



Implementation of Group Processing – Move to construction phase

System Operator Recommendation following Consultation Paper CER/14/432

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System Operators

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1. Executive Summary

The Consultation Paper, “Implementation of Group Processing – Move to construction phase CER/14/432” was issued for consultation in August 2014 by the Distribution System Operator, ESB Networks Limited, (the “DSO”) and the Transmission System Operator, EirGrid plc, (the “TSO”), referred to collectively in this document as the System Operators (the “SOs”). The purpose of the Consultation Paper was for the SOs to set out proposals for managing projects and subgroups as they move into the construction phase of delivery and to gain an insight into the electricity industry’s (the “Industry’s”) views on these proposals with a view to developing a set of guiding principles in this regard. This document (the “Recommendation Paper”) sets out a summary of the responses from Industry and the SOs position which are now being presented to the Commission for Energy Regulation (the “CER”) for decision. The proposed guiding principles for CER decision are set out in the proposed Ruleset (the “Ruleset”) in Appendix B of this Recommendation Paper.

The consultation closed in September 2014 and six responses to the Consultation Paper were received and are summarised in this Recommendation Paper. The SOs position, responses, views and conclusions in relation to each section of the Consultation Paper are then set out noting comments and proposals from respondents.

Two options were proposed in the Consultation Paper and, following Industry responses, Option 1 Invoice & Terminate has emerged as the preferred option of the respondents. The SOs agree with Industry that, on balance, Option 1 Invoice & Terminate is the best option for progressing projects and subgroups from offer acceptance stage into construction stage. The SOs have developed a Ruleset based on Option 1 Invoice & Terminate which sets out the guiding principles and associated processes for progressing projects and subgroups into construction and this Ruleset is set out in Appendix B of this Recommendation Paper for which we now seek CER approval.

2. Introduction

2.1 *Purpose of the Joint System Operator Consultation Paper*

In August 2014, the SOs and CER published on their websites the joint SO paper entitled *Implementation of Group Processing – Move to construction phase CER/14/432* (the “Consultation Paper”) for public consultation. The intention of the Consultation Paper was to expand on Section 10 of the Connection Offer Policy and Process (“COPP”) Paper in particular focussing on the challenges facing project delivery where the actions of developer(s) have the potential to impact on same. The Consultation Paper did not set out to cover all scenarios which could arise, but endeavoured to set out how the principles of Group Processing are intended to apply as projects and subgroups move past the offer acceptance stage and into the construction phase.

The Consultation Paper is most applicable to generators whose connection method involves shared works with other developers, however, scenarios applicable to stand alone developers are also addressed in Section 3 of the Consultation Paper. Group developments with shared works (“subgroups”) are addressed in Section 4 of the Consultation Paper and Section 4.5 sets out the scenario whereby not all members of a subgroup are ready to make the pre-construction payment (also known as Second Stage Payment (“SSP”) or Consents Issue Date (“CID”) payment) at the same time. This is viewed by the SOs as a critical juncture in the progression of shared works whereby the SSP allows materials to be ordered and works to commence on site.

The Consultation Paper invited comments and feedback from Industry on the principles of Group Processing as set out in the Consultation Paper and also asked for comments on specific questions in relation to Section 4.5. The consultation closed in September 2014 and six responses were received. Meetings were also held between respondents and the SOs where requested.

2.2 *Purpose of this Recommendation Paper*

The purpose of this Recommendation Paper is to present the CER with a summary of the views expressed by respondents and the SOs’ responses to these. This Recommendation Paper also requests a decision from the CER on the Ruleset in Appendix B of this Recommendation Paper which aims to provide clarity on the guiding principles for the progression of projects and subgroups through the construction phase of their delivery.

2.3 *Scope of the Consultation Paper and this Recommendation Paper*

The scope of the Consultation Paper and this Recommendation Paper is to develop a set of guiding principles to be applied to standalone and group projects as they move from the offer acceptance phase into the construction phase of delivery in non-contestable scenarios only.

This Recommendation Paper examines the relationship between progression of works and the payment of the associated charges including the SSP and all subsequent stage payments after the SSP. Shared and dedicated works will only be progressed where the relevant stage payments for those works have been received by the SOs. With regards to shared works specifically, the SOs will not be obliged to progress shared works until they have received full payment for the shared works associated with the relevant stage from all the group members. For example, if the DSO does not receive the third stage payment in full for the shared works from all group members, the DSO will not be obliged to energise those shared works.

With regards to contestability, the SOs note that two respondents requested that contestability be considered in this Recommendation Paper. The SOs would like to point out that contestability was not considered in the

Consultation Paper and so did not form part of the public consultation. Therefore contestability is not covered as part of this Recommendation Paper. The SOs would like to highlight that they are not a party to the commercial / contractual arrangements that exists between group members in contestable scenarios, and so the SOs are not in a position to get involved in any such commercial or contractual issues that may arise between the group members. It is also noted that both DSO and TSO contestability has been consulted on previously. For information, even though they are outside the scope of the consultation, the SOs have included the comments made by respondents in relation to contestability in Appendix A of this Recommendation Paper.

2.4 Structure of this Recommendation Paper

The remainder of this paper is structured in the following manner:

Section 3 of this Recommendation Paper sets out each part of Section 3 of the Consultation Paper, followed by a summary of responses received to that part of the Section and then the SOs' response. Other comments made by respondents that were not specifically raised in the Consultation Paper have also been included where this applies;

Section 4 of this Recommendation Paper sets out each part of Section 4 of the Consultation Paper, followed by a summary of responses received to that part of the Section and then the SOs' response. Other comments made by respondents that were not specifically raised in the Consultation Paper have also been included where this applies;

Section 5 of this Recommendation Paper sets out additional items raised or comments made by respondents in relation to the content of the Consultation Paper; and

Appendix A of this Recommendation Paper sets out comments made by respondents in relation to contestability

Appendix B of this Recommendation Paper sets out the Ruleset as proposed by the SOs. Where revisions are being proposed to the current wording, these are marked in red or strikethrough for ease of reference.

2.5 Next Steps

The SOs are requesting that the CER review this Recommendation Paper, (the consultation responses received, the SOs' responses and the Ruleset) and provide approval on the Ruleset for the implementation of group processing into the construction phase (the "Direction"). Once approval is received, the Ruleset shall supersede the relevant sections of the Connection Offer Policy and Process (COPP) Paper in particular Section 10 of COPP. Section 10 and any other relevant sections of the COPP Paper will be updated with the new Ruleset in due course. In the interim, in the event of a conflict between the terms of the COPP Paper, or any other policy in relation to the issues addressed, and the Direction/Ruleset, the Direction/Ruleset shall take precedence.

2.6 Additional offering

The DSO offers an Early SSP package to developers in certain circumstances and under certain conditions. In the event of receipt of payment of Early SSP, the SO shall progress certain works associated with that payment e.g. ordering of long lead time items. In relation to this Early SSP, the DSO proposes to add the following wording to the Ruleset:

“The DSO may consider that Early SSP is possible where it receives a request for same from a developer or group. In the event of the DSO progressing early with any element of shared works, all group members must make full SSP in advance. If a group member wishes to progress early with dedicated works only, then the group member must make the full SSP. In doing so, the group members bear all risk of progressing early (inclusive of any incremental costs). The DSO will only undertake certain works early and these works will be identified at the time. Developers should contact the DSO if they are interested in such an option. Full terms associated with this option will be advised prior to the DSO progressing.”

3. Section 3 of the Consultation Paper - Proposed approach in scenarios that arise that have the potential to impact on build out of a Stand Alone Developer

3.1 Consultation Paper 3.1 - *Accepts offer but requests modification*

Relevant Extract from Consultation Paper

“3.1 Accepts offer but requests modification

Modification requests can delay the progression of a project. As previously set out in the SOs’ paper¹ on Mod fees and process (Section 3):

It should be noted that a modification request may lead to other connection works on a project or other projects being put on hold temporarily. The decision as to whether construction works should be put on hold would depend on a number of factors including whether the modification has the potential to change the connection works required. Where a customer not requesting a modification is likely to be delayed as a result of same, consent will be required to allow the modification proceed

Appendix 1 includes detail on some typical modifications and the likelihood of the modification delaying the works. In some situations the TSO will offer an Advanced Works Package to the developer to allow the project works continue during the modification processing time².”

Responses Received

There were four responses received to this section of the Consultation Paper and all support the approach set out in the Consultation Paper. The view was expressed by respondents that it seems reasonable that, where a modification can cause a delay to another developer who is not requesting a modification, that consent would be required from the developer being impacted. Greater clarity was requested on what is envisaged in relation to Advanced Works Packages and associated costs. It was also noted that Appendix 1 is a useful framework to help developers understand the likely impact, and therefore value, of potential modifications.

System Operators’ Response

With regards to Advanced Works Packages offered by the TSO, these generally apply to pre CID works such as planning, functional specifications and design. Modification of the connection method after CID in general would not be allowable and so the scope for Advanced Works Packages post CID is very limited in terms of facilitating the progression of post CID works. The SOs propose to retain the wording as outlined in the Consultation Paper for inclusion in the Ruleset but to include the following wording for clarity on the scope of Advanced Works Packages:

“Advanced Works Packages generally apply to pre CID works such as planning, functional specifications and design. Modification of the connection method after CID in general would not be allowable and so the scope for Advanced Works Packages post CID is very limited in terms of facilitating the progression of post CID works.”

With regards to the request for greater clarity on the TSO’s Advanced Works Packages and associated costs, a link to the “Application for Transmission Advanced Works Packages Guidelines” was provided in Footnote 3 of the Consultation Paper and is also included below in Footnote 2. That document sets out the guidelines for

¹ [Joint DSO TSO Fees & Process for Connection Offer Modification.pdf](#)

² <http://www.eirgrid.com/media/Application%20for%20Transmission%20Advanced%20Works%20Packages.pdf>

Advanced Works Packages including the associated costs. This clarification has been reflected in the Ruleset in Appendix B of this Recommendation Paper by the inclusion of the following wording:

“Further details with regards to Advanced Works Packages provided by the TSO and associated costs are available on the EirGrid website.”

3.2 Consultation Paper 3.2 - *Accepts offer but requests that project is put ‘On Hold’*

Relevant Extract from the Consultation Paper

“3.2 Accepts offer but requests that project is put ‘On Hold’.

For the majority of standalone connections that do not impact on other developers or the development of the transmission or distribution system, a request from a developer to put a project on hold will be granted. However parties should be aware that longstop dates are unlikely to be extended where a project has been put ‘on hold’. For clarity, where a project which is on hold reaches its longstop date, the SOs will normally exercise their right to terminate the Connection Agreement.

There are some scenarios where delivery of the project underpins an investment decision in the transmission or distribution networks and the SO may not be able to facilitate a request for a project to go on hold. For example, where the development of a project offsets a requirement for an investment in new network, the SO may refuse a request to put a project on hold.

