SOs is involved; particularly where an assessment of 'significant expected change' can elevate the application to a higher category. This would aid the aim of this initiative in allowing developers to calculate in advance what fee will apply to their modification. With respect to the statement in the SOs' paper that 'significant expected change' means "where the modification is likely to affect the connection charge"; we would submit that the connection charge will be payable separately so the modifications charge should reflect only the work done in processing the modification. Also, where it turns out that there is less than the expected level of work, the additional modification fee should be refunded.

SO Response

The SOs agree with the respondent that the modification should reflect (albeit based on standard principles) the work done in processing the modification. The reference to the change in connection charge in the SOS paper was rather as an indicator of the complexity of the modification. There will naturally be additional time and different drivers required where the modification leads to changes to a connection charge. For example, a change in connection charge will typically be driven by a change in connection works. In addition where the charges have changed, this requires additional work in processing the modification for the purposes of financial governance.

The SOs consider that the proposal to refund money where a modification costs less than anticipated undermines the principal of, and is indeed asymmetrical to, standard charging for modifications – with which we understand the respondent is generally agreed. In addition, and as set out in our previous response to responses, any such process would have to be matched by approval to revert to those who had paid for modifications, and request an additional payment, should there be an under-recovery. Were such a principle adopted, this would undermine the certainty which standardising of fees is intended to offer.

Although we welcome the additional categories proposed, we consider that the gap in cost between Level 1 (€853) and Level 1.5 (€5,143) is still too large and there will be a huge deviation from the average cost chosen for those categories for projects falling within those categories.

That means that modification requests in the lower end of Level 1.5 will pay much more than the cost of the modification they seek; this tolerance for approximation is too much 5 and outweighs the benefits of standardisation. On this basis we argue that additional categories are necessary.

SO Response

The SOs agree with the respondents position that there is a significant gap between level 1 and level 1.5. However this is primarily due to the under-recovery on level 1 as this is specific fee that CER instructed to be reduced.

With regard to introducing additional levels, we are open to considering this matter in the future. However in the interests of finalising this decision we would propose that any such review should be at a later date, and following additional experience gained in this area.

Quantum of fees

As regards the fees themselves, SSE re-iterates its argument that the minimum fee should be €0, as there are some changes to connection offers which create very little work for the SO. It must be remembered that these are standard agreements. For example, we consider that updating the contract with correct and more precise information should not incur a fee – in particular, the inclusion of actual consents issue dates in a Connection Agreement before it has been signed, rather than a generic definition where actual dates are not available, does not warrant a fee of over €2,800 as was charged in respect of the Great Island project. Under the present proposals we consider that this type of change would fit within the category 'where the original offer was based on assumed data, and a modification has to be processed when project specific data is provided' and seek clarification of this. In this type of case the assumed data is not due to a delay on the applicant's part; rather it is due to the design of the Gate Process. SSE submits that where technical studies have still to be completed or need to be re-run in any case (perhaps due to a member of a sub-group not accepting its offer) that the modification applicant should not be required to pay twice for these studies.

SO Response

The SOs do not wish to comment on a specific case however it is worth noting that any TSO modification issued prior to November 2011 were charged on the basis of the expected cost of processing the modification rather than a standard fee. The argument presented that the change to the contract was minor. The resulting change to a contract can in some cases be minor however the work required to assess the potential impact of a requested change often is not. Modification fees are based on the expected level of assessment work including updates to contract, not just the changes made to a contract.

Having considered this issue further the SOs are minded to process one change to the original data provided, assumed or specific, without charging a modification fee. This is on the basis that generally no changes to associated works or contract will be required other than the confirmation of the data provided is sufficient. If the SOs discover that there are a significant number of cases where the data provided is proving to be materially different to that provided/assumed previously, and is driving material changes to the connection works/contracts then this position may need to be reviewed. The SOs may then need to revert to the CER to calculate and apply an appropriate modification fee for future cases. All other changes to the items in the chargeable modifications list however will remain chargeable.

Customers should note that it is a contractual obligation to provide the required information 12 months prior to energisation.

As stated by the SOs, dynamic studies typically will not commence until 12 months pre-energisation; if a modification affecting such a study is submitted before that time then the costs of the study should not be charged to the applicant in the modification application, otherwise there will be double recovery by the SOs. We do not see the logic in the SOs proposal that this would be treated as a Level 2 modification. In addition, where a study can be shared between modification applicants or carried out more efficiently in tandem, this should be reflected in the fees paid by those applicants.

SO Response
Clarified as per above.

