Commission for Energy Regulation

An Coimisiún um Rialáil Fuinnimh

Decision on First Stage Payments on acceptance of a Connection Offer to the Electricity Network

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QUERIES TO:	John Lynch (jlynch@cer.ie)

The Commission for Energy Regulation,

The Exchange,

Belgard Square North,

Tallaght,

Dublin 24.

www.cer.ie

Abstract:

The CER published a consultation paper in December 2010 entitled "Consultation on First Stage payments on Acceptance of a Connection Offer to the Electricity Network" – CER/10/233. This paper proposed a rebate mechanism for the *first stage payment* for renewable developers to take account of uncertainty over the delivery of the REFIT renewable support scheme.

Fifty six responses were received to the consultation. The CER has now reviewed these responses and outlines its decision on the rebate mechanism.

The responses received also highlighted significant concerns which the renewable industry had over the level of *first stage payment* required, particularly given the current financial climate in Ireland. The CER responds to these comments in this paper and also makes an amendment to the structure of the *first stage payment* mechanism in recognition of the difficulties raised by renewable developers but also balancing the need to protect the electricity customer.

Target Audience:

This decision paper is for the attention of members of the public, the energy industry, customers and all interested parties. It will be of particular interest to the following generation parties:

- Parties holding a place in the connection queue;
- Parties being processed in the current Gate (Gate 3); and,
- Parties with live connection offers.

Related Documents:

CER/10/233:	Consultation on First Stage Payments on Acceptance of a Connection Offer to the Electricity Network
CER/09/138:	CER Decision on Electricity Connection Policy August 2009
CER/09/072:	CER proposed Decision on Electricity Network Connection Policy
CER/08/145:	Connection Policy Consultation

Executive Summary

On 17 December 2010, the CER published a consultation paper entitled "*Consultation on First Stage payments on Acceptance of a Connection Offer to the Electricity Network*" – CER/10/233. *First stage payments* refers to the initial payment which a renewable developer must make on acceptance of an offer for a grid connection. The payment level is designed to cover the System Operators' costs in designing and planning the connection for that project. The payment acts as a barrier or deterrent to hoarding of network capacity by developers. The CER consulted on *first stage payments* in 2009, with a decision published as part of a paper on Electricity Network Connection Policy – CER/09/138.

The consultation paper (CER/10/233) proposed a rebate mechanism for the *first stage payment* for renewable developers due to uncertainty over the delivery of the REFIT renewable support scheme. Developers would still be required to pay the *first stage payment* in full on offer acceptance but the payment would be made rebatable 18 months from offer acceptance in the event that renewable projects had not received their REFIT scheme offer letters.

55 responses were received to the consultation. Most responded favourably to the rebate scheme as proposed and the CER has decided that this scheme will be implemented.

However a large number of respondents raised significant concerns regarding appropriateness of the level of *first stage payment* required on offer acceptance. Developers outlined concerns over the ability to raise large amounts of finance in the current banking and financial climate in Ireland, as well as concerns over regulatory uncertainty. Some responses also queried the appropriateness of requiring a *first stage payment* on offer acceptance to cover connections which may not be built for a long number of years, due to planning and infrastructure construction difficulties.

The CER notes that the issue of the quantum of the *first stage payment* was not consulted on in CER/10/233. However the CER is aware that the financial crisis in Ireland is causing difficulty for some developers in raising finance at this time, particularly where there may be a long lead time before returns on the project accrue to the developer. Therefore the CER has decided to also consider the appropriateness of both the level of the *first stage payment* mechanism and the structure of the mechanism.

The CER has decided that the quantum of the *first stage payment* as determined in CER/09/138 remains appropriate. However to take account of genuine developer concerns regarding *first stage payment*s for developers whose connection may not be built for a number of years post offer acceptance, the CER has decided to slightly amend the structure of the *first stage payment* and introduce a "sliding scale" mechanism. The details of this decision and how this sliding scale will work are outlined in this paper.

Table of Contents

Contents

1. Introduction

1.1 The Commission for Energy Regulation

The Commission for Energy Regulation ('the CER') is the independent body responsible for overseeing the regulation of Ireland's electricity and gas sectors. The CER was initially established and granted regulatory powers over the electricity market under the Electricity Regulation Act, 1999 (the "Act"). The enactment of the Gas (Interim) (Regulation) Act, 2002 expanded the CER's jurisdiction to include regulation of the natural gas market, while the Energy (Miscellaneous Provisions) Act 2006 granted the CER additional powers in relation to gas and electricity safety. The Electricity Regulation Amendment (SEM) Act 2007 outlined the CER's functions in relation to the Single Electricity Market (SEM) for the island of Ireland. This market is regulated jointly by the CER and the Northern Ireland Authority for Utility Regulation (NIAUR). The CER is working to ensure that consumers benefit from regulation and the introduction of competition in the energy sector.

1.2 Purpose of this Paper

The CER consulted on *First Stage Payment*s on Acceptance of a Connection Offer to the Electricity Network (CER/10/233) on 17th December 2010. The purpose of this paper is to outline the summary of responses to the consultation, to outline the CER's position on the matters raised and the CER's decision.

1.3 Responses Received to the Consultation

Fifty five (55) responses were received to the consultation, four of which have requested to remain unidentified. While responding to the rebate mechanism proposed by the CER in CER/10/233 (the subject of the consultation), the majority of respondents also expressed concerns over the level of the *First Stage Payment* and the ability of developers to raise finance to fund ongoing project work.. This was not the subject of the consultation; however, the CER will address the issues raised in this response and decision paper.