Where a request to put a project on hold has been granted, SO resources will be diverted from the connection project and it will lose its place in the overall transmission/distribution work program. As a result when at a later stage a request is made to take the project off hold the SO will advise the developer of the revised lead times.”

Responses Received

There were four responses received to this section of the Consultation Paper and all support the approach set out in the Consultation Paper. One respondent notes that the proposed arrangement to grant a request from a developer to put a project on hold where it does not impact on others seems reasonable.

Another respondent notes that projects on hold because of uncertainty about the SOs’ solution to the connection or relating to the planning process surrounding it should not be terminated unilaterally when the longstop date is reached. Instead, an extension should be provided to individual developers and grouped projects and provisions made to accommodate the extension, aligning with the uncertainties and delays in the planning process.

Another respondent requested clarity on how the SOs can refuse a request to put a project on hold where this would offset a requirement for an investment in new network. The respondent stated that it is not clear in the Consultation Paper under what circumstances this would arise as in most cases the network investments are either separate from or else directly driven and paid for by the projects.

System Operators' Response

The SOs note that respondents support the approach proposed in the Consultation Paper. In relation to longstop date extensions, the SOs would like to point out that there is a distinction to be made between a developer request to put a project on hold and a project being placed on hold due to delays that are outside the control of the developer such as uncertainty about the SOs' solution to a connection or uncertainty relating to the planning process. The SOs propose to retain the wording in the Consultation Paper for inclusion in the Ruleset as set out in Appendix B of this Recommendation Paper and to include the following wording to add clarity in relation to developer's approaching their longstop date in cases where the project delay is outside of their control:

"A longstop date extension may be provided to individual developers, on a case by case basis, where uncertainty about the SO solution to their connection places the developer's project on hold."

Clarity was requested from a respondent on how the SOs can refuse to place a project on hold where this would offset a requirement for an investment in new network. As noted in the Consultation Paper this may occur in "scenarios where delivery of the project underpins an investment decision in the transmission or distribution networks". The SOs position is that the SOs may refuse to grant a request from a developer to put a project on hold where the project offsets a requirement for an investment in new network infrastructure. To clarify the Ruleset, the SOs propose to add the following wording:

"For instance, where there is synergy in the overall solution proposed for a network connection for a project and another investment decision (in the transmission or distribution network) which would result in a more optimal network development, and if putting that project on hold would result in the synergy no longer being realisable, then this may result in a suboptimal development of the network and increased cost for the End-User. In such a scenario, the SO may refuse to grant a request from a developer to put a project on hold."

Where a SO refuses a request to put a project on hold, the SO will advise the developer of the basis of that decision when confirming their decision.

The SOs also propose to include clarity in the Ruleset in relation to the process to be followed by a developer who wishes to request to put their project on hold by adding the following wording to the Ruleset in Appendix B of this Recommendation Paper:

"To make a request to put a project on hold, a developer must make a formal request in writing to their SO which will require assessment as it potentially introduces risk for the SO."

3.3 Consultation Paper 3.3 - *Accepts offer, but does not make 2nd stage (pre-construction) payment*

Relevant Extract from the Consultation Paper

“3.3 Accepts offer, but does not make 2nd stage (pre-construction) payment

Where a standalone developer does not make their 2nd stage payment or has requested that the issuance of the invoice for 2nd stage payment is deferred, the programme for delivery will be affected as typically no construction work progresses in relation to that project and no materials will be ordered.

If the developer has requested that issuance of the invoice for 2nd stage payment is deferred the project will be considered to be on hold and the provisions of 3.2 above will apply. In the event that the developer does not request that the project is put on hold, and does not then make their second stage payment, the SO may terminate the connection agreement for breach of contract for failure to pay.”

Responses Received

There were four responses received to this section of the Consultation Paper and all support the approach set out by the SOs. The respondents are of the view that the proposal that, where a standalone project may be put on hold where it does not have an impact on others in advance of making the SSP seems reasonable.

System Operators' Response

The SOs propose to retain the wording in the Consultation Paper for inclusion in the Ruleset in Appendix B of this Recommendation Paper and to expand it to provide clarity on the process to be followed by a developer who wishes to put their project on hold. This is all set out in Section 3.2 of the Ruleset.

4. Section 4 of the Consultation Paper - **Proposed approach in scenarios that arise that have the potential to impact on build out of Group Developments**

4.1 Consultation Paper 4.1 - ***Offer(s) of at least one group member not accepted***

Relevant Extract from the Consultation Paper

“4.1 Offer(s) of at least one group member not accepted³

Where an offer has not been accepted by the offer expiry date, this offer will lapse⁴.

Where some of the offers within a group lapse, or are rejected, the charge to other group members will not necessarily increase as – in line with Group Processing Principles - the End-User will pay the share of the lapsed/rejected offers. However the SOs may re-optimize the connection method to ensure an appropriate and cost effective network solution is designed to connect the remaining parties.

Where the majority of group members have accepted their offers it may in some cases be possible to quickly determine that there is no change required to the original connection method. In such a case it would be expected that there will be little delay to remaining developers and their projects and work will progress as planned (less any dedicated works associated with the unaccepted offers).

However in many cases, a full re-study will be required to determine whether the solution originally proposed remains the optimum solution for the group. In such a case

- It is likely that the restudy will involve 5-6 months work (and possibly more if there is potential for the change to have a significant impact on Transmission works). Furthermore, this timeline assumes that a minimal number of restudies/offers/modifications are being processed by the SO's at a single point in time. Based on the outcome of this restudy, the charge to the remaining group members will be the lesser of:
 - i. The charge which applied – based on the original subgroup share – provided this was based on the Lowest Cost Connection Method (LCCM)/ Least Cost Technically Acceptable Connection Method (LCTA) for the original subgroup. (with the End-User covering any shortfall)
 - ii. Their share of the LCCM for the new subgroup, based on the MW of the new subgroup

Subject to SO agreement should the group wish to **avoid the delays** which will result from a re-study, the group can request that the SO progress based on the original build. Amongst other things the SOs will take account of their obligation to develop efficient networks when considering such a request. If the SO accepts the request the group must increase their contribution to the shared assets such that the contribution associated with the lapsed/rejected offers is now paid for in full by the remaining group members.

Please note that a re-study will still be undertaken⁵ to estimate what the additional cost to the End-User would be, if any, based on a re-optimised build. Once this contribution has been established, the capital contributions associated with the remaining group members will be re-calculated once more. Should the group decide to continue with the original build to avoid delays, then ultimately the shared asset charge to the remaining group members will depend on the outcome of studies and will be

1. (where following studies the original connection method is still the LCCM for the remaining group members. The end user is liable in full for share of group member who did not progress). The

³ At the time of writing, the majority of Gate 3 offers have been accepted and therefore this is less likely to arise in Gate 3. However it is appropriate to note for future connection policy.

⁴ In exceptional circumstances as set out in Section 13 of COPP, an offer validity period may be extended. However this would be unusual where the offer is part of a group.

⁵ In such a scenario, this re-study will be considered lower priority work and re-study works which are impacting on project delivery will be prioritised.

shared asset charge which applied as per the original offer/original group share (with the End-User covering any shortfall); or

2. (where a re-optimised Connection Method could have been built which would have resulted in the End-User not incurring any costs.) A per MW share of the LCCM (which the subgroup opted to build) for the original subgroup, but based on total MW of remaining group members; or
3. (where re-optimised Connection Method could have been built but End-User would incur costs.) A per MW share of the LCCM for the original subgroup less a contribution from the End-User⁶), but based on total MW of remaining group members. See example below.

Worked Example

The example below assumes 3 equal sized projects in group. One windfarm does not accept their offer. The remaining developers have the following options:

- i. wait for re-design or
- ii. proceed with the original build

Following a re-study, the re-optimised connection method is determined to cost less than original connection method. However, in either scenario the End User takes the same risk.

	Charge for shared works - Original offer	WF3 doesn't accept offer	
		Connection Method re-studied, and ultimately lower cost build is progressed	Group opts to proceed with original build to avoid delays
WF1	8	8	10
WF2	8	8	10
WF3	8	0	0
End User	0	4	4
Total Shared works charge	24	20	24

Table 1 - Worked Example

Responses Received

There were five responses received to this section of the Consultation Paper. It was noted by one respondent that for the majority of projects the scenario set out in Section 4.1 of the Consultation Paper, i.e. where at least one member of a subgroup has not accepted their offer, has passed. All five respondents support the approach proposed in the Consultation Paper and it was noted that the principles proposed seem feasible in relation to cost allocation and in line with the COPP Paper.

One respondent noted that the greatest risk to project delivery is lack of commitment, by a group of developers, to a common timetable and the proposed approach to the scenario in Section 4.1, in which at least one group member has not accepted a connection offer, is reasonable.

⁶ This contribution is based on the contribution the End-User would make to a re-optimised solution.

Another respondent stated that in circumstances where the SO decides for its own reasons to proceed with an alternative solution to the Lowest Cost Connection (LCC) method for the subgroup and one or more members do not accept their offers, there should be no extra cost or delay imposed on the remaining groups members if they decide to proceed with the original connection.

Respondents have requested that the SOs minimise the re-optimisation period where the projects are unlikely to have a significant impact on Transmission works and advise the developer of the same. They also requested that, where re-optimisation studies are required, the time required should be minimised. One respondent stated that in their view, 5-6 months for restudies seems excessive.

System Operators' Response

The SOs note that the five respondents support the approach proposed in the Consultation Paper and view it as reasonable.

In response to the comments above, the SOs would like to point out that they are constrained by End-User considerations. Where a SO decides to proceed with an alternative solution to the Lowest Cost Connection (LCC) method (otherwise referred to as Least Cost Technically Acceptable Connection (LCTA) method) for a subgroup and one or more group members do not accept their offers, if the remaining group members decide to request that the SOs proceed with the original connection to avoid re-optimisation, there may be time and/or cost implications for the remaining group members. The SOs view is that the approach set out by the SOs in the Consultation Paper is appropriate to protect the End-User and for efficient network development.

The SOs understand the concerns raised in relation to the time period for re-optimisation in the Consultation Paper which was noted as at least 5-6 months. In advance of re-optimisation a high level assessment will be carried out to establish if re-optimisation will be required. If required, a re-optimisation study could involve a full re-work of the connection along with the recalculation of associated costs (subject to rules around charging for subgroup fallout) and reissuing amended connection offers to the remaining group members. The timeframe for the re-optimisation may also be impacted by the volume of other offer process work being carried out at the same time. A re-optimisation is a complex modification and 5-6 months is the estimated timeframe for such work (depending on volume and complexity of workload at that time). However, the SOs will always endeavour to complete re-optimisation assessments and restudies in the shortest possible timeframe and may advise the group members of the expected timelines at commencement of the modification processing.

The SOs propose to retain the wording as outlined in the Consultation Paper for inclusion in the Ruleset in Appendix B of this Recommendation Paper and, for clarity, to include the following wording above the "Worked Example" heading above Table 1:

"No connection method re-optimisation possible and required whereby original shared works are progressed".