With respect to Level 1 changes, we do not accept the SOs' argument that, for example, a change of legal entity, should incur the costs set out. Changes to business software, verifying customer details on CRO register and re-issuing documents cannot cost €853 if carried out efficiently. We would highlight in response to the SOs' points that it is not in the applicant's interests that there be any errors in such a change and we believe that applicants can be trusted to submit the necessary documentation. The SOs have stated in their response that they consider that it is their role to assess such modifications thoroughly to ensure that changes are not made without full agreement of initial party – we consider that the SOs should require that the instruction must come from the initial party in writing (as included in the SOs' document) but that it is not appropriate for the SOs to 'protect' participants. Similarly, we do not consider that the costs of issuing a revised TUoS offer should be recovered through the modification fee nor do we consider that the value of connection offers is germane in any way to the costs of this type of modification, the fee should simply reflect the costs of processing the modification.

SO Response
The SOs agree with this respondents contention that information provided by an applicant should be accurate. Unfortunately it has been our experience that frequently this is not the case. As the parties tasked with issuing connection agreements, the SOs consider that the processes in place should ensure that the offers are issued based on the correct information, to the correct party, and is done in a consistent and non-discriminatory way. Our legal advice would be such that – in the absence of such robust processes - the SOs themselves could be considered liable in the event of any dispute.

The charge for the modification is not linked to the value of the connection agreement, but rather the process which must be followed to ensure that these important contracts can stand up to regulatory and legal scrutiny.

We do not follow the logic in the SOs' paper regarding Mergers and Splitting which states that these changes drive similar technical studies but recommends fees on the basis that there will be one fee charged for merging (category 2.5; €13,873) whereas there will be a number of fees for splitting (category 2, €9,434). As a result, it appears that applications for splitting will recover significantly more revenue for the SOs despite the costs being similar. We would ask the CER to clarify this point.

SO Response

The technical studies referred to above, and in the previous SO response papers, refer primarily to load flow and short circuit level studies. The primary difference between mergers and splitting, and where the processing of an application to split drives additional costs are:

1. the need to issue additional offers
2. the need to calculate bonding requirements (for request to split) to ensure that such a request has no negative impact (or the potential to negatively impact) on the End User

However having considered this matter further, the SO's consider that a modification to split may be treated in a similar manner to a group modification i.e. one offer would be charged at the higher fee (level 2 or level 4). In addition a new mod has been introduced where the request to split drives no significant expected change to works, charges or bonding arrangements. This modification will be charged at a level 1.5.

We note the comment in the SOs' response that policy changes increase the complexity of processing offers and modifications and that the increased level of capacity on the system also increases the complexity of modelling, both of which increase costs. We are not convinced that this is the case, once models are established we would have thought that amendment to one input should not require great marginal expense. As participants are not privy to the software used, we would ask that the CER take special care to ensure that costs incurred under these headings are efficient.

SO Response

This comment is a comment on the SO response paper. Contrary to the position set out by the respondent it has been our experience that the processing of modifications do incur significant additional costs in some cases. Where based on an initial assessment we consider that a modification is simple and does not drive a 'great marginal expense' the fee level will be set accordingly which is consistent with the range of levels we have developed for individual modifications e.g. capacity relocation, extension to term of contract, merging, splitting, etc. In relation to the increased level of capacity it would appear intuitive when you have increased number of connections to the system that there are ever more complicated ways in which one modification can impact on another. One of the primary objectives of the COPP paper was to provide some clarity on these sorts of impacts and to frame policy around them so parties are not unduly impacted by other parties modifying.

In general, we consider that the SOs should provide more detail on the costs driving modification fees, as was requested by the CER in section 6 of the proposed decision. We see that the process has been set out in Section 3 of the SOs' paper but the technical resources and time needed to process the applications is not broken down. It is these resources that drives the costs of modifications, which is why we require further information.

SO Response

This information has already been provided to CER, and has been used by CER and their consultants in advising a revised schedule of charges

Multiple Modifications

As regards the proposal that for multiple modifications applications fees would not be additive, we consider that this encourages generators to group modifications and to wait until latest date so as to limit the fee that will be paid. If the standard fees are in fact cost reflective and multiple modifications are not additive, the logical outcome is that there will be an underrecovery. As discussed above, we do not agree that other applicants should bear this cost of cross-subsidy and, as outlined above, argue that fees for all modifications must be cost reflective. Another disadvantage is that incentivising generators to hold back on informing the SOs of modifications which they plan means that the TSO will not be acting and carrying out studies based on the most up to date plans of developers. There is therefore a perverse incentive against transparency on the part of generators. SSE would support reduced costs for multiple modifications where this does in fact reduce the costs borne by the SOs in processing the application, eg where one study has to be conducted rather than two, but not as a general rule as it breaches the principles of cost reflectivity and cross-subsidy.