Responses were received from the following:

1. Aerowest Wind Energy ltd.
2. Altnagapple Wind Limited
3. Art Generation
4. Ballybane Windfarms Ltd.
5. Ballybay Windfarm Ltd
6. Barna Wind Energy Ltd.
7. Barranafaddock Sustainable Electricity Company
8. Beam Wind Ltd.
9. Beauchamps Solicitors
10. Black Lough Wind Farm

11. Bord Gais Energy
12. Bord na Mona Energy Ltd.
13. Bunnahowen Wind Farm
14. Carrickeeny Wind Ltd.
15. Cnoc Mhuire Partnership
16. Cnoc Windfarms Ltd
17. Coillte Teoranta
18. Coir na Gaoithe Teoranta
19. Comharchumann Shailearna Teo.Windfarm Limited
20. Courtstown Windfarm Ltd
21. Ecopower Developments Ltd
22. EirGrid
23. Element Power
24. Endesa Ireland
25. Enerco Energy Limited
26. Enercomm International
27. ESB Networks
28. ESB Wind Development (ESBWD)
29. Gaelelectric
30. Gaoithe Glas Teo (GGT)
31. Glengoole Wind Farm
32. Green Energy Supply Limited
33. Gurteen Wind Farm Ltd
34. Inchee Energy Supply Ltd.
35. Irish Wind Energy Association (IWEA)
36. KBM Wind Farm Limited
37. Kerry Wind Power ltd.
38. Killala Community Wind Farm
39. Kiltumper Windfarm Limited
40. Knockathea Windfarm Ltd.
41. Lir Environmental research
42. Meitheal na Gaoithe
43. Mukdar
44. North West Wind Ltd.
45. NOW Ireland
46. Saorgus Energy Ltd.
47. Sheeragh Wind Limited
48. SSE Renewables Ltd.
49. Stanbury Ltd
50. Tradewinds Energy Ltd.
51. Windsource

1.4 Structure of this Paper

This response and decision paper is laid out in the following manner:

- Section 1 provides an introduction to the CER and provides background information to this decision paper.

- Section 2 provides general information and background on stage payments as per CER/09/138.

- Section 3 provides an overview of the rebate mechanism proposed by the CER in CER/10/233, consultation responses relevant to this proposal and the CER's decision on the rebate proposal.

- Section 4 provides an overview of the arguments put forward during the consultation regarding a change to the quantum of the *first stage payment* on offer acceptance, as well as the CER's views on these comments;

- Section 5 outlines the CER's decision with regard to the quantum of the *first stage payment* and the considerations which the CER has taken into account when arriving at this decision.

Queries relating to this decision should be addressed to John Lynch (jlynch@cer.ie) at the CER (01 – 4000800).

2 Stage Payments

2.1 Background

A "*first stage payment*" is an initial down-payment (non-refundable "deposit") paid by renewable[1] developers/generators on acceptance of a connection offer to the electricity network. The *first stage payment* applies to both contestable and non-contestable connection offers and is part of a staged payments scheme implemented on foot of CER decision (CER/09/138).

Developers of generation projects are required to pay a charge designed to recover, on average, the full cost (100%) of the shallow connection for their generator (the dedicated connection assets for the individual generator). Current policy (CER/09/138) as introduced in August 2009 for renewable generators is that developers are required to pay the cost of their shallow connection in stages/instalments. The first instalment is called the "*first stage payment*" and is due from a developer prior to the execution of a connection offer i.e. on acceptance of a connection offer from the relevant System Operator. The complete schedule[2] of stage payments is as follows:

- *first stage payment* on offer acceptance;
- 55% of the connection cost prior to the commencement of construction;
- 25% of the connection cost one calendar month before the operational date; and,
- balance of connection costs one calendar month after the operational date.

The TSO payment schedule varies somewhat from the DSO's schedule. Broadly the schedule used for Gate 3 offers has been as follows:

- 10% at offer acceptance
- 15% at planning permission lodgement
- 45% on CID[3]
- 10% on CID +3 months
- 10% on CID +6 months
- 10% on CID +9 months

Prior to CER/09/138 developers of generation projects were required to put in place a *capacity bond*. This refundable bond of €10,000 per MW was put in place by the

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[1] Only renewable generators were considered in this consultation process to which REFIT is applicable.
[2] Refer to CER/09/138 for the details and terms of the policy. Note that the schedule of stage payments may be different for TSO connection offers.
[3] Consents Issue Date

developer on offer acceptance and was to be released to the developer if/when 95% of the agreed capacity was delivered. According to CER/09/138 the purpose of the capacity bond is twofold: to prevent hoarding of transmission capacity, and to cover some of the costs incurred for the provision of deep transmission assets, thereby leading to a reduction in the costs of stranded transmission assets, if the project did not proceed in accordance with the connection agreement.

2.2 Current Policy

In an effort to ease the financing challenges experienced by developers of renewable projects when financing the capacity bond the CER (via CER/09/138) eased the bonding arrangements in August 2009 for renewable projects connecting to the transmission system and for all projects connecting to the distribution system. From this time, CER/09/138 required that a bond of €25,000/MW be put in place one month before energisation of the new generator.

To complement this relaxation of the bonding arrangements CER decided that the *first stage payment*, paid by a developer on accepting a connection offer, should be made non-refundable in order to cover the ongoing costs of the System Operator in developing the connection (e.g. designing the connection, planning and construction) as well as to act as a deterrent to developers to hoard network capacity. Prior to CER/09/138, in relation to distribution contracts the *first stage payment* was partially refundable[4] in the event that the developer did not receive planning permission for his project.

According to current policy, as decided in CER/09/138 (Section 5.8.3) in August 2009, when accepting the offer the generator will be required to pay the *First Stage Payment* as calculated as follows:

> *'Upon offer acceptance the connecting party will be required to pay:*
>
> *The capacity bond will no longer be required at connection offer acceptance. Upon offer acceptance the connecting party will be required to pay:*
>
> *the greater of [X ; 10% of the cost of connection (assuming a connection constructed by the System Operators)]*
>
> *where X = the lesser of:*
>
> > *i) €10,000 per MW of contracted capacity (MEC); and,*

[4] With the exception of costs already incurred by the relevant SO

ii) 50% of the cost of connection (assuming a connection constructed by the System Operators).

(this means that when accepting the offer the generator will be required to pay the greater of (a) or (b) below:

a) 10% of the connection cost; or,
b) The lesser of €10k per MW of MEC or 50% of the connection cost.)

In the event that the project does not proceed this payment will be non refundable. For those projects which do proceed the monies paid upon offer acceptance will be netted off any further payments required. This removes the obligation on generators to post a capacity bond at offer acceptance within the Group Processing Regime and also those generators connecting to the distribution system independent of the group processing regime. Making the ***first stage payment*** *non-refundable will not increase the financial burden on the majority of connecting parties and will act as some deterrent to those that could otherwise accept a connection offer with no intention of advancing the project'.*

Under this decision, the risk to the end customer (the UoS customer) of having to pay for work carried out by ESB Networks and EirGrid which was not paid for by developers was reduced as developers were required to pay a non-refundable charge appropriate to their individual connection, on offer acceptance.

2.3 Appeals by Industry Representative Groups

In light of the current financial environment in Ireland, the CER was requested in 2010 by stakeholders to consider a mitigation of the terms of the *first stage payment*; whether the current policy is still appropriate or whether a less demanding *first stage payment* arrangement should be put in place for developers when accepting grid connection offers.