4.2 Consultation Paper 4.2 - ***Full group accepts but a developer(s) within the group seeks a modification***

4.2.1 Modification to dedicated assets

Relevant Extract from the Consultation Paper

“4.2 Full group accepts but a developer(s) within the group seeks a modification

4.2.1 Modification to dedicated assets

Where the modification requested, following assessment, is deemed to have no impact on group works (including any timing or planning impact) the modification will be progressed in the normal fashion. The impact to the developer of the project in question will be as Section 3.1 above.

Where the modification requested, following assessment, is deemed to be likely to drive a change to group works, the following applies:

- 1. If the modification is now the only technically acceptable option for that group the modification will progress and will result in delays for the entire group. For example, where a change in planning legislation means that an overhead line is no longer feasible, then a cable connection becomes be the least cost technically acceptable connection method and all members of the group will be impacted by the request.*
- 2. If the original connection works remain technically acceptable, consent of the group will most likely be required before the SOs will progress the modification. (The SO's will advise whether consent is required). An example of where consent may be required might be where the modification relates to relocation of some capacity such that there is a change in shared assets. It would be unusual (although possible) for a change from overhead line to cable or cable to overhead line to require subgroup consent.*
- 3. If the group consent to the modification request, shared works are likely to be delayed while the modification is being processed and pending acceptance by all group members of the modified offers. Processing the modification is likely to result in a delay of >6months. In such a scenario the party requesting the modification to dedicated works may also be liable for the cost of issuing modified offers to the rest of the sub-group. For more information on modification fees please consult the mods fees and process paper at the link below⁷.*

If the group do not consent to the modification request, the modification request may be rejected. As a result the group works can progress with a minimal delay (time incurred in consenting process). The party who sought the modification has three options in these circumstances and can either:

- a) Proceed with their original offer/connection method,*
- b) Let their offer lapse (most probably no earlier than the next stage payment), or*
- c) The group works are progressed as per the original connection method, and the party's modification is also progressed (for example where the party relocates). However the modifying party will be liable for stranded cost as per their original connection and, the full cost for new connection.*

⁷ http://www.esb.ie/esbnetworks/en/commercial-downloads/Modification_Requests_to_Connection_31Aug.pdf.

Please note that in the event that the party seeking the modification does not get consent from the group and then allows their offer lapse at next stage payment, this may lead to the need to re-optimize the connection method for the group, potentially resulting in significant delays (but no additional charge⁸) for other group members. Further information on this scenario is provided in Section 10 of COPP.”

4.2.2 Modification to shared assets

Relevant Extract from the Consultation Paper

“4.2 Full group accepts but a developer(s) within the group seeks a modification

4.2.2 Modification to shared assets

Typically full group consent will be sought prior to work commencing on processing the modification. Full group agreement is not considered to be in place until the revised offers have been accepted. In the event that any one member of the group does not accept the revised offer, then the original offer is progressed and the modified offers of all other parties are deemed to have lapsed.”

Responses Received

There were four responses received to these sections of the Consultation Paper. Where dedicated works are being modified, it was proposed by one respondent that, to avoid unnecessary delays, subgroup consent should only be required when the modification may have a material impact on the group connection. If significant impact and delay are anticipated as a result of a modification requested by a single group member, then a formal acceptance from all group members is required. The respondent noted that in such circumstances, the requesting group member should bear the full modification fee for each group member and the cost of stranded assets from the connection method, if any, and this should be set out clearly by the SOs in each of the modified connection agreements.

One respondent proposed that, where shared works are being modified, this scenario should be approached in the same way as set out in Section 4.1 of the Consultation Paper, i.e. where the majority of group members sign and there is no major impact on the non-signing group member, then the majority group can proceed with the modification and delivery of the shared works. It was noted that in both these scenarios, there is a real risk of an unready or dissenting developer(s) acting unreasonably to frustrate other group members, whether intentional or not.

Another respondent welcomes the proposals in 4.2.2 that, where shared works are being modified, the consent of the entire subgroup will be required before the SO will progress the modification. Where the modification has no impact on cost or critical path delivery of shared works for group members, the respondent suggests that consent is required from a critical mass of group members. This respondent also welcomes the proposal that where the original works remain technically acceptable, or shared works are likely to be delayed while the modification is being processed, then the consent of the entire subgroup will be required before the SO will progress the modification. The respondent requests that this be stated more clearly in the Ruleset and suggests the inclusion of the following wording:

“If the subgroup do not consent to the modification request, the modification request will be rejected”.

In their view, subgroup consent should only be requested where the modification has a material impact on the subgroup connection.

⁸ No additional charge assumes that the subgroup accepts the delays required to re-optimize.

The respondent welcomes the clarification on costs where the cost of issuing modified offers will be at the cost of the party requesting the modification. The respondent also requests that, where multiple connection offers within a subgroup are being modified, then the full modification fees for each project should not apply and clarification is requested to be provided on this point. They believe that it is fair and in line with the COPP paper that where a party progresses a modification in parallel with their original connection method offer they become liable for stranded costs as per their original connection offer and the full cost of their new connection.

System Operators' Response

The comments from respondents in relation to the requirement (or not) for consent from the group members for modifications to dedicated works are in line with the proposals in the Consultation Paper. However, under the current modification policy the requesting group member does not bear the full modification fee for each group member. The requesting group member would however bear the cost of any stranded assets from the connection method, if applicable.

Regarding the suggestion from a respondent that, where a modification to shared works has no impact on cost or critical path delivery of shared works for group members, consent is only required from a critical mass of group members, the SOs feel it is important to distinguish between critical mass for non-optimisation of works and where group members request modifications. Critical mass where works can proceed, i.e. no optimisation is required, is a function of the size of the individual group members which means there is a technical limit to which works physically have to progress as no optimisation is possible. Where no optimisation is possible, subgroup consent will not be required. Customer requested modifications are typically more subjective and project related rather than a function of their size and therefore, in general, the critical mass argument is not applicable for customer requested modifications. Consent of all group members shall in general therefore be required for modifications to shared works. The SOs propose including the following wording, in line with the wording suggested by a respondent, for greater clarity in the Ruleset in Appendix B of this Recommendation Paper as follows:

"Where subgroup consent is required, if the subgroup do not consent to the modification request, the modification request will be rejected."

However, in cases where changes to shared works are being requested which, in the opinion of the SOs, do not negatively impact on the costs, lead times or other aspects relating to the connection method of other parties, the SOs would not require consent. In these cases, the SOs would however generally notify the other group members of the change to the shared works and inform them that the SOs do not consider the changes to negatively impact on their connection therefore the SOs would not be seeking their consent. The group members would have the opportunity to demonstrate a case where they consider they are negatively impacted and if it is demonstrated then consent would be required accordingly. If no objection is raised by the other group members, the SOs would proceed with the modification request provided it is in accordance with other policies. If a group member does not accept the modified offer that reflects the changes to the shared works which were not impacting on that group member, then the SO shall issue a "Company Modification" to that group member to give effect to those changes.

The SOs also propose including the following wording to the Ruleset in Appendix B:

"In cases where changes to shared works are being requested which, in the opinion of the SOs, do not negatively impact on the costs, leadtimes or other aspects relating to the connection method of other parties, the SOs shall not require consent. In these cases, the SOs shall however generally notify the other group

members of the change to the shared works and inform them that the SOs do not consider the changes to negatively impact on their connection therefore the SOs shall not be seeking their consent. The group members have the opportunity to demonstrate a case where they consider they are negatively impacted and if it is demonstrated then consent shall be required accordingly. If no objection is raised by the other group members, the SOs shall proceed with the modification request provided it is in accordance with other policies. If a group member does not accept the modified offer that reflects the changes to the shared works, which are not impacting on that group member, then the SO shall issue a "Company Modification" to that group member to give effect to those changes."

One respondent sought clarity on modification fees where multiple connection offers are being modified. For clarification, detailed information is available in the Joint SO Fees & Process for Connection Offer Modification document available on the SOs' websites. This document may be revised in the future to address the respondent's issues. The SOs propose to add the following text to the Ruleset in Appendix B of this Recommendation Paper in relation to modification fees and guidelines

*"Please refer to the joint SO document "Modification Fees for Connection Offers", for clarification of the allocation of fees in the occurrence of connection modifications."*⁹

The SO's also propose including the following wording to the Ruleset in Appendix B

"Where a group member submits a modification request to their SO and subgroup consent is required but has not been provided, this modification request shall be deemed incomplete. If this consent has not been provided after three (3) months the modification request shall be considered rejected by the SO."

The SOs propose to retain the wording as outlined in the Consultation Paper for inclusion in the Ruleset in Appendix B of this Recommendation Paper with the additions noted above.

4.3 Consultation Paper 4.3 - ***One party in group disputes prior to offer acceptance***

Relevant Extract form the Consultation Paper

"4.3 One party in group disputes prior to offer acceptance

Where a party has raised a dispute under Section 34 (6) of the Electricity Regulation Act, 1999 with the CER prior to accepting their offer, no works will commence in relation to the dedicated assets of the disputing party (as offer has not been accepted).

If the dispute raised relates to shared works, then both shared and dedicated works for the entire subgroup will go on hold.

Where the dispute does not relate to shared works, the SO's will consider whether it is appropriate to progress shared works. The primary risk the SO's need to consider is the risk that the disputing party may not ultimately accept their offer resulting in an increased cost to End-User of progressing shared works with other parties. Another issue is whether the project of the disputing party should be included or excluded from design and planning. For example, where a bay in a station is dedicated to the disputing party should the station works progress on the basis of including or excluding the bay. In addition to costs, this decision may impact on outages for other group members at a later stage.

⁹ [Joint DSO TSO Fees & Process for Connection Offer Modification.pdf](#)

Appendix 2 sets out some 'Materiality Rules' which sets out the criteria to be used by the SOs in determining whether it is reasonable to proceed with shared works in the case where one party in a group disputes prior to offer acceptance. In all cases, the remaining group members will see a delay in progress as a high-level re-study is carried out (minimum of 1 month, but dependant on volume of work currently in progress). A more significant delay will be encountered should the assessment indicate that acceptance or otherwise of the disputing group member's offer is critical to determining the connection method for the group. In such a case no works can commence until the dispute has been determined and the disputing member accepts or rejects their offer¹⁰."

Responses Received

There were five responses received to this section of the Consultation Paper with the general view that the principles proposed in Section 4.3 seem reasonable in relation to the treatment of shared works. Respondents welcomed the introduction of the 'Materiality Rules' with the view to assessing the potential delays and whether it is reasonable to proceed with shared works when a group member raises a dispute. Respondents noted that when the SOs can assess the potential/actual delays caused by the dispute, a longstop date extension should be provided to the other group members in line with any delays imposed by the dispute. A respondent suggests that, to ensure clarity, the SOs should provide regular updates to the remaining group members about the resolution process with the disputing group member.