SO Response

The SOs would comment that processing of multiple modifications is generally more efficient, so as long as the overall cost of processing the modification is covered by the subgroup, however shared, this is not considered to result in a subsidy

Upfront fee

We agree with the proposal that the fee, or part of it, be required upfront in order to discourage spurious applications, with the caveat that this should not apply where the total fee is less than €853.

General Principles

As these General Principles did not appear at consultation stage and are not discussed in the CER's decision we question whether they have been approved by the CER. We highlight that the SOs do not have the discretion to devise sub-rules which have not been mandated by the CER.

SO Response

The purpose of introducing the General Principles Section in the SO paper was

1. to address some queries which had arisen during the consultation period and/or as part of the responses received
2. to provide further clarification as to how levels would be fixed, and how parties would be charged for certain modification requests.

As the updated paper has been included with the CER proposed decision for further consultation, the SOs consider that these General Principles have been consulted on

Agreement of Group – Modification Applicant should not be responsible

With respect to the first and second general principles, set out by the SOs, SSE considers that the developer will not know whether other members of the sub-group will be affected, or how. In these circumstances it will be necessary for the SOs to assess this question before the developer in question can obtain agreement from other members.

SO Response

The SOs will be happy to address any customer queries with regard to consents required prior to modification request being submitted. In addition, should a modification be submitted without the required consents, we will of course advise the customer of same.

Multiple Modifications – TSO does not have discretion
As regards general principle 5 and 6, which set out when multiple modifications can be processed at a reduced non-additive fee, although we are not in agreement with the principle as it results in under-recovery, we submit that the CER's proposed decision does not afford the SOs the discretion to determine what fee should be charged as proposed cf. 'the level that will be applied will *typically* be…' 'In some cases … it may be appropriate to increase the fee level by 1'. We call on the CER to spell out applicable arrangements.

SO Response
For up to three modification requests (to a single connection agreement) processed together a customer doesn't pay more than the level associated with the most complex modification of the three. The SOs will assess the need for additional charges where there are above 3 modifications and we may increase by a level. However it is intended that the ceiling is a level 4 based on current processes. Further more we would not envisage many cases where additional charges would apply. The SO paper will be updated to reflect this position more clearly

Economies of Scale – Cost sharing should be fair
We agree with the overall sentiment in General Principle 7, that where there is economy of scale in processing a number of modifications by members of a sub-group together that a reduced fee should be charged. However, we do not see the rationale for a rule requiring the first applicant to pay in full and for other members to pay at level 1.5, this scheme of charging is not justified in the TSOs' paper. We submit that the total cost should be divided in proportion to the fee that would otherwise have been incurred by each member. There is some unfairness in requiring the first applicant, who is proactive in pursuing his/her connection, to pay a greater proportion of the costs. If all sub-group members' connection offers must be modified to reflect a change to shared assets we do not consider that the additional fee charged to the modification initiator for modifying others' connection agreements should be significant. The significant part of the cost should come from studies; the textual amendment of the other connection offer documents is an administrative task which, if performed efficiently, should incur very low costs.

SO Response
The CER has directed that the "Fee for modifying offers should be shared fairly – ie the principle of minimising costs overall for the applicants concerned." The SOs have interpreted this to mean that the application fee for a shared modification will be shared equally across the applicants involved in the shared modification. An example of how this will work is in the SO paper.

Refurbishment of Generation – Rule has no basis in CER proposed decision.
We consider that there is no basis for Principle 8 in the CER's proposed decision paper regarding requests to repower or refurbish a generation plant. We are concerned that the SOs should not be given unfettered discretion in this regard and that any costs must be justified by comparison with analogous modifications. We do not believe that this issue has been discussed in sufficient detail to include in this decision.

SO Response

The basis for this principle is set out in the principle itself. Namely that the modification fee will reflect the various changes required e.g. change of turbine type, extension to term etc. We will provide further clarity on repowering/refurbishing plants for the final SO paper.

Refunds – must also be cost reflective
The rationale for Principle 9, whereby a generator will be refunded its fee less €853 where it is deemed that the modification is not possible, is not explained in the SOs' paper. We consider that the SOs should process the application to the point where impossibility is determined and all costs incurred to that point should be charged to the applicant. This rule, as well as regular updates if the modification is looking doubtful, should be communicated to the applicant.

Re-issue with minor changes – cost is not date dependent
We consider that changes of the type described in Principle 10 (re-issue of a modified offer with minor changes to what was previously issued) should be free as costs incurred should be minimal, regardless of whether they occur within or outside 3 months of issue of the offer. Indeed, we would expect the costs incurred in invoicing and processing payment to outweigh the cost of such a modification.