In addition, there remains some uncertainty in relation to the rates and terms of new or extended REFIT schemes which may be put in place for renewable projects. Industry representatives have separately voiced their concern to CER that this uncertainty represents significant additional risk to developers. The level of risk differs for each technology type/variant; onshore wind, offshore wind, biogas, wave & tidal, etc.

The REFIT scheme which is handled by the Department of Communications, Energy and Natural Resources is outside of the control of the CER. However the CER acknowledges that REFIT is an important issue for developers, the availability of which will influence the uptake of renewable connection offers.

Several separate proposals were put forward by industry representatives to the CER in 2010, proposing various combinations of financing options in the absence of confirmation of REFIT. The CER carried out a consultation on a proposed mechanism to take account of the uncertainty surrounding REFIT and the difficulty that this uncertainty was causing for developers in late 2010 (CER/10/233). This paper also outlined the range of proposals for changes to the *first stage payment* arrangements put forward by industry representatives to the CER.

Further options and proposed changes to the *first stage payment* arrangements were put forward by respondents to that consultation and these are discussed later in this document. The remainder of this paper outlines the key responses received to the consultation both in relation to the REFIT rebate option proposed and in relation to other matters raised by respondents. The CER also outlines its position on the matters raised.

3 Rebate Option

3.1 Rebate Scheme proposed in CER/10/233

In CER's consultation paper on *first stage payments* - CER/10/233 - the CER recognised that some projects faced uncertainty and risk with regard to their financing particularly until REFIT arrangements have been determined. Therefore, the CER sought views from the industry primarily on the following rebate scheme to be applied to all renewable technology types; onshore wind, offshore wind, other renewables (including biogas):

- *'On acceptance of the connection offer, the first stage payment amount in excess of related project costs incurred efficiently by SOs be made rebatable[5]; and,*
- *This rebate option will expire on the date on which the generation facility receives a letter of offer resulting from the REFIT scheme covering the technology type. The expiration of the rebate option will be irrespective of the REFIT rate offered; and,*
- *This rebate facility to be exercisable within the 18th month following the date of offer acceptance; and,*
- *The rebate facility expires if the developer has not exercised the option to avail of the rebate, as above'.*

Thirty two of the responses received referred to the Rebate Option proposed. The key points raised are outlined below, along with CER's decision on the rebate option.

3.2 Responses to the proposal and CER's decision on the rebate

Developers and industry representatives welcomed the rebate proposal presented by the CER as outlined above. It was accepted that this mechanism would mitigate developer fears over payment of the *first stage payment*, in the absence of Departmental[6] confirmation of the new REFIT scheme.

However, a number of respondents suggested that the *first stage payment* should also be rebatable if the planning permission expires prior to the date the second payment falls due or ESB Networks/ EirGrid fails to secure planning permission for

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[5] Refund to be paid by the System Operator after the project developer formally terminates the connection offer

[6] Department of Communications, Energy and Natural Resources (DCENR)

relevant grid connection works. Respondents had also stated that there was a precedent regarding this option in the past.

One respondent however stated that '*it is important that the issue of refunds is limited to this particular situation* (i.e. where a REFIT offer has not been received) *and that such a rebate scheme is not expanded for other circumstances'*.

Another respondent sought clarification on whether the rebate scheme would apply to both onshore and offshore wind while a further respondent suggested that the scheme should be limited in the following way: '*the proposal to offer developers a rebate should **only** be applied for those technologies that had a support mechanism in place when they applied for their grid capacity. Parties, who submitted a grid connection offer when there was no support mechanism in place, should not be rebated. They were in full knowledge of the market environment at the time and should bear the associated risk*'.

The System Operators (EirGrid for transmission and ESB Networks for distribution) in their responses expressed concerns over the potential impact of the rebate scheme on national renewable targets and warned against any dilution of the *first stage payment*.

> '*having a partially refundable 1st stage payment will most likely impact negatively on the delivery of the agreed renewable targets'.*

However, in case the revision of the non-refundable status of the *First Stage Payment* is appropriate, TSO '*strongly suggested that this would have to be married with a change in the maximum Export Capacity Bond regime in such cases'.*

CER's Decision

The CER welcomes industry support for the rebate proposal and believes that the proposal provides a reasonable level of comfort to project developers in relation to the uncertainty associated with REFIT which are outside the control of CER and the industry.

The CER has decided that the rebate scheme as outlined[7] in the consultation paper (CER/10/233) shall apply. For clarity this mechanism involves the following:

- *The first stage payment amount in excess of related project costs incurred efficiently by SOs be made rebatable[8] for renewable projects which are not covered by a REFIT scheme; and,*

[7] With some amendments to the details added

- *This rebate facility will expire on the date on which the generation facility is issued a letter of offer resulting from the forthcoming REFIT schemes covering the technology types. The expiration of the rebate option will be irrespective of the REFIT rate offered; and,*
- *This rebate facility to be exercisable[9] by application to the System Operator only within the 18th month[10] following the date of offer acceptance; and,*
- *The rebate facility expires if the developer has not exercised the option to avail of the rebate, as above; and,*
- *The rebate facility expires in the event that the Department of Communication, Energy and Natural Resources declares that no new REFIT scheme covering the technology type will be made available[11].*

The rebate scheme will apply to all renewable technology types; onshore wind, offshore wind, other renewables (including biogas). Given that the rebate scheme is explicitly linked to REFIT, the CER does not envisage any other scenario where the rebate scheme will apply.

The CER does not agree that the rebate scheme should only apply to technologies that had a support scheme in place at the time of application for grid capacity. While some developers took the risk and applied for grid connection capacity in the absence of a defined support scheme (e.g. offshore wind), there was an expectation based on Government policy that support schemes would be put in place by the time these developers were to connect. To the extent that such support schemes have not yet been defined or finalised, the CER's rebate proposal facilitates these developers to accept their offers for a period of time such that clarity may be provided by the Government or European Commission.

The CER has decided that the rebate will not be extended to instances where planning permission either expires or is not granted. The CER considered whether the payment should be refundable for reasons such as this as part of CER/09/138 and the CER's position has not changed. To allow the *first stage payment* to be rebatable on the expiry of planning permission would in some cases significantly extend the length of time for which the rebate applies and would transfer planning permission risk onto the Use of System customer.