In terms of the dispute process, respondents state that a defined time limit for resolution of disputes would support efficient decision making for the subgroup as a whole and that by removing the uncertainty of an open-ended dispute process, group members would be better placed to evaluate their positions and make informed decisions. It was also stated that having a maximum timeline for deciding a dispute would provide comfort to the other group members regarding the progression of the shared works.

The consultation raises the concern that the primary risk to consider in this scenario is that the disputing group member may ultimately not accept their offer, with consequential increased cost to the End-User. It is suggested that this risk can be mitigated if the remaining group members have the option of progressing the shared works in the absence of the disputing group member and agree to cover any stranded asset costs for shared works. The respondent states that it would be wrong to allow one group member to hold an effective veto over the other group members, which is a risk with the consultation proposals.

System Operators' Response

The SOs note that the five respondents generally support the approach proposed in the Consultation Paper to the treatment of shared works. Some respondents requested that longstop dates be automatically extended by the period of the delay imposed by a dispute or modification request by another group member. To add clarity to the Ruleset in this regard, the SO's propose adding the following wording to the Ruleset:

"In general, project longstop dates for group members shall not be extended however if there is a delay that is outside of the control of a group member then their longstop dates may be extended in accordance with the 'Information Memorandum on Longstop Dates'".¹¹

¹⁰ As set out in section 2.2.1 above, however, the remaining group would have the option of continuing with the original build and taking the risk that the disputing party will ultimately not progress.

¹¹ [SO Joint Information Memorandum on Longstop Dates](#)

The CER is the decision making body in respect of disputes and any decision of the CER is binding on the SOs in accordance with Section 34(6) of the Electricity Regulation Act 1999 as amended periodically. Where a connection agreement is the subject of such a dispute, the terms of the connection agreement are effectively on hold until the CER issues a determination. Section 34 notes that disputes are confidential, both in terms of the names of the parties who are in dispute and the nature of the disputes. Where the disputing party is a member of a subgroup and the works are being put on hold as a result of the dispute, the SOs may notify the group members that the works are being put on hold. However, as the dispute is confidential, the SOs have no authority to advise the other group members that a dispute has been raised or any details pertaining to that dispute. The disputing group member may, should they wish to do so, give their consent for the other group members to be kept informed about the dispute. The SOs propose that, in the subgroup scenario, the CER consider giving the SOs authority to provide the group members with information about a dispute within their subgroup, e.g. confirmation that there is a dispute in their subgroup and details / updates about that dispute. The SOs propose including the following wording in the Ruleset:

“The CER is the decision making body in respect of disputes and any decision of the CER is binding on the SOs in accordance with Section 34(6) of the Electricity Regulation Act 1999 as amended periodically. Where a connection agreement is the subject of such a dispute, the terms of the connection agreement are effectively on hold until the CER issues a determination. Section 34 notes that disputes are confidential, both in terms of the names of the parties who are in dispute and the nature of the disputes. Where the disputing party is a member of a subgroup and the works are being put on hold as a result of the dispute, the SOs may notify the group members that the works are being put on hold. However, as the dispute is confidential, the SOs have no authority to advise the other group members that a dispute has been raised or any details pertaining to that dispute. The disputing group member may, should they wish to do so, give their consent for the other group members to be kept informed about the dispute. If directed to do so by the CER, the SOs shall provide group members with information about a dispute within their subgroup, e.g. confirmation that there is a dispute in the subgroup and details / updates about that dispute.

With regards to a time limit for resolution of disputes, as mentioned above the CER is the decision making body in respect of disputes. The SOs are of the view that it is in the interest of all parties that disputes are resolved in a timely manner and so they support the respondents' views.

As noted by a respondent, the consultation raises the concern that the primary risk to consider in this scenario is that the disputing group member may ultimately not accept their offer, with consequential increased cost to the End-User. It is suggested that this risk can be mitigated if the remaining group members have the option of progressing the shared works in the absence of the disputing group member and agree to cover any stranded asset costs for shared works. The respondent states that it would be wrong to allow one group member to hold an effective veto over the other group members, which is a risk with the consultation proposals. Following on from this, the SO's maintain their view that if any one member is in dispute in relation to the shared works, the SOs are not obliged to invoice or progress works associated with the shared works for that subgroup.

The SOs propose to retain the wording as outlined in the Consultation Paper and the above proposed additional wording relating to longstop date extensions and disputes for inclusion in the Ruleset in Appendix B of this Recommendation Paper.

4.4 Consultation Paper 4.4 - *One party in group accepts and then disputes*

Relevant extract from the Consultation Paper

“4.4 One party in group accepts and then disputes

Where a party accepts their offer, but then raises a dispute with the CER, the contracting SO will evaluate the nature of the dispute and it's potential impact on shared and dedicated works.

Following this evaluation, if appropriate the SO will seek confirmation from the disputing customer as to whether they wish to proceed with the current connection or put the works on hold.

As a general rule, where the dispute has the potential to impact on the connection method and/or the costs to be borne by the End-User, the SO's would have the view that works should be put on hold.

If the party indicates that they do want to proceed with current connection and the SO's consider that this is appropriate:

- a) Works on the shared assets will continue insofar as payments received to date cover these works;*
- b) Work on the dedicated assets for disputing party will be lower priority and will only progress insofar as payments received to date cover these works;*
- c) The delay in progressing shared works will be minimal (time to get the customer confirmation indicated above);*
- d) The End-User takes the risk that costs may be incurred which might have been avoided should the disputing developer ultimately not proceed. The developers take the risk that there may, at a later stage, be delays to project progression. All developers also take the risk that there may be a need for outages post energisation due to staggered progression of the projects.*

If the party indicates that they do not want to proceed with the current connection until the dispute is resolved:

- e) The impact on group works will be assessed in a similar manner as set out in Section 4.3.”*

Responses Received

Many of the comments from respondents to Section 4.3 above, were also related to Section 4.4, and are set out below:

- the principles proposed seem reasonable in relation to the treatment of shared works;
- the introduction of the 'Materiality Rules' were welcomed with the view of assessing the potential delays and whether it is reasonable to proceed with shared works when a group member raises a dispute;
- when the SOs can assess the potential/actual delays caused by the dispute, the longstop dates for the other group members should be automatically extended by any delays imposed by disputes or modification requests by another group member;
- suggestion that the SOs should provide regular updates to the remaining group members about the resolution process with the disputing party to ensure clarity;
- the potential consequential increased cost to the End-User if a disputing party ultimately doesn't accept their offer could be mitigated if the remaining group members have the option to agree to cover any stranded asset costs for shared assets if they wish to proceed with construction;
- the opportunity for the remaining group members to have the option of progressing the works in the absence of the disputing party was welcomed; and
- that there should be a maximum timeline for deciding a dispute thus providing comfort to other developers in the group regarding the progression of the shared assets.

System Operators' Response

The issues raised above are addressed in detail in Section 4.3 above. The SOs propose to retain the wording in this Section as outlined in the Consultation Paper for inclusion in the Ruleset in Appendix B of the Recommendation Paper with the additional wording below in relation to longstop date extensions and disputes:

"In general, project longstop dates for group members shall not be extended however if there is a delay that is outside of the control of a group member then their longstop dates may be extended in accordance with the "Information Memorandum on Longstop Dates".¹²

"The CER is the decision making body in respect of disputes and any decision of the CER is binding on the SOs in accordance with Section 34(6) of the Electricity Regulation Act 1999 as amended periodically. Where a connection agreement is the subject of such a dispute, the terms of the connection agreement are effectively on hold until the CER issues a determination. Section 34 notes that disputes are confidential, both in terms of the names of the parties who are in dispute and the nature of the disputes. Where the disputing party is a member of a subgroup and the works are being put on hold as a result of the dispute, the SOs may notify the group members that the works are being put on hold. However, as the dispute is confidential, the SOs have no authority to advise the other group members that a dispute has been raised or any details pertaining to that dispute. The disputing group member may, should they wish to do so, give their consent for the other group members to be kept informed about the dispute. If directed to do so by the CER, the SOs shall provide group members with information about a dispute within their subgroup, e.g. confirmation that there is a dispute in the subgroup and details / updates about that dispute.

4.5 Consultation Paper 4.5 - Group have accepted offers but are not ready to go to 2nd stage payment at the same time

Relevant Extract from the Consultation Paper

"4.5 Group have accepted offers but are not ready to go to 2nd stage payment at the same time

This section deals with the the scenario whereby not all members of a subgroup are ready to make the pre-construction payment/second stage payment at the same time. This scenario (progression at different rates) has the potential to cause significant delays to the progress of group works. The issue of parties wishing to progress at different rates has already arisen in Gate 2, and is likely to arise also in Gate 3. In an effort to provide clarity on how the SOs will proceed when this scenario occurs, this section outlines two suggested approaches which can be taken. The Materiality Rules proposed in Appendix A should be referred to when reading this section.

The timing of the pre-construction payment is slightly different for Distribution and Transmission connecting customers. For Transmission customers this "Pre-Construction Payment" means the payment is due on Consents Issue Date (CID). CID is a date agreed by parties and is normally the date when both the TSO and the Customer have achieved consents for their respective developments i.e. planning permission for the customer's facility is included in the definition of CID (however parties can agree to call CID in advance of these consents being achieved if they so wish). For Distribution connecting customers the payment is only linked to the achievement of Consents for the distribution network elements and not the customer's facility.¹³

¹² [SO Joint Information Memorandum on Longstop Dates](#)

¹³ The specifics relating to timing of payments are as set out in the Distribution and Transmission Connection agreements

The issue of groups progressing at different stages was somewhat dealt with, in the context of parties accepting their offers on the basis of awaiting firm access to the Transmission System, in appendix 3 of the Gate 3 Direction CER/08/260.¹⁴ This Direction set out that where parties accepted their offers on a Firm Basis and were progressing at staggered rates due to staggered Firm Access Dates, the End-User would take the risk in relation to the distribution shared works. No equivalent provision was made in the policy in relation to shared transmission works. Where parties have accepted their offer on a firm basis and there are no transmission shared works associated with their connection, the principle set out in appendix 3 of CER/08/260 will apply.¹⁵ Where there are transmission shared works, however, the principles set out in this paper will apply – regardless of whether an offer was accepted on a firm basis or otherwise.

Please note, that in accordance with Section 11.2 of the Connection Offer Policy and Process Paper¹⁶, customers can only change from a non-firm offer to a firm offer prior to Offer Issuance or Offer Acceptance and hence for the majority of Gate 1, 2 and 3 customers it is no longer possible to make this change.

Where a group is in agreement

If all members of the group are not ready to proceed to Second Stage Payment (SSP), the SOs will in the first instance, taking account of work programmes and contractual long stop dates amongst other issues, seek consent from all subgroup members on a revised timeline to move to the construction phase of the project/group works. If group agreement is reached then the SOs will work towards revised subgroup dates. See also section on ‘Timing of what is referred to in this paper as the Second Stage Payment (SSP)’

Responses Received

There were four responses received to this section of the Consultation Paper and they were generally in support of the principles proposed by the SOs and felt that the proposal to work towards revised subgroup dates seems reasonable where a subgroup is in agreement. One respondent noted that this would be the best outcome for all where there can be agreement amongst the subgroup however it is recognised that this may not always be the case.