SO Response
The SOs have modified this principle so that a level one fee may apply where requested within 6 months. The SOs still maintain that a level 1 fee should apply to encourage modifications to be submitted in an efficient way.

Review
We agree that fees should be revisited once all parties have more experience of this system.

Miscellaneous
We would point out that the SOs' document on proposed modification fees as published on the CER's website does not indicate that it is draft. This status should be properly marked on the document to avoid future confusion.

SO Response
The paper provided was final at the time in the same way as CER does not issue a proposed decision as a draft document. The SOs are happy for the CER to amend the document on the CER's website to confirm that it is based on CER/12/153 if necessary.

IWEA

Costs of Modifications
IWEA welcomes the proposed reduction in modification fees and the work undertaken by the CER in this process, however we believe there is scope for further reductions here. It is disappointing that it has taken such a long time and that the input of external consultants is required to ensure that a more equitable charging regime can be implemented.

SO Response

Largely for CER to respond however the SOs would question the assertion that the external consultants were required to ensure a more equitable charging regime, and have concerns about the accuracy of the analysis undertaken by said consultants

Charges & Fee Levels

IWEA welcomes the clarification regarding the modifications which will be undertaken free of charge. These include modifications:

- Where the original offer was based on assumed data, and a modification has to be processed when project specific data is provided

- Required to a subgroup connection due to a <100% offer take up.

- Required to a connection method with a view to further optimising system development

- Required due to any error on the part of the System Operators

The principal of not charging for a modification where the original offer is based on assumed data is welcomed however we still believe that the 12 month limit proposed is excessive for charging where specific data was originally submitted. IWEA has argued for the assumed data approach based on the simple fact that no early application will ever know the final technology to be installed at a given site. Even in cases where specific data was submitted this fact is equally applicable and the free of charge modification rule should apply.

SO Response

The requirement to provide specific data by a specific timeline in advance of energisation is set out in the connection agreement issued to parties wishing to connect to the electricity system. In Gate 3, this timeline was set to 12 months. This time period is required to firstly undertake studies and secondly allow time to resolve any issues arising which would otherwise have the potential to delay energisation. We believe that reducing the timeline and increasing the risk to an applicant's energisation date would not be prudent.

Having considered this issue further the SOs are minded to process one change to the original data provided, assumed or specific, without charging a modification fee. This is on the basis that generally no changes to associated works or contract will be required other than the confirmation of the data provided is sufficient. If the SOs discover that there are a significant number of cases where the data provided is proving to be materially different to that provided/assumed previously, and is driving material changes to the connection works/contracts then this position may need to be reviewed. The SOs may then need to revert to the CER to calculate and apply an appropriate modification fee for future cases. All other changes to the items in the chargeable modifications list however will remain chargeable. Customers should note that it is a contractual obligation to provide the required information 12 months prior to energisation.

IWEA welcomes the clarification at the industry forum regarding the importance of these studies, the time taken to complete them and we acknowledge that results can be different for different turbine types. The provision of information such as this is useful to provide clarity as to what levels of information are required and when. IWEA notes that the timelines also need to be realistic for project developers and the timelines for modelling should take into consideration the stage at which these decisions are made, for example the exact turbine type is not always

fully determined 12 months prior to connection. Further information should be made available as to what types of changes are acceptable with little or no impact and what changes are more significant, as it may be possible to provide sufficient information to allow modelling to proceed without having the exact data.

SO Response

This is something that has been considered but EirGrid does not currently plan to produce such a list. The main reason being that due to the different number of manufacturers, types and size of wind turbines which have very specific performance characteristics, this means that they cannot be compared directly. Also there is the potential that this could be viewed as the SOs advocating the use of one turbine over another. Therefore while providing a comprehensive and current list of acceptable changes is not practical, the SOs are happy to engage with individual developers at the time of modification.

The principal of having to pay for rework where resources are scarce is accepted. But the possible double charging for studies not yet complete is not acceptable. Either the studies have been done and need to be reworked or they have not yet been carried out. In some instances IPPs connecting have learned that studies have not been completed as they sought to energise their connections. Even within 12 months some studies had not even been started. In the case of any modification where studies are required the results of any previous studies should be made available. If studies have not yet been carried out for whatever reason the principal not to double charge must be implemented.

IWEA welcomes the clarification that a change to the internal network through the provision of "as built" data is processed free of charge.

IWEA proposes that all offers be allowed one change of turbine without a charge. This principal should be followed for all site data, including internal network and transformers where actual data is not available until after procurement.