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[8] Rebate to be paid by the System Operator after the project developer formally terminates the connection offer

[9] It is the CER's intension that this scheme will not run beyond the end of 2013.

[10] Example: if an offer is accepted on 5th June 2011, the developer can only exercise the rebate option any date within the month of December 2012.

[11] Please note – this additional clarification was not listed in the CER consultation paper, CER/10/233.

The CER does not accept the view that the introduction of the rebate scheme will increase risks to the delivery of national renewable targets. On the contrary, the rebate scheme is specifically designed to address the problem over delays in REFIT, which could otherwise have lead to a higher drop-out of Gate 3. With regard to the TSO's suggestion that the rebate scheme needs to be viewed in the context of bonding arrangements, the CER agrees that the two areas are complementary. However it is not appropriate at this time to undertake a full review of the bonding provisions.

3.3 Additional points raised regarding rebate scheme

3.3.1 Additional Rebate Scheme Terms

Another respondent had proposed that developers would have the option of choosing to take part in the rebate scheme or to specifically opt out of it. For those developers who chose to take part in the rebate scheme, the connection offer would be terminated if the developer did not receive a REFIT offer letter within 18 months of offer acceptance. *"Otherwise the 'unsuccessful' REFIT applicant can hoard capacity without undertaking the same commitment as other developer".*

CER's Decision

The CER does not intend to amend the rebate scheme in this manner or to make it optional in the manner suggested. The rebate scheme will be open to all renewable projects for 18 months post offer acceptance. Under the design which this respondent had proposed, the outcome for developers who chose the rebate scheme would be overly penal in the event that there were further delays to the announcement of a new REFIT scheme. It is the CER's preference that developers make their own decisions on whether to proceed to construction or not, rather than being removed from the Gate. Under the CER's rebate scheme design, all developers can avail of the rebate if REFIT does not become available, by terminating their connection agreement. . This is the developer's choice; if they choose not to avail of the rebate at that stage, their connection will remain active and the first stage payment becomes fully non-refundable and normal contractual arrangements will apply.

3.3.2 Regulatory Risks

One respondent stated that while the REFIT rebate would provide useful certainty to developers, there are a number of other regulatory risks and uncertainties which developers faced, which are not dealt with in the proposed rebate scheme. It was argued that staged payments are a *"negative blunt stick approach",* as developers will lose large amounts of tied–up working capital.

CER's Comment

The CER does not agree with these statements. In the first instance, there will always be a certain amount of risk attached to any project. While CER aims to provide as much regulatory certainty as possible, the regulatory environment cannot stay static (nor would developers want it to) as external pressures, legislation, national policy changes and indeed European development constantly require tweaks and changes to regulatory policy. In proposing the rebate scheme, the CER designed a mechanism which took account of the risk of delays to the finalisation of REFIT, but still required financial commitment at offer acceptance. This was designed to ensure continued progress within Gate 3 and towards the achievement of national renewable targets, despite uncertainty over REFIT.

In addition, it is the CER's view that the staged payments scheme within which *first stage payment*s are an element, is a fair and equitable way of ensuring that developers commit to projects (in the absence of requirements such as planning permission at offer application). Furthermore in a shallow connection charging policy such as that applicable in the SEM, the cost of planning and building shallow connections is paid for by developers as part of their capital contribution. It is important that a mechanism is in place which allows the System Operators to recover their costs, broadly in line with when those costs are incurred, without exposing Use of System customers to the risk of stranded assets or uncertainty over Gate 3 due to delays in offer acceptance associated with REFIT. The stage payments mechanism achieves this objective, while it also provides certainty to developers around their cost schedule, allowing developers to plan accordingly. Developers will not "lose" working capital; instead this capital is being used in the pre-construction phase to advance the development of a connection of which they will be the primary beneficiary. It would not be correct to expect end customers to pay these costs, while risking that the development may not go ahead.

3.3.3 Request to Make Rules for the First Stage Payment Retrospective

A respondent had suggested that '*any changes in rules for First Stage Payment should also be made retrospective for Gate 3 projects, such as the respondent, which has already received its grid connection offer'*.

CER's Decision

The *first stage payment* is not due until offer acceptance. Parties in Gate 3 which have received offers to date do not have to accept these offers until 50 days post receipt of their constraint report. This will not happen until the SEM Committee publishes its decision on All island Scheduling and Dispatch. For updates on these matters, developers should refer to the Gate 3 Liaison Group pages of the CER's website, www.cer.ie.

For clarity, any developers who have accepted a connection offer since the CER's consultation (CER/10/233) was published will be eligible for inclusion in the rebate scheme – that is they can request a rebate on their *first stage payment* 18 months after the date of offer acceptance, in line with the rules of the scheme outlined in section 3.2 above.

3.3.4 Conventional Generators

One respondent suggests to '*apply the first stage payment and bonding arrangements set out in CER/09/138 equally to all generators (thereby extending it to non-renewable transmission connected generators)'.*

Another respondent came to the conclusion that the consultation paper applies to the generators other than renewable generators.

CER's Decision

In its consultation paper CER had explicitly stated that the rebate scheme will apply to the renewable generators only. This is because the rebate scheme is explicitly linked to supports for renewable generators (REFIT) which do not apply to conventional generators. This position remains unchanged.

No change has been made to the payment schedule for conventional generators.

3.3.5 Impact of rebate scheme on subgroups

One respondent raised a concern over the potential impact of the rebate scheme on sub-groups within the Group Processing approach:

> *'Where the financial viability of a project is highly uncertain (in some cases, REFIT will be but one of a number of factors in determining this), a developer could request that the relevant SO defer works, in an effort to maximise the potential rebate due on expiry of the 18 month period. If shared assets form part of the connection method, as defined, could such a request for deferral of SO works impact on other subgroup members?'*

CER decision

CER notes this concern. The CER has decided that if such a situation arises where a member of a subgroup requests that a SO defer works; where these works are part of shared assets (with a knock-on impact on other developers in the sub-group), then the SO should only defer the works if the full sub-group requests that the works be delayed or deferred. In addition any such request should take account of the long-stop dates which are a condition of connection agreement termination

3.3.6 Other comment: Change of the Generation Type

One respondent had indicated that the CER decision on Generator's Capacity Relocation states that *"in relation to the specific point raised, the SOs have advised that they do not anticipate that moving from off-shore to on-shore or vice versa would be considered a change in generation type."*

Hence, the respondent, who prefers to remain undisclosed, would now like to know if written confirmation from the SOs on such move must be sought, or whether the COPP decision will clarify the issue.