System Operator Response

The SOs propose to retain the wording in this Section as outlined in the Consultation Paper for inclusion in the Ruleset in Appendix B of the Recommendation Paper with the additional wording below in relation to Consents Issue Date (CID) definition:

“the date on which both the Company and the Customer have obtained the Consents relating to the Connection Works and the Facility and which they are obliged to use prudent and commercial endeavours to obtain.”

¹⁴ <http://www.cer.ie/docs/000903/cer08260.pdf>

¹⁵ As no Transmission customers who are part of a subgroup have accepted on a firm basis, this issue is not relevant for Transmission customers

¹⁶ <http://www.esb.ie/esbnetworks/en/commercial-downloads/Connection-Offer-Policy-and-Process-Paper.pdf>

Where a group is not agreed

“4.5 Group have accepted offers but are not ready to go to 2nd stage payment at the same time

Where a group is not agreed

As with a standalone developer, where a group member is not ready to move to second stage payment, typically no construction works will commence and no materials will be ordered in relation to the dedicated works for that party. The developer's project will be treated as “on hold” and the provisions of Section 4.1 will apply. Any subsequent impact on the lead times and costs associated with delivering these dedicated works at a later stage and possibly in a sub-optimum programme will be to the risk of the developer. The lead time impact will depend, amongst other things, on the point in the project where the developer makes the SSP and could be substantial.

In addition to putting dedicated works on-hold, the SOs will look at the impact on shared works of that one party not ultimately proceeding. In general the principle of ‘materiality’ will be applied by the SO when making this decision as outlined in the options below.”

Responses Received

There were four responses received to this section of the Consultation Paper and they were generally in support of the principles proposed by the SOs. One respondent noted that the principles proposed by the SOs in relation to dedicated works seem reasonable.

System Operator Response

The SOs propose to retain the wording as outlined in the consultation paper and include it in the Ruleset in Appendix B of this Recommendation Paper.

Where the impact on shared works is minimal

Relevant extract from the Consultation Paper

“4.5 Group have accepted offers but are not ready to go to 2nd stage payment at the same time

Where the impact on shared works is minimal

From a materiality perspective where the impact is minimal, the shared works will proceed and allow that the later party will progress at a later stage. The End-User will bear the shared asset cost of the later developer in the interim. In some scenarios, it may be that the End-User risk can be mitigated by developing shared works in stages. This will have possible impacts as follows:

- The parties progressing are likely to experience an outage at a later stage when the later party makes a payment.
- The later party is likely to incur additional costs resulting from the staged development

For the avoidance of doubt, and to avoid excessive costs to the End-User, in such a scenario the early parties (whose facilities have been connected in advance of completion of all shared works) will be deemed to be temporary and therefore will be non-firm in the market until such time as either:

- a) The shared works are complete;
- b) The contract for the other party has been terminated.

In addition, it should be noted that where a party within the group is not ready to proceed to second stage payment and the remaining group members can be accommodated by a slightly lessor build, then the remaining group members will be considered to be entitled to this 'temporary' capacity without adopting the eligibility process set out in Section 4 of COPP¹⁷. An example might be where the full group drive a transformer or line uprate, but the MW of the progressing group members can be accommodated without this work.

In the event that the slower party ultimately does not progress, then the connections will be deemed to be permanent once the remaining agreement has been terminated, for example in the event planning permission has not been achieved and/or facility has not been energised by respective longstop dates."

Responses Received

There were three responses received to this section of the Consultation Paper. One respondent noted that the principles proposed in relation to shared works where the impact is minimal seem reasonable but requested further information in relation to what constitutes material impact. The respondent notes that a number of examples have been provided, however additional examples would also be useful for group members to know at an advanced stage the assessment criteria for determining material impact thereby allowing them determine ahead of time what the likelihood is of a particular project delaying their connection.

These respondents note that delays in the delivery of shallow works for a slower group member should not have an impact on the firmness of the remaining projects in the subgroup. One respondent noted that it would be unreasonable to penalise a project that is progressing, by enforcing a commercial disadvantage in the market. Such a rule would effectively create a ransom strip around the project. Another respondent noted that this proposal is unfair and that if a generator is connected to its assigned transmission node then firm access cannot be dependent on the completion of shallow works for or by another generator. The respondent further noted that the fact that a slower group member may or may not connect does not impact on the level of firm capacity available.

It was suggested that any additional works which could be carried out to ensure that completion of shared shallow works have minimal impact on outages imposed on connected parties should be investigated by the SOs. The respondent notes that only in an instance such as that provided by example in the Consultation Paper of a line uprating being avoided temporarily could this proposal be deemed acceptable. In no circumstances should a party who has no control over another group member be penalised as a result of the inaction of the other group members. This respondent strongly believes that, once the required connection assets for a given project have been built, that project should have its permanent connection and be considered firm in the market, and that the connected party should not be penalised by the late connection of another party.

System Operator Response

Respondents have requested further information in relation to what constitutes material impact and additional examples. The SOs have provided a number of examples of what is potentially and presently envisaged by the SOs. Scenarios that arise outside of these examples will be dealt with on a case by case basis with the core principles as outlined in the materiality rules being applied.

¹⁷ See in particular section 4.5 in Connection Offer Process and Policy

With regards to temporary connection and firm access, the SOs wish to point out that, for any generation project to achieve firm access to the Transmission System, the following must be complete:

- the Site Related Connection Equipment, or shallow works (including shared works), for the permanent connection;
- the Short Circuit Driven Deep Reinforcement Works (or Short Circuit Reinforcements); and
- the Load Flow Deep Reinforcement Works (or Associated Transmission Reinforcements).

These works are set out in each group members' connection agreement. The SOs note that where a group member is being facilitated to connect ahead of the completion of the shared works for the subgroup, which form part of their permanent shallow works, then it is correct that such a connection be classified as temporary as the shared works element of their permanent shallow works are not complete. The group member will continue to have temporary status until either the remaining shared works for the subgroup are completed (as set out in each group members' connection agreement) or the slower group member(s) leave the subgroup, their connection agreements are terminated and the connection agreements of the remaining group members are modified to reflect the removal of the remaining shared works (assuming they are no longer required following termination of the connection agreement of the group member that is leaving the subgroup). The alternative is to wait for all group members to progress the shared works together so group member(s) wishing to proceed early are being facilitated to do so but this can only be on a temporary basis. The Ruleset has been revised to clarify the above.

Respondents have requested clarity on the impact of outages on connected group members. The SOs note that there is likely to be an impact on connected group members. If this impact is material the SOs may investigate solutions to minimise the impact of outages on connected parties. The SOs propose to retain the wording as outlined in the Consultation Paper for inclusion in the Ruleset in Appendix B of the Recommendation Paper with the additional wording below in relation to the impact of outages on connected group members:

"Where shared works proceed and allow a group member to progress at a later stage, the outages may impact on connected group members. Where this impact is material, the SOs may investigate solutions to minimise the impact of such outages on connected group members. However, these solutions will not result in additional costs to the End-User to accommodate such connections and minimise outages. For example, where the SOs are of the view that the impact of a future outage to connect a later group member could be significantly reduced by completing a portion of their dedicated works when completing the shared works, then the group member will also be charged for these works with their portion of the shared works."

Where impact on shared works is medium / significant there are two options;

Option 1: Invoice and terminate

Option 2: Invoice and Wait

Relevant Extract from the Consultation Paper

“4.5 Group have accepted offers but are not ready to go to 2nd stage payment at the same time

Where impact on shared works is medium / significant there are two options

As with the section dealing with ‘impact on shared works is minimal’ and for the avoidance of doubt, and to avoid excessive costs to the End-User, in a scenario where parties progress at staggered rates, the early parties (whose facilities have been connected in advance of completion of all shared works) will be deemed to be temporary and therefore will be non-firm in the market until such time as either:

- The shared works are complete;
- The contract for the other party has been terminated.

Option 1 Invoice and terminate

- Once at least 1 member of the subgroup is ready to make the SSP and the SOs are ready to proceed to the post-construction phase, all parties in the subgroup will be invoiced for SSP. It should be noted that contrary to the current definition of CID in the TSO Connection Agreements it is being proposed that for those members of the subgroup contracted with the TSO their own Consents would not be required to be in place for CID to be called.
- All parties will be given a **maximum** of 6 months to pay from the date of receipt of the invoice. Where at least one group member makes their payment, any members who do not pay within 6 months will have their connection agreements terminated. If a connection agreement is terminated the SO’s will then consider whether the connection method should be re-optimised.¹⁸ Please note parties who are not ready to make their full SSP, will be allowed to elect to pay just for the second stage payment portion of the shared works and to put their dedicated works on hold – if they choose this option they will remain contracted until their longstop dates are reached (or their connections agreements are terminated for other contractual reasons). However they will be invoiced for and required to contribute towards shared assets at other stage payment milestones also.
- Where one member (or a group of members) is ready and eager to progress; he can choose to pay the costs for the shared works of the remaining parties in the subgroup to avoid a re-optimisation risk and any further delays to progress of the project. He will be entitled to refunds of these monies only if/when the other parties later pay. Where the second stage payment portion of the shared works are paid for in full, contracts for the other parties would not be terminated for failure to pay the SSP invoice however their dedicated works would not be progressed and eventually their contracts would be terminated for breach of longstop dates (or other contractual reasons). Please note however, where a party/parties opt to cover the cost of another’s shared works, they will also be liable for this cost at all subsequent payments until such time as the non-paying party is ready to proceed or drops out. In the event that the other parties contract is ultimately terminated any refunds attributable from/to the End-User will be calculated in line with Section

¹⁸ Please note that – in addition to the delays resulting from a restudy - in the event that the connection method changes at this stage, there may also be significant delays associated with revising designs; resubmitting planning permission; rescoping the works required. Even should these issues not arise, the SO’s would expect a minimum delay of 6 months.

Option 2 Invoice and Wait

- As above, once the first party is ready to make SSP all parties are invoiced (under the same assumptions regarding CID as described in Option 1 above)
- Works on shared assets only progress when
 - all members of the subgroup have paid their invoice (or at a minimum the shared asset costs elements of their invoice) or
 - as above a subset of the group has opted to cover the full shared cost of the works (i.e. covering the cost of non-paying parties)
 - the contracts of non-paying parties have been terminated due to breach of longstop dates (or any other relevant contractual provision).
- **Note 1** in some limited instances, sufficient parties (a critical mass) may have made SSP payments to progress the shared works. This would generally only apply where the non-paying parties represent a small contribution to shared works and termination of those parties contracts would not change the shared works to be undertaken (on the basis that the principle of UoS picking up this costs already exists in the event of a termination). In this instance the contract of the non-paying party would be terminated at the appropriate long stop date.
- **Note 2** in some limited instances, sufficient parties may have made SSP payments to progress a sub-set of the elements of the shared works required to connect those parties. The SO will give consideration to progressing a sub-set of the shared works if the overall End-User cost of progressing these works in stages is minimal and the impact associated with splitting the works on program and other projects are not material.
- **Note 3** – In Option 2 the SO's do not intend to exercise their option to terminate the connection agreement for failure to pay the SSP invoice. The connection agreement will be terminated due to breach of longstop dates (or any other relevant contractual provision)."