SO Response

Having considered this issue further the SOs are minded to process one change to the original data provided, assumed or specific, without charging a modification fee. This is on the basis that generally no changes to associated works or contract will be required other than the confirmation of the data provided is sufficient. If the SOs discover that there are a significant number of cases where the data provided is proving to be materially different to that provided/assumed previously, and is driving material changes to the connection works/contracts then this position may need to be reviewed. The SOs may then need to revert to the CER to calculate and apply an appropriate modification fee for future cases. All other changes to the items in the chargeable modifications list however will remain chargeable. Customers should note that it is a contractual obligation to provide the required information 12 months prior to energisation.

IWEA recommends that for any future Gate process the process is improved such that assumed data is used for modelling until there is increased certainty in the equipment being used. It is important that developers are made aware of the implications of providing data at an early stage and any follow on impact this may have on their connection offers.

SO Response

The SOs proposed and implemented the use of assumed data for Gate 3 and intend to continue with its use for future Gates. The connection agreement sets out the importance of providing specific data at an early stage, however we believe with the 1 year notification period for submission of the specific data and the one free change this will be to applicant's benefit.

Additional modifications which should be undertaken free of charge:

- Where the DSO has not acted in a timely and efficient manner regards processing a grid application work, planning, survey, or meet certain millstones as obliged to do so and requires a new connection method e.g. changes to an underground solution - **no modification fees shall apply**.

SO Response

The SOs are unclear as to what is being referred to here. However we will use the opportunity to clarify certain matters. Firstly – in relation to acting in a timely and efficient manner – there are a number of reasons why works may be delayed, or why works may not progress

1. Prior to any works being undertaken on the system, there needs to be an identified driver for the works. In the case of a generator connection, this driver is typically offer acceptance, and subsequent payments to re-affirm commitment to proceeding. In the more general context, a driver can also be system demand, or the related need for system re-inforcements.
2. In the context of generators connections – in particular those processed as part of a group – a further issue will be resolution of the group. Where all offers have not been accepted, rejected or lapsed, it may not be possible to establish whether the original group solution is still optimum, or whether a redesign may be possible to minimise costs to the End-User. This can be an ongoing process where payments may be required from all parties within a subgroup to proceed at certain points.
3. Another issue to consider when determining whether shallow connection works should progress is whether offers have been accepted on a firm or non-firm basis. Where offers are accepted on a firm basis, and as recently presented at the Liaison Group, the commencement of shallow connection works would be such as to align with the expected firm date of the project in question.
4. Other issues which may delay project delivery are issues associated with planning permission and clearing of wayleaves.

Where delays such as above impact on a given connection, and a customer decides to process a modification which is agreed by the SOs and which the customer considers can shorten the timeline for delivery, then the associated modification fee will be chargeable to the customer.

However, and as previously set out, where the SOs determine that the connection method should change for system reasons, the customer will not be charged for such a modification.

Level 5 fees

IWEA requests that a Modification Fee Cap should be applied instead of the open level 5 fee. This fee should be capped at €26,000 and not based on the MEC 'As per Standard Fee Application Schedule as published separately by DSO'. This should be applied to prevent against

over compensation and avoid disproportionate double charging considering the amount already paid on processing fees.

SO response

A level 5 fee was indicated in 3 cases

1. Increase in MEC. An increase in MEC has always been treated as a new application. The charge is based on the amount of the increase rather than a fee based on the full MEC
2. Increase in MIC. This charge was intended to reflect a situation whereby the increase in MIC is likely to drive a revised connection method – as may be the case with an autoproducer. However on reflection the SOs consider that such an increase should be charged as per existing arrangements for charges to demand connections. The SO paper will be modified to reflect that an increase in MIC of less than 4MW, and where the MEC is more than twice the MIC will be charged as a level 1.5
3. Extension to term of contract with significant changes may result in the same work required as a new application therefore it may need to be considered as a whole new application.

It appears there has been some concern at the forum and throughout the responses that a level 5 would be used by the SOs to 'overcharge' applicants. In order to allay that fear and clarify the issue we propose to remove the level 5 from the table and instead include a note to clarify what is classified as a modification and a new capacity application as per the above.

IWEA welcomes the clarification presented at the forum that they do not envisage any situation where a Level 5 modification is likely to apply. This needs to clarified in the decision paper and the reasons for its inclusion should be outlined. It is essential for investor and developer confidence that there is more clarification around this. One area where this is of particular concern is combined with the statement that if a number of modifications are being process that the highest level will apply and in certain instances it could be increased by a level. If the highest level was a Level 4 modification there is concern that this could be increased to Level 5 and the Application Fee may apply. Reassurance is required that this will not arise. IWEA welcomes the clarification provided at the forum and notes this should be included in the final decision paper.

SO Response

For up to three modification requests (to a single connection agreement) processed together a customer doesn't pay more than the level associated with the most complex modification of the three. The SOs will assess the need for additional charges where there are above 3 modifications and we may increase by a level. However it is intended that the ceiling is a level 4 based on current processes. Further more we would not envisage many cases where additional charges would apply.