CER's Decision

The decision on this issue is outside the scope of this consultation paper. However, in CER's Decision on Relocation of Generator's Capacity CER/10/211 the following recommendation was given:

> *'Changes in the generation type will be addressed as part of the consultation topics addressed in the Connection Offer Policy Paper (COPP). However, until that consultation is completed, the CER will consider the advice of the SOs in relation to individual cases where a developer is seeking a relocation which may be considered to involve a change of generation type'.*

The CER has not taken a position on this issue yet, however, if a developer decides to proceed with a request, the CER will make a decision regarding the proposed change following consultation with the SOs, and, if necessary, with independent advisors. It is planned to publish a decision on COPP in May 2011.

4 Quantum of the First Stage Payment – responses to consultation

In its consultation paper (CER/10/233), CER was of the view that the quantum of the *First Stage Payment*, as decided in August 2009, was deemed appropriate and therefore was not consulted upon. However, the majority of respondents provided comments on the quantum of the *First Stage Payment* in light of current Irish economic situation and submitted a number of proposals to the CER for further consideration.

This section provides the summary of responses received and is followed by the CER's decision on the quantum of the *First Stage Payment*.

4.1 Alternative Proposals

IWEA proposed an option for a reduction in the upfront financial commitment which would be required from developers upon acceptance of an offer. This was based on both the difficulties which developers are experiencing in obtaining finance (particularly for projects where there may be a long lead-time until connection) and a questioning of the justification for the quantum of the first stage payment.

> *'IWEA feels strongly given the radical changes in our economy since then (CER/09/138), unforeseen by most, this current policy warrants review. IWEA proposes that the Gate 3 first staged payment should be a flat €5K/MW for all projects with a further 5K/MW to be paid 24 months following the first stage payment*.

This proposal was supported by a large number of other respondents, with some proposing slight adjustments or variations of the above proposal. Respondents stated that IWEA's proposal addressed *in their view* the two main purposes of the *first stage payment*, to prevent parties from hoarding transmission capacity, which is a limited and valuable resource, and to cover some of the costs incurred by the System Operators for the provision of deep transmission connection assets. The proposal also allowed for the System Operators to invoice for the balance of the *first stage payment* where grid works progress faster than the 24 month timeframe, in order to ensure the System Operator was kept cost neutral.

Other respondents proposed that the first stage payment be the lesser of €10k / MW or 10% of connection cost, rather than the larger of the two, or that the first stage payment be capped at €10k / MW. Other respondents suggested that the level of first stage payment should be capped at €100,000. It was argued that this level would ensure that the System Operators were kept "whole" without being an "insurmountable barrier" to investment. Other variants of these proposals were also

put forward; however in summary, most proposals involved reducing the quantum of the *first stage payment* or the payment schedule.

4.2 Financial Climate

Many respondents highlighted *'that raising the first stage payments in this uncertain economic and political climate is proving extremely difficult',* identifying '*the extreme caution of lending institutions, both at home and abroad (in lending to projects here)'*, further stated that bank loans are *'essentially unavailable except to companies with state backing and/or large balance sheets'.*

Another respondent stated that *'it is most unlikely that any developer would enter into this commitment unless they firmly believed they were going to bring their project to fruition*'. In some cases respondents indicated how much has been invested (to date) into their projects with some stating that '*removing additional monies* (i.e. *first stage payment*)) *from the private sector in the current economic climate will not promote the continued growth of the renewable sector'*.

One respondent argued that '*uncapped grid deposits can be a negative investment signal and are already at a level exceeding that necessary to deter pure speculation'*. Similarly, another respondent had stated that '*high and uncapped grid deposits will inevitably put the developer under pressure (the pressure comes ultimately from CER) to accept more onerous terms in a third party contract than would otherwise be the case. This is an unnecessary market distortion'*.

Another few respondents had stated that requirement of large payments upon accepting a Connection Offer *'discriminates against smaller developers who are not in a position to raise corporate funds or spread risk across a portfolio of projects'*.

A large number of respondents had indicated that their proposals for change to the quantum of the *first stage payment* were put together following consultation with their financial advisors; however, only one respondent had provided supporting documentation from a financial institution.

4.3 Infrastructure and connection completion dates

Some respondents highlighted that '*the delivery of the infrastructure, and connections for the subgroup is well into the future and accompanied by significant uncertainty'.* It was stated by some respondents that it was an *'unreasonable burden on developers to finance large sums of money over such an extended period of time between the application and project build*'. This uncertainty along with uncertainty in areas such as the implementation of the Habitats Directive, REFIT and SEM Scheduling and Dispatch makes it difficult for developers to raise the *first stage payment*.

4.4 Staggered schedule for first stage payment

A few respondents, who believe that payment mechanism previously set in CER/09/138 is adequate to prevent hoarding of capacity and to cover the costs incurred by the SOs, had stated that *'a staggered schedule for payments would be more in line with the SO's cost timelines as all of their cost do not materialise immediately on acceptance of the grid connection offer'.* The developers suggest this approach would be *'viewed as a pragmatic and rational response in the current economic difficulties'*.

4.5 Justification of the Quantum of the First Stage Payment

Some respondents had stated that '*in the existing or previous consultations on first stage payments, the CER has not provided any clear justification as to why the level of the charge should vary between projects and why a payment of €10k/MW is not sufficient for all projects to commit and prevent hoarding of capacity'.*

Some respondents stated that '*based on the IWEA proposal the system operators will receive €40mln-€60mln over a two year period, which appears to be more than adequate to consent the non-contestable Gate 2 assets'*.

4.6 Criticism of the Existing Regulatory Policy

One developer had strongly criticized current CER connection policy in light of the economic situation, stating that Irish banks have been nationalized and are owned by the taxpayer:

> '*Considering the CER is responsible regulatory authority for energy, it must modify policy appropriately in light of the economic situation. The CER must take this situation into account. To do otherwise would mean that the CER is out of touch and is effectively sheltered in an ivory tower'.*

One respondent had further threatened CER with a court action if changes were not made to the *first stage payment*.

4.7 Request to Provide Proof of the Existing Financial Difficulty

A few respondents criticized CER, stating that CER must react with regard to the existing financial environment:

> '*CER should satisfy itself through its own financial consultants about the financial environment, but common sense should prevail considering the amount of coverage night and day in the media about the crisis. It is fundamentally wrong of CER to make such an unreasonable request… to ask*

an applicant to demonstrate that he/she has difficulty and (provide) verification from the bank. It is equivalent to committing commercial suicide'.