Responses Received

There were five responses received to this section of the Consultation Paper and all expressed the view that Option 1 Invoice and Terminate was the most suitable option. They stated that this option provides the better framework within which to deliver subgroup connections, is best suited for Gate 3 projects and allows the progression of projects within subgroups where developers are ready to progress. It was noted by one respondent that best effort must be made to avoid connection agreement termination of projects not ready to pay their SSP. Another respondent noted that whilst they generally agree with Option 1, they do not believe that this approach would always be appropriate, e.g. where there is a considerable time lag between the SSP and financial close for the project and/or where there is a high level of risk and potential time delay on the delivery of the shallow works.

With regards to the proposed extension of the payment term for paying stage payments, the respondents propose retention of the existing payment term of thirty (30) days from receipt of the invoice, as opposed to the SOs suggestion of extending this to a six (6) month period to pay the SSP. They state that this will prolong the development period unnecessarily and that the one month payment period from the receipt of the invoice will be adequate for projects ready to proceed. Another respondent stated that allowing six (6) months for payment is too long and they support the thirty (30) days proposal as being the limit for payment on the basis that the overall connection process provides sufficient signalling of the impending issue of invoices for all stage payments. This respondent also noted that if a group member decides not to make their full payment, there is a risk that valuable connection capacity will be hoarded, supporting a black market in grid access. The respondent also noted that there is a good argument for a presumption of connection agreement termination,

unless there is good cause not to do so and that termination should take place irrespective of whether other parties have taken on their portion of shared costs to avoid re-optimisation. Another respondent noted that the introduction of an additional six (6) month delay seems counterproductive and would seem to disadvantage developers who are ready to progress and this should be avoided. The connection offer for each project states that this invoice must be paid within thirty (30) days and the timing of this SSP invoice can be flagged some time in advance to allow developers arrange this payment.

The respondents welcome the proposal to facilitate struggling developers to pay the SSP for their shared works only and effectively place their dedicated assets on hold. One respondent stated that whilst this should be facilitated by the SOs, it should be agreed in advance of the invoice date and that either the full or agreed shared cost payment should still be paid within the payment term of (30) days from receipt of the invoice. The respondent noted that where there are both transmission and distribution works in a subgroup development, consideration should be given to allowing the cost of the shared transmission assets to be paid initially as these will often be required at an earlier stage. They noted that the proposal for CID for Transmission projects to be based on the SOs' planning permission being in place would also facilitate this but noted that this should only be the case for subgroup connections and that there should be no change to the contract terms for standalone connections.

One respondent noted their strong support for the proposal that where a group member or members are ready and eager to progress, that group member can choose to pay the costs for the shared works of the remaining parties in the subgroup to avoid a re-optimisation risk and any further delays to progress of the project. Many respondents also noted that the option for parties who wish to progress paying the shared costs only would be unnecessary where the thirty (30) days payment terms are enforced thus removing the risk for developers and End-Users.

Option 2 Invoice and Wait was generally rejected by respondents on the basis that it penalises developers who are ready to construct their projects and is therefore discriminatory. Particular defects with this proposal were noted by respondents as being that shared works are not progressed until all parties either pay or have their connection offers terminated and there is no longstop date for non-payment of SSP. One respondents states that without a payment time limit, construction of the shared works is dependent on termination of the non-paying party's offer, which may be several years in the future so, for an indefinable period therefore, other group members would be subject to costly uncertainty, potentially undermining the viability of their projects. Under Option 2, the respondent believes that the non-paying party would therefore be handed a cost-free opportunity to ransom committed developers and this is unacceptable.

Another respondent states that Option 2 Invoice and Wait disadvantages projects that are ready to construct and should only be available by agreement of all group members or in the circumstances as outlined in the Consultation Paper where a critical mass of group members have made their SSP to progress either the entire shared works or a subset of the shared works. SOs would have to agree that the shared works continue with the End-User picking up the costs of the group members on hold.

Respondents note that Option 2 Invoice and Wait would need to be by agreement of all node members and be done in advance of the SSP issuing in order to avoid unnecessary delays. The respondent also states that the ability of the SO not to exercise their option to terminate connection agreements needs to be respected however this must not result in "unduly delaying the connection of the remaining members of the subgroup" as stated in the approved COPP decision paper."

One respondent suggests that to ensure that the financial approval process for generation projects stays on course that the SOs accept in writing that:

- All work, including all design work, other than actual construction will be completed by the SOs before SSP; and
- On payment of SSP by critical mass of subgroup that construction work will start on shared assets.

This respondent notes that in many cases the amount of money remaining to be invested by the End-User to SSP stage is small compared to that already committed. The benefit to the End-User of delaying enabling design and other work will in fact endanger the investment already made by the End-User. The respondent notes that monetary benefit to the End-User of delaying any enabling works by a few months is negligible but the overall risk can be great. The respondent advises that the two-point suggestion above will remove some significant uncertainties that are currently difficult to explain to providers of project finance. It will remove an investment uncertainty at little cost but great benefit to the End-User. This respondent also suggests that this commitment should be provided to investors and financiers on a case-specific basis, in writing, as required.

An alternative is proposed by one respondent, i.e. that projects that go on hold be allowed to progress as a stand-alone development at a later stage, whilst other group members can get a re-optimised connection with minimal project delay.

Another respondent notes that prompt re-optimisation of the network, as well as identification of projects struggling with the second stage payment, has a potential to provide grid access to 'shovel-ready projects'/ready to progress projects beyond the Gate 3 queue. The respondent advises that the SOs, as well as Regulatory Authorities and policy makers, should remain cognisant of the risk of failure to deliver renewable energy target by 2020, and, if possible, facilitate a process for ready-to-progress projects to fill any identifiable shortfall in this target. Another respondent proposes that at this stage the remaining group members should be able to apply for any 'extra' capacity created at a node by a non-paying party. The non-paying party should not be allowed a "free ride" on other developers' acceptance of financing costs associated with the shared asset investment.

System Operator Response

The SOs welcome respondents' general agreement that Option 1, Invoice and Terminate is appropriate. The SOs however note that inconsistencies have been noted from respondents where there is also a wish to avoid connection agreement termination with projects not ready to pay SSP in some cases. The SOs note this conflict and the stated preference between Option 1 & 2, i.e. Option 1 Invoice and Terminate. Following detailed consideration of both options, the SOs are now recommending the approach set out in Option 1 Invoice and Terminate and the removal of Option 2 Invoice and Wait and this is reflected in the Ruleset in Appendix B of this Recommendation Paper.

The SOs believe Option 1 Invoice and Terminate allows for more timely progress of projects, however, the SOs would like to emphasise that this approach is not without potential delays. When terminating a connection agreement, the relevant SO has a termination process to follow which takes time to complete. In addition, a re-optimisation assessment and potential modifications may be required to give effect to the revised subgroup.

The SOs propose that disputes lodged on the basis of SO termination of a connection agreement due to the non-payment of a stage payment should not be accepted by the CER as grounds for dispute as this is a contractual matter. Therefore, it is proposed to add the following text to the Ruleset:

“The CER is minded not to accept disputes lodged on the basis of SO termination of a connection agreement due to the non-payment of a stage payment. This is a contractual matter between the parties that have entered into the relevant connection agreement, i.e. the SO and the customer, and not a policy issue and therefore should be dealt with by the contracted parties under the provisions of their connection agreement.”

The remainder of this section responds to comments from respondents and further develops Option1 Invoice and Terminate.

Under Option 1 Invoice and Terminate, the SOs propose that in order to facilitate progression of a subgroup where Consents are achieved and at least one group member is ready to proceed, group members that are not ready to progress may make a request to their SO to pay only the **shared** works portion of their SSP and subsequent payments and put their dedicated works on hold. The SOs are proposing that this arrangement be facilitated. To clarify the issues involved in placing works on hold, the SOs propose the following additional to the Ruleset:

“Where a request to put a project on hold has been granted, SO resources will be diverted from the associated works and it will lose its place in the overall transmission/distribution work program. As a result when at a later stage a request is made to take the project off hold there may be additional associated delays.”

Under Option 1 Invoice and Terminate, the SOs proposed that where at least one group member is ready and eager to progress, that group member can pay the costs for the shared works of other group members in order to facilitate progression of the subgroup. The SOs are proposing that this arrangement be allowed however for the avoidance of doubt, the commercial / contractual arrangements would be a matter between the group members involved and the SOs do not propose to be involved in these arrangements as stated above.

One respondent requested that the SOs accept in writing that all work, including all design work, other than actual construction will be completed by the SOs before SSP and that upon payment of the SSP by critical mass of group members construction work will start on shared assets. The SOs will complete the works that are covered under the first stage payment in accordance with the connection agreement. In relation to the commencement of construction, the SOs intend to maintain their approach that SSP for the shared works for all group members must be received by the SO.

The SOs note the respondents' comments in relation to hoarding capacity and are of the view that the proposal of “Invoice and Terminate” and the management of longstop dates should assist in eliminating this issue.

One respondent noted that there is a good argument for a presumption of connection agreement termination, unless there is good cause not to do so and that termination should take place irrespective of whether other parties have taken on their portion of shared costs to avoid re-optimisation. The SOs consider that the approach as set out in the Ruleset clarifies the presumption of connection agreement termination.

The SOs have considered the respondents' views where the option for parties who wish to progress paying shared costs only would be unnecessary where the thirty (30) Business Days payment terms are enforced thus removing the risk for developers and End-Users. The option to pay for shared works only was proposed by the SOs in the consultation to facilitate progression and has been generally supported by respondents. The SOs therefore are proposing to offer this option to group members.

Another respondent noted that where there are both transmission and distribution works in a subgroup, consideration should be given to allowing the cost of the shared transmission assets to be paid initially as these will often be required at an earlier stage. The practical implications of splitting transmission and distribution works are complex, time consuming and potentially costly. The SOs therefore do not support this approach.

With regards to the payment term for SSP and subsequent payments, the SOs share the view of respondents that the existing thirty (30) Business Day payment term is reasonable and that six (6) months is too long and would potentially lead to significant delays in subgroup progression. The SOs have further clarified the consequences of payment or non-payment of SSP within the Ruleset.