The SO paper will be updated to reflect this position more clearly and to remove reference to level 5 as per preceding point.

Modification Processing

The following proposal has been made by the SOs in relation to introducing a priority rule set associated with processing offer modifications:

"The SOs would request that a basic priority rule set be included within the proposed decision with a request for industry comment. Having considered this matter the SOs would suggest the following – where work needs to be prioritised:

1. Modifications to offers which have been accepted should be first priority on the basis that the modification is likely to be in the critical path of project delivery. Within this group, the SOs would further consider that a modification request to progress a temporary connection is of highest priority albeit only once a window is closed and/or capacity exhausted
2. Where a modification within a sub-group has been requested then a subsequent modification request within that group can only progressed where it can be done so independently. Where the 2nd modification request may impact on the first (or vice versa) the second modification can be progressed:
a. When the first modification has been issued and under the assumption that the modification will be accepted. In the event that this assumption fails, the offer would be re-issued or
b. When the first modification is accepted"
IWEA agrees with the priority order proposals however we do not believe that modifications to progress temporary connections should have any priority over other modifications.

Leadtimes for processing
IWEA still finds that the proposed timelines for processing modifications offers to be excessive. IWEA welcomes and acknowledges that lower level modifications will have shorter processing time due to lower complexity. While members accept that certain modifications can be complex and require interaction with multiple SO personnel and possibly other developers, the upper end of the scale at 90 days plus the time taken to request and agree a modification is not reflective of an efficient system.

The SOs assume a work load of processing 5 offers per month. In the time taken to agree the modification, check all application data, decide whether it can be permitted and a decision on the fee level to be applied IWEA believes a large percentage of work for many of the more straightforward modifications could be complete. IWEA welcomes the provision of a timeline of 20 days to ensure all the appropriate information has been provided as a maximum timeline. While we would welcome a shorter timeline on this, it is acknowledged that in some instances this can be more complex. A shorter timeline would be welcome wherever possible.

IWEA requests that the timelines be monitored and reduced where possible. It should also be reinforced that these timelines should be considered a ceiling and not a target so that modification requests can be processed faster whenever possible.

SO Response
Timelines have been tailored to some degree to reflect differing complexities of modifications. The SOs place a high value on giving certainty to customers rather than creating false expectations. This was something that generally seemed to work quite well through Gate 3. Of course the standard timelines and those advised to a customer in individual cases are intended to be more of a ceiling than a target (as we confirmed at the forum and noted above) so we will endeavour to issue ahead of time where practical to do so and where there is a real customer need. There are however some cases, a recent example being the change of 110kV overhead line to underground cable, where the technical issues are very complex so the leadtime has be tailored according to the studies required. In addition it should be noted that a number of modifications which were previously to be charged at a higher level are now being processed for a level 1.5 fee. Some of these modifications will not be possible to process in the reduced

timeline for level 1.5 of 45 business days. The table of typical timelines has been modified accordingly.

The customer can also help in reducing the 'time' impact of modifications by

- Processing multiple modifications at the same time
- Processing modifications pre-offer acceptance
- Fully completing the relevant modification form(s) in order to provide sufficient clarity

It should also be noted that – for certain modifications – we may be able to progress works based on a proposed modification, even where the offer has neither been issued nor accepted. This can only be done where there is no risk of under-recovery to the End User whereby the customer(s) would provide a commitment to pay for stranded costs arising in the event that the offer/modification is not signed when it issues, and should only be considered by the customer in exceptional circumstances. Any customer can contact their SO to determine whether this may be an option for their particular modification.

Multiple Modifications

The SOs propose the following for multiple modifications:

Where there are a number of modifications (to a single connection agreement) 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. In some cases, where there are a high number of modifications being processed (i.e. greater than 3), and even where the driver is the same it may be appropriate to increase the fee level by 1.

IWEA believes many offers will require more than three modifications due to the protracted nature of many connections. IWEA notes that the increase in level will only apply in some instances, however further clarification is required on when this will arise as this appears to be a source of confusion. **We proposed the amendment of point 6 page 11 of 28 and delete the Plus 1 concept in example 2. In order to provide greater clarity the highest category fee level should apply only.**

SO Response

For up to three modification requests (to a single connection agreement) processed together a customer doesn't pay more than the level associated with the most complex modification of the three. The SOs will assess the need for additional charges where there are above 3 modifications and we may increase by a level. However it is intended that the ceiling is a level 4 based on current processes. Further more we would not envisage many cases where additional charges would apply.