The respondents further made reference to the mistakes made by regulators and authorities, such as the Financial Regulator and Central Bank.

4.8 System Operators' Opinions

It is worth noting the responses of the system operators with regard to the level of *first stage payment* given that the payment is designed to cover the SO's costs in the pre-construction phase of the connection. The separate responses of EirGrid and ESB Networks are published along with all other non-confidential responses on the CER's website; however for the purpose of brevity the comments have been aggregated in this section.

Both system operators were of the opinion that reduction of the *first stage payment* would increase the risk of drop out from Gate 3 (and connection process in general) at a later stage in the process, thereby resulting in capacity hoarding at the time when developers should be paying the full *first stage payment*. This has the potential to impact negatively on the time-line for connection delivery, due to the possible need to redesign the connection – at a much later stage of the project - with a view to minimising costs to the End-User.

In their response to the consultation paper both system operators have referred to the provisions of CER's Decision on Electricity Network Connection Policy (CER/09/138), where the direction took account of industry concerns and resulted in the reduced financial pressure on developers at the offer acceptance stage. The system operators believe that the '*Maximum Export Capacity Bond and the First Stage Payment provisions… continue to be both appropriate and reasonable'. 'While accepting the difficult economic circumstances which developers are now facing, (the SOs) would be concerned that relaxing this requirement at this stage would increase the risk of projects proceeding to offer acceptance, but ultimately not proceeding to connection'.*

One system operator also outlined concerns if the level of *first stage payment* was not seen to be a reasonable financial commitment – this could impact on the ability to deliver on renewable targets in two ways:

1. *'Effectively such projects are hoarding Transmission capacity which could otherwise be offered to other projects;*
2. *By dropping out of a group at a later stage in the process, the resulting redesign of a sub-group (in order to minimise costs to the end-user) may well impact negatively on other projects within a sub-group'*.

The point was also made by one SO that *"where the Connection Method being built is an SO Preferred Connection Method, at greater cost than the Least Cost Chargeable (LCC) Method, the First Stage Payment cannot be compared with the actual costs of an SO."*

The SOs also pointed out that the issue of first stage payments had only recently been decided upon (2009) and that the stage payment schedule had significantly reduced the burden on developers at offer acceptance from that which was previously in place.

4.9 CER Comments on Quantum of First Stage Payment

With reference to the points raised above, the CER makes the following comments:

- The *first stage payment* has two purposes. Firstly the payments are designed to cover the SOs costs in the pre-construction stage of developing a connection. These include design of the connection, preparation and lodgement of planning applications (where relevant), negotiation costs around way-leaving and consents, internal SO administrative costs and costs associated with archaeological or environmental surveys. Payments are designed to be appropriate to the scale of the project and the expected cost of the connection, based on CER approved standard charging. Secondly the scheme was designed to be non-refundable which delivers the additional benefit of preventing hoarding of valuable network capacity and indicates financial commitment from developers to pursuing the project through to construction and energisation. These principles should not be undermined, as the purpose of the connection process system is not to accommodate developers who have yet to make a decision on whether their project will be brought to fruition. In fact the first stage payments mechanism requires such developers to make a decision (project commitment) or else "free up" the capacity for some-one else;

- The *first stage payment* is payable upon acceptance of a connection offer. This too is an important feature of the design as it protects the TUoS and DUoS customer from the risk of non payment by developers. Failure to pay the first stage payment means that developers are removed from the Gate, which means that the capacity is not hoarded by the developer. The CER has a duty to protect the interests of end customers and the design of the first stage payment sought to find the balance between this duty and the need to ensure a fair system for developers;

- It is the CER's view that the proposals put forward by industry would weaken the *first stage payment* and compromise the delivery of its objectives. This could lead to a significant risk of slowing progress on Gate 3 and the delivery of Ireland's renewable targets;

- However the CER accepts that there may be justification for changing aspects of the *first stage payment* schedule in order to accommodate projects which may have a long lead time prior to connection. This considers respondents views which stated that difficulties in delivering network infrastructure and connection dates well into the future were contributing factors to financing difficulties;

- The CER does not understand the statement which suggests that the *first stage payment* involves removing "additional monies" from the private sector. The *first stage payment* is the first part of a payment schedule for the development of a connection for the developer. Apart from application fees which cover the cost of processing generator applications, there had been no other requirement for developers to make financial commitment to the project;

- The staged payments scheme is not "un-capped" as suggested by some respondents nor is it "high". The total payment required is designed to cover 100% of the cost of the connection and this is outlined in the connection offer which is to the direct benefit of the developer. Indeed the *first stage payment* itself is specifically designed to be capped at (the greater of) 10% of the total connection cost or the lesser of €10K per MW and 50% of the connection cost (where less than €10k per MW). This provides transparency to developers and ensures the actual level of first stage payment for each individual connection is appropriate to that connection;

- The CER has examined project connection costs submitted by the System Operators in order to ensure that the level of first stage payment remains broadly cost reflective to the pre-construction costs incurred by TSO and DSO (bearing in mind that cost recovery is only one of the purposes of the first stage payment). The CER is satisfied that the level of *first stage payment* as decided upon in CER/09/138 remains, ***on average***, broadly reflective of the pre-construction costs for a renewable connection. TSO has indicated that in relation to transmission connections, stage 1 costs expressed as a percentage of total connection costs are approximately 11% for both contestable and non contestable connections. DSO has indicated that on average a payment of 25% of the total connection cost would be required to fully cover pre-construction costs for distribution connections. It should be noted that each individual connection is different and in some cases there

may be an under-recovery of pre-construction costs, with an over-recovery in other cases;

- The CER does not intend to cap the level of first stage payment at €100,000 as proposed by some respondents. The reason for this is that capping the level of first stage payment required would favour larger projects relative to smaller projects. Furthermore the *first stage payment* required for a number of projects is likely to be in excess of €100,000. Capping the payment at this level would increase the risk of SO costs in excess of the cap having to be recovered from electricity customers. In addition, the design of the first stage payment mechanism already allows for differentiation between projects to take account of scale, the total cost of the connection and the fact that some developers may wish to contest their connection;

- The scheme does not discriminate against smaller developers. The same rules apply to both large and small developers and the actual level of *first stage payment* is specifically calculated relative to the scale of the project;

- Some respondents spoke about the "reasonableness" of the staged payments scheme and the *first stage payment* on offer acceptance in particular. It is the CER's view that it is not unreasonable to expect generators to make a payment towards the dedicated connection works which must be carried out for their project, upon acceptance of the connection offer. In addition, the lower the level of financial commitment required, the higher the likelihood that the SOs costs will not be covered and the greater the risk of the connection not proceeding to energisation. Indeed developers should note that the CER changed a regime which required a significantly larger commitment on offer acceptance to take account of the nature of the renewable industry and the fact that there were long lead times for receipt of an offer and actual connection to the network;

For these reasons, it is the CER's view that there is not sufficient justification for significant changes to the *first stage payment*s mechanism, particularly in relation to the total level or quantum of payment required. While it is a question of balancing competing concerns, the CER believes that in the majority of cases, the level of *first stage payment* is appropriate and reflects the costs of the System Operator in designing and planning the connection, while its non-refundable nature continues to act as a deterrent to capacity hoarding.