Some respondents requested notification from their SO when their invoice for the SSP is due to issue. In response to these concerns, the SOs have proposed the following additional wording to the Ruleset:

5. *"The SOs shall endeavour to give notice to group members in advance of issuing their invoice for the SSP ("SSP Notification Letter"). It is the intention of the SOs to issue the SSP Notification Letter when they have submitted their planning application (if relevant) for the Connection Works. In any event, including where planning permission is not required or the group members were not notified once planning had been submitted, the SO will notify (SSP Notification Letter) its group members a minimum of thirty (30) Business Days prior to issuing the SSP invoice. For the avoidance of doubt, only one SSP Notification Letter is required which must be issued a minimum of thirty (30) Business Days in advance of the SSP request e.g. if SSP Notification Letter is provided at the submission of planning then another SSP Notification Letter will not be required.*

SSP Notification Letter will contain the following:

- a) *that the planning application for the relevant Connection Works has been submitted (where planning is required);*
- b) *that the DSO intend to issue the SSP invoice by the later of (i) thirty (30) Business Days of issue of the notification letter (ii) receipt of planning or (iii) upon receipt of intention to proceed with SSP by any one group member;*
- c) *that the TSO intend to issue the SSP invoice on (i) CID and (ii) upon receipt of intention to proceed with SSP by any one group member;*
- d) *request that the group member advises of their intention to proceed to SSP at this time, however, once the SOs receive the intention to proceed to SSP from any one group member, then the SO intends to progress to SSP for the full subgroup.*
- e) *provide the option to pay for shared works only – the group member must notify the SO within twenty (20)Business Days of issue of the SSP Notification Letter if they wish to receive a SSP invoice for the shared works only at this time. For dedicated works please refer to the points set out above.*
- f) *if the group member is currently on-hold, that the group member shall be removed from on-hold status and, if second stage has been reached and at least one group member wishes to proceed to SSP at this time, the group member shall be invoiced for SSP in line with the remaining subgroup. The group member has the option to request to put their dedicated works on hold (and pay for shared works only) if they so wish as set out in the points above.*
- g) *In the case of DSO customers, advise that in the event where planning for shared works only has been received by the DSO, that the DSO may invoice for the SSP accordingly. In the case of TSO customers, advise that in the event where CID is achieved that the TSO shall invoice for the SSP accordingly. For the avoidance of doubt, SSP becomes payable for Transmission customers on CID*

which is currently defined as “the date on which both the Customer and the Company have obtained the Consents relating to the Connection Works and the Facility and which they are obliged to use prudent and commercial endeavours to obtain.” The definition of CID for Transmission customers is being reviewed by the CER as part of the Transmission Connection Agreement Review (CAR2).

The SOs have suggested an option where one group member can pay for the shared works element of another group member. The SOs propose to leave it to the group members to make their own arrangements in this regard. The SOs will proceed to invoice the group member with whom it is contracted. Any payments will have to be made in the name of the group member with which the SO has contracted and the payment shall be posted against the payment schedule in their connection agreement.”

Once the SSP invoices are issued to the group members, the SO will allow the group member(s) thirty (30) Business Days to pay their invoice. If payment is not received within this payment period from a group member, the SO may commence to terminate the group members’ connection agreement. The SOs will notify the other group members advising them of this situation and that there is likely to be an associated delay.

Regarding the alternative proposed by one respondent, that projects that go on hold be allowed to progress as a stand-alone development at a later stage whilst other group members can get a re-optimised connection with minimal project delay, the SOs are not in favour of such a proposal as it undermines the principles of group processing.

In their responses, a number of respondents suggested that other group member(s) or a ‘shovel ready’ developer outside of the subgroup should be able to take up the “extra” capacity created at a node where a group member is terminated for non-payment of connection charges. The SOs have no authority to increase the capacity of existing projects through the re-allocation of capacity from projects that have been terminated for non-payment of stage payments. This is a future access issue which is outside the scope of this consultation and a matter for the CER.

The SOs propose to retain the wording in the Consultation Paper and to update that wording to reflect the positions above for inclusion in the Ruleset in Appendix B of this Recommendation Paper.

Timing of what is referred to in the paper as SSP

Relevant extract from the Consultation Paper

“Point to Note: Timing of what is referred to in this paper as the Second Stage Payment (SSP)”

- Under ESBN contracts the SSP is a Pre-Construction Payment (55% of connection charge) and is invoiced on receipt of planning permission for Company's (ESBN) Connection works.
- Under EirGrid contracts SSP is generally invoiced in two stages - 15% on submission of planning permission application for transmission works and 45% on Consents Issue Date (CID). CID is defined as the date when the Company (EirGrid) and the Customer have received consents for their works i.e. it is tied into the Consents of the Customer's works and Facility as well as the transmission works. For the proposals above to work it would be better if
 1. CID for EirGrid Connection Agreements was based only on the Company's works
 2. In particular for subgroups it would be better to invoice for SSP for all contracts (TSO and DSO) based on the status of consents for shared works only
 3. in order to minimise the delays caused by failure to make SSP and to identify parties unwilling or unable to pay SSP, it may be better to invoice all parties the full SSP on planning lodgement for those shared works rather than on receipt of planning

The SO's would welcome views the above proposed modifications to the second stage payment/CID payment schedule.”

Responses Received

There were five responses received to this section of the Consultation Paper. With regards to the definition of CID for Transmission connection agreements, the respondents noted that for grouped projects, the definition of CID should be based on Consents for the Company's Connection Works only. Respondents are generally of the view that for standalone projects, the definition should cover both the Consents for the Connection Works and the Facility. One respondent added that consent for the customer's facility should not be considered and that if the customer has not secured planning permission at this stage of the process (unless he has applied and been refused and is re-applying) it should not be a consideration when the SSP is requested.

In the Consultation Paper, the SOs sought comments on a proposal that for grouped projects, that SSP for all connection agreements (TSO & DSO) be based on the status of consents for shared works only. The five respondents that responded state that their view is that for grouped projects the SSP should be based on the shared works only and that delivery of shared works is key to project delivery.

With regards to the proposal that all parties be invoiced the full SSP on lodgement of planning for the shared works rather than on receipt of planning. All five respondents are of the view that the payment arrangement should **not** be changed and should remain that the SSP be invoiced on receipt of planning permission and that the planning permission receipt date aligns all interests of developers and the SOs. The general consensus is that it would be unreasonable and unnecessary to expect developers to pay the full SSP on planning permission lodgement. Several reasons were put forward for this including:

- SSP may involve significant sums, particularly for Transmission projects; which are not required at this stage in the process;
- procurement of materials only begins after planning permission for the shared works is granted and so the proposed arrangement would force developers to commit funds well in advance of the time when those

funds are actually required by the SOs and this would potentially change adversely the economics of projects;

- the planning process extends for an indeterminate period of time and submission of a planning application does not necessarily mean that planning permission will be received. Planning permission should not be the only “consent” and that wayleaving should be in place also for any overhead line works and cable connections;
- there can be a significant difference between the planning risk for a typical Gate 3 shared works and the planning risk for a major reinforcement such as a 400kV project which demonstrates that ‘one size fits all’ approach cannot work for all Gate 3 projects; and
- receipt of planning can be one of the conditions required to facilitate financial close for projects. The initial payment will be enough to cover these costs;

One of the respondents suggested that the process for notifying developers about the SSP should be to submit the planning application and concurrently notify all parties that this has been done (along with estimated timelines for receipt of planning and issuing of the SSP invoice) and draw group members’ attention to the fact that their invoices will be issued as soon as permission has been received. This approach would provide parties with due warning to put their financial arrangements in place, without imposing unnecessary strain on their working capital.

It was also suggested that a process should be available where grouped projects can agree with their SO(s) a solution for the subgroup in advance of the SSP or subsequent payment being due.

System Operators’ Response

With regards to the definition for CID for Transmission customers, this is defined as

“the date on which both the Company and the Customer have obtained the Consents relating to the Connection Works and the Facility and which they are obliged to use prudent and commercial endeavours to obtain.”

In response to the consultation, several respondents note that, for shared connection works where a customer is in a subgroup, it would be acceptable that “CID for EirGrid connection agreements be based on Company’s works only” on the basis that shared assets can proceed for all, however there should be no change for standalone connections as this is a change to the contracted terms. It has been agreed with the CER since the consultation that it is more appropriate to consider changes to the definition of CID for all Transmission customers as part of the Transmission Connection Agreement Review 2 (CAR2) rather than as part of this consultation.

All responding respondents have supported the proposal that for subgroups, SSP should be linked to the status of consents for the shared works only. The SOs propose to adopt this approach in the Ruleset, whereby the DSO proposes to offer this option for DSO connections and the Ruleset has been updated with the following text:

“In the case of DSO customers, advise that in the event where planning for shared works only has been received, that the DSO may invoice SSP accordingly”

With regard to the proposal that the SSP for subgroups should be requested at submission of planning permission for the plant with the longest construction lead time as opposed to on attainment of planning permission, the SOs accept the view that the SSP should be requested on the attainment of planning permission unless the subgroup agree to bring forward the SSP in order to facilitate the early order of materials.

The respondent's suggested process for notifying group members about the SSP has been addressed in the SOs proposed "SSP Notification Letter" as outlined in "Invoice and Terminate" in the Ruleset. The respondent's requested process of where grouped projects can agree with the SO a solution for the group in advance of the SSP or subsequent payment being due has also been addressed in the SOs proposed "SSP Notification Letter" as outlined in "Invoice and Terminate" in the Ruleset.

To address the consequences of "Invoice and Terminate" as noted in the Ruleset, the action of group notification of non-payment and/or termination of a group member is addressed below. This wording has also been reflected in the Ruleset. When a group member is invoiced and does not make the SSP within the payment terms the SO will proceed with the following steps of "*Group Notification of Non Payment of a Group Member*":

- Advise all group members that a/multiple group members have not paid SSP and that the termination process has commenced (or may be initiated, as the case may be) against the non-paying group member (s).
- Request that group members who wish to progress shared works in advance of the other group member(s) being terminated in order to minimise the associated delays and additionally avoid the potential extended timeline associated with re-optimisation, notify the SOs of this request either as an individual group member or collectively as a group. Collective subgroup agreement is not required to progress shared works, however, where individual group members wish to progress shared works, the non-paying group member's contribution towards the shared costs must be paid by the remaining group member(s). In requesting this option from the SO, the group member(s) will be taking on the additional obligations and costs associated with any over build, including the obligation to make subsequent stage payments covering the non-paying group member's contribution towards the shared works.
- Group members will be asked to revert to their SO within twenty (20) Business Days. If no response is received, the SOs will place the shared works on hold until such time as the non paying group member(s) is terminated.

Where group members progress shared works as per the original connection to avoid delays associated with another group member being terminated in addition to any delays due to re-optimisation, but the non paying group member(s) have since made their SSP (thereby avoiding termination), the group members that have progressed their shared works and paid additional costs associated with the group member (s) that did not initially make the stage payment will be reimbursed accordingly.

When an SO terminates any group member the SO will proceed with the following steps of "*Group Notification of Termination of a Group Member*":

- Advise the group members of the termination of a group member(s).
- Advise the group member of the SOs' intention to re-optimize if relevant.
- Request that group members who wish to progress with the existing shared works and avoid re-optimisation risks notify the SOs of this request either as an individual group member or collectively as a group. In requesting this option from the SO, the group member(s) will be taking on the additional obligations and costs associated with any over build.
- Group members will be asked to revert to their SO within ten (10) Business Days.
- If group member(s) respond requesting to avoid re-optimisation then the SOs will proceed with the original shared connection works. A modification may be required to the group member(s) connection agreement(s) and the group members will be invoiced accordingly.