The SO paper will be updated to reflect this position more clearly and to remove reference to level 5 as per preceding point. The SOs are happy to discuss the decision, and reasons relating, to increase the mod charge by a level with any particular customer however as per above we do not envisage that occurring in many cases.

Sub Groups

IWEA welcomes the clarification at the forum that there are opportunities to improve efficiency among groups where modifications are applied for and processed simultaneously. This should

be included in the proposed decision paper. There should also be a process identified for how the charging should be spread among group members.
This will incentivise and improve efficiency among group applicants and such efficiency by applicants will lead to direct efficiency cost savings during processing of such modifications.

Metering
IWEA welcomes the clarification at the forum that the separate metering charge is to be removed as this is typically a subset of the merging/splitting modification. This will need to be reinforced in the decision paper.

Modifications Forum
IWEA welcomed the clarification presented at the industry forum in relation to the modification fees and process. It would be useful to provide more information in the decision paper as to when the different levels are likely to apply. For instance, in the case of changes to MIC, there is significant variation in the fees which may be applied. While some explanation is provided of what the different levels involve, further clarification needs to be provided. Also MIC changes which result from changes to assumed data should not be charged. The provision of additional information in relation to the work required for phasing, merging and splitting of projects is also required. In particular the provision of detailed information on what is deemed "significant work" would be welcome. We acknowledge that there is some information already provided on this on page 16 of the SOs document.

SO Response
MIC changes
Additional clarity re the MIC change has been advised above. Furthermore, we can confirm that any MIC change submitted as part of an update to assumed or specific data will be processed as per the appropriate fee for that modification.

Merging and Splitting
As set out in the SO paper, the technical studies e.g load flow and short circuit level studies are similar for requests to merge versus requests to split. The primary difference between mergers and splitting, and where the processing of an application to split drives additional costs are

1. the need to issue additional offers
2. the need to calculate bonding requirements (for request to split) to ensure that such a request has no negative impact (or the potential to negatively impact) on the End User

However having considered this matter further, the SO's consider that a modification to split may be treated in a similar manner to a group modification i.e. one offer would be charged at the higher fee (level 2 or level 4). In addition a new mod has been introduced where the request to split drives no significant expected change to works, charges or bonding arrangements. This modification will be charged at a level 1.5.

Phasing
Following discussions at the mods forum, the SOs consider that the level for phasing can be reduced to level 2. The decision to phase a project introduces additional complexities in relation to bonding and also impacts on short circuit levels. Should a facility advise of a request to phase

early in the processing of the original offer, then in the majority of cases this request can be accommodated without any additional charge.

Conclusion

IWEA welcomes the opportunity to comment on this important consultation. The comments and queries outlined above are of concern to our members and IWEA would like to request a meeting to discuss our response in more detail and to work with the SOs to continuously improve the modifications process.

Table 5 – General table of chargeable modifications

Basic Type	Types of Modifications	Level	IWEA Comments	SO updated
Name Change	Applicant Name Change/Change of Legal Entity	1		
Application Data for applicant in queue – second and subsequent changes	Where an application has been submitted, the first such change will be processed at no charge and a level 1 will apply thereafter.	1	The SOs should provide more information on what work has been completed to date on applicants in the queue. Minimum work completed would indicate that no charges should apply for these projects	IWEA is correct in stating that the work undertaken on applicants in the queue is not hugely significant and for this reason it is appropriate to allow one free change. However there is a certain level of administration and checking required. In addition we consider it is important that applications submitted should be as accurate as possible and for this reason we consider it appropriate to charge beyond the first change. Furthermore we note that – as an application will be accepted based on assumed data – applicants themselves should have little need for change
MIC Change			Clarification required that where this is based on changes to assumed data, no fee shall apply	We can confirm that any MIC change submitted as part of an update to assumed or specific data will be processed as per the appropriate fee for that modification
Merging projects with significant expected change to shallow works	4	All	A change may seem "significant" in nature but require much less work – further clarity required	The SOs consider that it is difficult to provide any more clarity – in a general sense – as to when a change might be considered significant. However we are happy to advise an individual applicant where they are being charged a higher level fee