However for projects with a long lead time to connection and energisation, it is accepted that in some cases, the level of *first stage payment* on offer acceptance may be high in comparison to the amount of work carried out by the SO on that connection ***in the initial years***, post offer acceptance.

The CER notes that the issue of *first stage payment*s was only recently decided on (2009) and it is not good regulatory practice to re-open such an issue so soon. However the CER has been conscious of the deteriorating financial climate in Ireland between 2009 and the present day and for this reason has decided to re-examine aspects of this issue to address some of the concerns raised by developers. It is noted that any changes in this area would be in addition to the rebate scheme outlined in Section 3, which already provides an option for developers to take account of concerns over REFIT. The CER rationale for re-examining this issue and its amended *first stage payment* mechanism is outlined in the next section.

5 CER's Decision regarding the Quantum of the First Stage Payment

5.1 Considerations of competing demands regarding first stage payments

In weighing up the arguments put forward for changing the quantum of the *first stage payment*, the CER has taken into account the following considerations:

- The *first stage payment* is required to (broadly) cover the System Operators Costs in the pre-construction stage of developing a connection;
- The non-refundable *first stage payment* is required to prevent hoarding of capacity and to deliver financial commitment from developers to the project;
- The priority to ensure that as many viable Gate 3 projects proceed to construction as possible in order to meet Ireland's renewable targets;
- The CER's duty to protect the interests of end customers and to ensure that end customers do not face excess risk in relation to renewable generator connections;
- The preference that non viable projects should exit the Gate at as early a stage as possible in order to free up this capacity for potentially viable projects which are in the connection queue (it is important to note that it is difficult to assess which projects are more viable than others);
- The importance of reducing the risk of stranded assets as electricity customers would have to pay for these;
- The need to cover the costs of the System Operators in designing, planning and developing connections;
- The importance of reducing uncertainty around Gate 3 and delivering connections as soon as possible;
- The acknowledgement that a number of Gate 3 projects have a long lead time to connection, some of which have FAQ dates extending to 2018 and beyond;
- The principles of the shallow connection policy where developers are required to pay for the costs of their connection to the Grid;
- The acknowledgement that Ireland is currently in an extraordinary financial situation and many projects - including the most financially viable ones - may be experiencing difficulty obtaining bank finance;
- The relative size of the *first stage payment* to the overall cost of developing a project through to connection and energisation;
- The fact that connection offer is a valuable asset for a developer given the scarcity of capacity on the Grid and the potential value of a connection offer;
- The relatively low financial commitment involved in making a connection application; and,
- The administrative difficulties (and additional costs which would be involved) in making significant changes to the payment schedule.

The CER also wishes to highlight that it has received a joint submission from ESB Networks (TAO) and EirGrid (TSO) dated 11 April 2011 outlining a proposal to align the transmission payment schedule with the distribution payment schedule. The CER is currently considering this proposal.

5.2 CER Decision on Level of First Stage Payment

The CER recognizes that whilst the payment of a non-refundable first-stage payment represents a financial risk to developers of generation projects the introduction of a softened approach could expose the electricity end-customer to significant costs. The CER's decision is therefore based on balancing these competing demands as well as examining the philosophy behind the first stage payment mechanism and its cost recovery and financial commitment principles.

The lower the commitment made by developers the greater is the possibility that projects whose financial viability is questionable or borderline will drop out at a later stage. This may adversely impact on other developers or the DUoS/TUoS end-customer (which the CER has a duty to protect) as follows:

- Could lead to alteration of the connection method for other generators in the same subgroup and consequent delays to both the development of the shallow connection and the associated deep reinforcements;

- Could lead to a delay in the issuance of offers to generators that are in the connection queue, but not due to receive an offer in Gate 3; and,

- Could lead to excess grid capacity being built (in excess of the project MEC which pulls out) and hence the possibility of stranded assets – again possibly picked up by TUoS/DUoS customer.

Hence, the CER has decided that the quantum of the *first stage payment* as decided in August 2009 remains appropriate; i.e. the existing combination of the (greater of) 10% of connection costs or the lesser of €10k/MW and 50% of the connection cost is appropriate and is therefore not changed by this decision[12]. The 10% factor in the computation of *first stage payment* ensures that projects which have a high project connection cost pay a *first stage payment* which is proportional to the project's shallow connection costs.

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[12] Please refer to CER/09/138, Section 5.8.3 for full description and reasoning behind the CER's decision on the First Stage Payment mechanism design.

The full details of the calculation of the *first stage payment* (total) are included in Appendix A.

5.3 CER Decision on changes to first stage payment mechanism

The CER also accepts the views put forward by some respondents with regard to the risk profile of projects where the connection may not be built for a number of years post application. Given that each renewable generation connection follows a different path, each with its own individual schedule of works (or a schedule for the sub-group as a whole), there is justification to look at greater flexibility in the *first stage payment* structure to take account of the schedule of connection for each project. This particularly relates to projects which have later connection dates (as specified in the connection offer). Therefore the CER has decided that allowance will be made for the fact that certain projects have a longer wait time between offer acceptance and the time when the System Operators will incur significant levels of pre-construction expenditure.

The CER has decided to put in place a "sliding scale" mechanism which will split the *first stage payment* into two instalments; the first instalment required on offer acceptance and the second instalment required 12 months in advance of the date specified in the connection agreement for the second stage payment (the 55% stage) in the case distribution connections, or 12 months in advance of the Scheduled CID (Consents Issue Date) in the case of transmission connections.