Phasing			€13,000 is a high fee to inform the S that a project will be constructed in stages. Following c from the forum IWEA understands the modelling wor is required, however this does deliver a benefit	Following discussions at the mods forum, the SOs consider that the level for phasing can be reduced to level 2. The decision to phase a project introduces additional complexities in relation to bonding and also impacts on short circuit levels. Should a facility advise of a request to phase early in the processing of the original offer, then in the majority of cases this request can be accommodated without any additional charge
Metering etc			It was noted at the forum that the charge for Metering is to be removed as covered elsewhere Clarification to be provided on rationale for change to RTU – IWEA considers this to be too high	In general Level 1 covers a basic contract change. Modifications which are listed as a level 1.5 and 2 require a more in-depth assessment in addition to the contract changes hence the charges for changes in longstop dates and RTUs.
Longstop dates			Clarification is required that whe this is updated due to SO works no fee will apply. This is a high fee level for a zero impact modification.	Where an applicant has applied for an extension to their longstop dates, there is an assessment required as to whether such an extension should be allowed. Depending on the complexity of the case, and in particular where the party is a part of a group, this assessment may be quite onerous and time-consuming. We will note this fee for particular review following additional experience in the coming year
Firm/non-firm			Clarification to be provided on rationale as provided at the forum	For changes to firm/non-firm there can be significant decisions required about the progression of works and an assessment will be required to assess any potential impact of the UoS customer but is driven by the individual applicant. This assessment is not dis-similar to the assessment undertaken to

				determine a revised group connection method where not all of a group proceed (which studies are undertaken free of charge), but the risk assessment is more complex

Art Generation Submission

In general this submission reflects some confusion on the rules for charging for group mods and/or multiple mods. We had attempted to provide clarity via the forum and will aim to do so once more in the updated paper.

More specific queries

Appendix 2 Items 1

SO Response

The SOs are unclear as to what is being referred to here. However we will use the opportunity to clarify certain matters. Firstly – in relation to acting in a timely and efficient manner – there are a number of reasons why works may be delayed, or why works may not progress

1. Prior to any works being undertaken on the system, there needs to be an identified driver for the works. In the case of a generator connection, this driver is typically offer acceptance, and subsequent payments to re-affirm commitment to proceeding. In the more general context, a driver can also be system demand, or the related need for system re-inforcements.
2. In the context generators connections – in particular those processed as part of a group – a further issue will be resolution of the group. Where all offers have not been accepted, rejected or lapsed, it may not be possible to establish whether the original group solution is still optimum, or whether a redesign may be possible to minimise costs to the End-User. This can be an ongoing process where payments may be required from all parties within a subgroup to proceed at certain points.
3. Another issue to consider when determining whether shallow connection works should progress is whether offers have been accepted on a firm or non-firm basis. Where offers are accepted on a firm basis, and as recently presented at the Liaison Group, the commencement of shallow connection works would be such as to align with the expected firm date of the project in question.
4. Other issues which may delay project delivery are issues associated with planning permission and clearing of wayleaves.

Where delays such as above impact on a given connection, and a customer decides to process a modification which is agreed by the SOs and which the customer considers can shorten the timeline for delivery, then the associated modification fee will be chargeable to the customer.

However, and as previously set out, where the SOs determine that the connection method should change, the customer will not be charged for such a modification.

Appendix 2 Items - SOs to comment on charging for multiple mods. CER to comment on delays in progressing applications in the queue

SO Response

For up to three modification requests (to a single connection agreement) processed together a customer doesn't pay more than the level associated with the most complex modification of the three. The SOs will assess the need for additional charges where there are above 3 modifications and we may increase by a level. However it is intended that the ceiling is a level 4 based on current processes. Further more we would not envisage many cases where additional charges would apply.

The SO paper will be updated to reflect this position more clearly and to remove reference to level 5 as per preceding point. The SOs are happy to discuss the decision and reasons relating to increase the mod charge by a level with any particular customer however as per above we do not envisage that occurring in many cases.

Item 3 Delete Level 5

SO Response

A level 5 fee was indicated in 3 cases

1. Increase in MEC. An increase in MEC has always been treated as a new application. The charge is based on the amount of the increase rather than a fee based on the full MEC
2. Increase in MIC. This charge was intended to reflect a situation whereby the increase in MIC is likely to drive a revised connection method – as may be the case with an autoproducer. However on reflection the SOs consider that such an increase should be charged as per existing arrangements for charges to demand connections. The SO paper will be modified to reflect that and increase in MIC of less than 4MW, and where the MEC is more than twice the MIC will be charged as a level 1.5
3. Extension to term of contract with significant changes may result in the same work required as a new application therefore it may need to be considered as a whole new application.

It appears there has been some concern at the forum and throughout the responses that a level 5 would be used by the SOs to 'overcharge' applicants. In order to allay that fear and clarify the issue we propose to remove the level 5 from the table and instead included a note to clarify what is classified as a modification and a new capacity application as per the above.

Reduce capacity relocation and change to overhead or underground cable

SO Response

No justification provided for the proposed reductions however the SOs note that these modifications requests are often, and experience has shown them to be, the more complex and resource intensive modifications therefore the level is more than appropriate in those cases. Following a recent capacity relocation example, however, we do consider that – in cases where the change is likely to be to circuit length only – a level 2.5 would apply