5.4 Description of Sliding Scale Mechanism for first stage payments

The purpose of the Sliding Mechanism is two-fold:

- to ensure the financial commitment aspect of the first stage payment which is a deterrent to capacity hoarding is not overly weakened;
- to ensure sufficient funding is provided to the system operators to cover the costs of the shallow connection works, but allowing that in some cases commencement of these works may be scheduled at a later stage (for example where a party opts for a firm connection).

Under the proposed mechanism the following rules/conditions apply:

i) The first instalment of the *First Stage Payment* (FSP) will have to be paid to the relevant System Operator at the connection offer acceptance stage (This will range from a ***minimum*** of 50% of the FSP quantum up to a maximum of 100% of FSP as explained below). The proportion to be paid at the Offer Acceptance Stage depends on the date specified in the connection agreement for the 55% stage (2nd stage payment for Distribution connected) or scheduled CID (Transmission connected). This puts in place a sliding

scale to ensure that projects with further-away 55% stage or CID dates are required to pay less on offer acceptance (the total quantum over the two instalments remains the same[13]).

ii) The remaining instalment will have to be paid 12 months prior to the date specified in the connection agreement for the 55% stage (2nd stage payment) in the case of distribution connections, or 12 months prior to the scheduled Consents Issued Date (CID) in the case of transmission connections. The reason for linking the second instalment to these dates is that the 55% stage or the CID stage is the date at which the connection moves from the pre-construction stage into construction;

iii) Please see appendix B for more details on how this sliding scale mechanism will work;

iv) The balance of the *first stage payment* (ie. the second instalment) will be adjusted for inflation to the appropriate year using HICP by the SOs when invoicing for the second instalment;

v) In the case of transmission connections, if the planning permission lodgement stage (at which 15% of the connection cost is due) falls earlier than the due date for the second instalment of the *first stage payment*, then the developer will be required to pay both the second instalment of the *first stage payment* and the planning permission lodgement payment at this earlier date;

vi) This mechanism applies to all transmission connected renewable generators and all distribution connected generators (in line with CER/09/138);

vii) This mechanism will be processed by the System Operators who will invoice for the second instalment, due 12 months in advance of the scheduled CID or scheduled 55% stage date. The SO will issue the invoice at least 30 business days in advance of the payment due date;

viii) Gate 3 and non-GPA renewable generators who have already accepted their connection offer prior to this decision will also be allowed to avail of this mechanism. The SO will make arrangements to rebate as relevant to these developers, if requested by the developer; and,

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[13] The total quantum remains nominally the same, being equal to the total FSP amount, although interest may be added to the second instalment as detailed in (iv).

ix) Developers will retain the option to pay the full *first stage payment* (100% of FSP) on offer acceptance.

For example, take a transmission project where Scheduled CID[14] is scheduled as specified in the connection agreement for March 2015:

- The relevant System Operator (in this case EirGrid) calculates the total (i.e. 100%) *First Stage Payment* (FSP) due using the methodology decided upon in CER/09/138 and this is outlined in the connection offer;
- Using the sliding scale mechanism, the first instalment - equal to 70% of the total *First Stage Payment* (FSP) - is due at the offer acceptance date; and,
- The second instalment of 30% of the total FSP quantum is invoiced by the System Operator in February 2014 with payment due in March 2014.

Please note: The CER has recently (11 April 2011) received a joint submission from ESB Networks (TAO) and EirGrid (TSO) which outlines a proposal to align the transmission payment schedule with the distribution payment schedule. This proposes that all developers, both renewable and conventional, would pay for their connection according to the following schedule:

- first stage payment on offer acceptance;
- 55% of the connection cost prior to the commencement of construction;
- 25% of the connection cost one calendar month before the energisation; and,
- balance of connection costs one calendar month after the energisation.

The CER is currently considering this proposal.

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[14] This example equally applies to a distribution project where the 55% stage payment (also referred to second stage payment) is due in 2015

Appendix A: Quantum of the First Stage Payment Mechanism

The *first stage payment*, as applies to renewable generators and all generators connected to the distribution network only, was decided in CER/09/138 (Section 5.8.3) in August 2009 and is calculated as follows:

> *Upon offer acceptance the connecting party will be required to pay:*
>
> *The capacity bond will no longer be required at connection offer acceptance. Upon offer acceptance the connecting party will be required to pay*[15] *:*
>
> *the greater of [X ; 10% of the cost of connection (assuming a connection constructed by the System Operators)]*
>
> *where X = the lesser of:*
>
> *i) €10,000 per MW of contracted capacity (MEC); and,*
>
> *ii) 50% of the cost of connection (assuming a connection constructed by the System Operators).*
>
> *(this means that when accepting the offer the generator will be required to pay the greater of (a) or (b) below:*
>
> *a. 10% of the connection cost; and,*
>
> *b. The lesser of €10k per MW of MEC or 50% of the connection cost.)*

The payment mechanism of the *First Stage Payment* quantum will be decided on an individual basis as per Sliding Mechanism outlined in Section 5.4 and illustrated in Appendix B

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[15] The First Stage Payment is payable in instalments according to the sliding Scale Mechanism as set out in Section 5.4 of this decision paper.

Appendix B: Sliding Mechanism of the First Stage Payment

The sliding mechanism for the FSP, is outlined below. For clarity, for offers accepted in 2011 with a scheduled CID date in 2012 (transmission), there is a requirement for 100% of the *first stage payment* to be paid at offer acceptance. Thereafter the sliding scale will apply with the balance of the *first stage payment* always payable 12 months in advance of scheduled CID for transmission and scheduled 55% stage (second stage payment) for distribution as per the connection agreement. The full quantum of FSP remains as decided in CER/09/138 in August 2009.

First Stage Payment - Payment Mechanism (Sliding scale)										
55% stage date (DSO) or CID date (TSO) *	Proportion of FSP due at the Connection Offer Acceptance Stage ** (the first instalment)	Due date and level of second instalment of FSP								
		2011	2012	2013	2014	2015	2016	2017	2018	2019
2012	100%	0%								
2013	90%		10%							
2014	80%			20%						
2015	70%				30%					
2016	60%					40%				
2017	50%						50%			
2018	50%							50%		
2019	50%								50%	

* 55% stage refers to the second stage payment for distribution connected generators. CID refers to the scheduled Consents Issue Date for transmission connected generators. In both cases the payment to be scheduled based on the dates set out in the Connection Agreements

** Outlined percentages represent proportion of FSP amount due for payment in the corresponding years. The total value of FSP is evaluated as outlined in Appendix A.