- If no response is received, or all group members choose to proceed with re-optimisation, then the SOs will proceed with a re-optimisation and the remaining shared works will remain on hold until re-optimisation is complete, after which time the group members will be invoiced for SSP. In such a case, it is likely that the restudy will involve 5-6 months' work (and possibly more if there is potential for the change to have a significant impact on Transmission works).

One respondent has noted that permission should not be the only “consent” and that wayleaving should also be in place for any overhead line works and cable connections. The SOs maintain the milestones as per their respective contracts.

Based on the comments above, the SOs propose to revise the wording as outlined in the Consultation Paper and include this in the Ruleset in Appendix B of this recommendation Paper.

Questions System Operators Seeking Views On

The following questions were posed on page 20 of the Consultation Paper:

1. Whether Option 1 Invoice and Terminate, Or Option 2 Invoice and Wait is preferable.
2. Is 6 months an appropriate length of time for the other members of the subgroup to make payment after the 'fast mover' has paid?
3. Whether the definition of Consents Issue Date for EirGrid Connection Agreements should be based only on the Company's works.
4. Whether – for subgroups – SSP payment should be linked to the status of consents for the shared works only.
5. Whether – with a view to minimising delays – the pre-construction payment for subgroups should always be requested at submission of planning permission for the plant with the longest construction lead time.

The responses received to theses specific questions are summarised in the table below:

Question	Summary of Responses	System Operator's Responses
1. Whether Option 1 Invoice and Terminate, Or Option 2 Invoice and Wait is preferable.	Five of the six respondents answered this question and they all stated preference for Option 1 Invoice and Terminate. One of these respondents stated that termination should be a last resort. Another stated that Option 2 should be available by agreement between the SO(s) and all of the group members. The remaining respondent did not answer this question specifically.	The SOs propose to proceed with "Option 1 Invoice and Terminate".
2. Is 6 months an appropriate length of time for the other members of the subgroup to make payment after the 'fast mover' has paid?	Five of the six respondents answered this question and they all stated that six (6) months is too long and that the existing thirty (30) day payment term should be applied unless a timeline other than this is agreed between the entire subgroup and the relevant SO. The remaining respondent did not answer this question specifically.	The SOs propose to proceed with a thirty (30) Business Day payment term and may commence the termination process thereafter.

<p>3. Whether the definition of Consents Issue Date for EirGrid Connection Agreements should be based only on the Company's works</p>	<p>Five of the six respondents answered this question and stated that the definition of CID for Transmission projects with shared works should be based on consents for EirGrid's Connection Works only. For standalone projects, the general view was that it should remain as consents for both the Connection Works and the Facility.</p>	<p>Based on respondent's feedback and discussion with the CER, it has been agreed with the CER that it is more appropriate to consider revisions to the current definition of CID for Transmission projects, both standalone and group projects, as part of the Transmission Connection Agreement Review ("CAR2") consultation as opposed to as part of this consultation.</p>
<p>4. Whether – for sub-groups – SSP payment should be linked to the status of consents for the shared works only.</p>	<p>Five of the six respondents answered this question and they all stated that they generally agree that for grouped projects, the SSP should be based on the status of consents for the shared works only.</p>	<p>The DSO proposes to adopt this approach in the Ruleset, i.e. that SSP payment should be linked to the status of consents for the shared works only. The DSO proposes to offer this option for DSO connections and the Ruleset has been updated with the following text:</p> <p><i>"In the case of DSO customers, advise the group members that in the event where planning for shared works only has been received, that the DSO may invoice SSP accordingly"</i></p> <p>The TSO proposes that the SSP remain due at CID and the Ruleset has been updated with the following wording:</p> <p><i>In the case of TSO customers, advise the group members that in the event where CID is achieved that the TSO shall invoice for SSP accordingly. For the avoidance of doubt, SSP becomes payable for Transmission customers on CID which is currently defined as "the date on which both the Customer and the Company have obtained the Consents relating to the Connection Works and the Facility and which they are obliged to use prudent and commercial endeavours to obtain." The definition of CID may change following review by the CER in CAR2.</i></p>

<p>5. Whether – with a view to minimising delays – the pre-construction payment for groups should always be requested at submission of planning permission for the plant with the longest construction lead time.</p>	<p>Five of the six respondents answered this question and they all stated that the SSP for subgroups should <u>not</u> be requested at submission of planning permission for the plant with the longest lead time. The current arrangements should remain, i.e. that the SSP should be at attainment of planning permission.</p>	<p>The SOs agree that the current arrangements should remain in place, i.e. that the SSP should continue to be made on the attainment of planning permission.</p>
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Table 2 - Questions posed by System Operators

5. Additional Items raised by Respondents

5.1 Timelines & Resources

A respondent noted that it is expected that a significant number of projects will connect to the system in the coming years and the REFIT 2 date for connection by 2017 will mean that many of these projects will be under severe time pressure to connect before the deadline. The preferred option of Invoice and Terminate has been chosen as it will allow those projects that are ready to progress to go ahead. The respondent notes that there could still be significant delays in terms of re-optimisation of connections and termination of contracts and urges that the timelines associated with these are kept to the minimum as any additional delays at this stage add significant risk to projects connecting in advance of the REFIT deadline.

Respondents also noted that the consultation paper estimates re-optimisation studies will take 5-6 months, and this assumes no work being carried out on modifications at the same time. The respondent notes that all are aware of the significant number of modifications in the system at the moment and the resources required to carry out this work. The respondent notes that it is essential that this work continues, and if there is a need for additional resources for re-optimisation of connections, they ask that the SOs should make them available as it is in the interest of all involved to have these matters progressed in a timely manner.

These points are noted by the SOs and we shall endeavour to process re-optimisations and connection agreement terminations as quickly as possible. With regards to resources, the SOs confirm that resourcing levels are regularly reviewed and that they will endeavour to make resources available as required.

The respondents noted that a number of subgroup meetings have been held which have been very useful to both the group members and the SOs in relation to progressing subgroups and ironing out any concerns which may arise. The respondent requests that these meetings continue and that the appropriate resources are made available for this, as it has been seen to improve the connection process.

The SOs intend to continue engaging with group members as projects progress through the various stages. Meetings will be held between the SOs and subgroups and group members, where the SOs consider it appropriate.

The respondent notes concern that, by the time a project is invoiced for the SSP and does not pay at this time, significant time may pass before the rest of the subgroup can proceed. There should be options available to advance work in this area where it is expected that a project may not proceed. The SOs note that processes and options have been included in the Ruleset accordingly.

5.2 Transition

A respondent notes the requirement for clarity in the decision paper that the proposals being outlined will not apply to existing projects which have already passed the SSP timeline, and decisions have already been made in relation to those connection assets. It is also noted by this respondent that there needs to be clear communication on the implications of this decision and the associated timelines. Projects which are immediately impacted by this decision will need to be given sufficient warning in relation to the timelines for invoicing.

The SOs intend to implement the proposals in this Recommendation Paper from the date they are approved by the CER and it is intended that these proposals will apply to all projects and subgroups that have yet to reach SSP. For projects and subgroups that have already passed SSP, arrangements have generally already been agreed between the SO and project or subgroup. The Ruleset included in Appendix B of this Recommendation Paper has been developed to give greater clarity with regards to processes associated with the proposals in general including a new SSP Notification Process.

6. References

In considering this Recommendation Paper, the following policy documents were consulted:

- Connection Offer Process and Policy (link - [Connection Offer Policy and Process](#))
- Modification fees for Connection Offers (link - [Schedule of Application and Modification Fees for Embedded Generators](#))
- Information Memorandum on Longstop Dates for Generation Connection Agreements (link - [Information Memorandum on Longstop Dates for Generation Connection Agreements.](#))
- Transmission Connection Agreement and General Conditions
- Distribution Connection Agreement and General Conditions

APPENDICES

Appendix A– Contestability Issues

Comments regarding contestability were received from two respondents. These are noted below for information but do not form part of this consultation as noted in Section 2.3, “Scope of the Consultation Paper and this Recommendation Paper”.

Responses Received to Contestability

One Respondent noted that clarification needs to be provided in the decision paper about how this paper applies to contestable connections. While the same principles may apply there may be some differences in how this paper would work in reality and clarification is needed on this.

Another respondent aligned their response to the applicable sections of the paper. The applicable sections and responses are as follows:

Section 4 of the Consultation Paper - Proposed approach in scenarios that arise that have the potential to impact on build out of Group Developments

4.1 Consultation Paper 4.1 - Offer(s) of at least one group member not accepted

Relevant Extract from the Consultation Paper

“4.1 Offer(s) of at least one group member not accepted

The respondent also stated that the alternative of contestable delivery for shared assets should also be considered. Termination on expiry of a connection offer to one developer applies equally to SO and to contestable delivery, although the avoidance of end user impact means that asset delivery is more straightforward in the latter case. The reason for this is that the remaining Parties are not constrained by LCCM/LCTA considerations in deciding how to proceed, but can draw in a wider range of financial considerations. Remaining developers may therefore take the commercial decision to proceed with a more expensive original design, to their original timetable, or seek to reduce their costs through re-design of the connection.

4.2.2 Modification to shared assets

Relevant Extract from the Consultation Paper

“4.2 Full group accepts but a developer(s) within the group seeks a modification

4.2.2 Modification to shared assets

The respondent noted that by adopting the approach suggested for the scenarios described in Sections 4.1 and 4.2 of the Consultation Paper these could apply equally to both contestable and non-contestable delivery of connection assets. It was noted that the decision on the consultation could therefore be more broadly applicable, without adverse impact on any developer or group of developers. However materiality considerations for contestable delivery are more nuanced than in the case of non-contestability.

The respondent noted that developers choose contestability for a number of reasons, although timeliness of delivery and cost are key. Consideration of the time value of money means that the value of contestability does not

come down solely to a direct comparison of total project capex costs; a complexity that is compounded by value (materiality) differing between members of a subgroup.

The respondent gave the example; a change from overhead line to underground cable would have a material impact (increased cost) in the case of non-contestability. However, in the contestable scenario, a subgroup may choose to allocate the additional cost in a manner that eliminates any financial impact for a member preferring non-contestable delivery; thus eliminating any material impact on this developer. The respondent noted that the key policy consideration should therefore be the materiality of any impact on an individual developer within a subgroup, rather than analysing the shared asset capex on its own.

Appendix B– Ruleset

3. Proposed approach in scenarios that arise that have the potential to impact on build out of a Stand Alone Developer

3.1 ***Accepts offer but requests modification***

Modification requests can delay the progression of a project. As previously set out in the SOs' paper¹⁹ on Modification fees and process (section 3):

It should be noted that a modification request may lead to other connection works on a project or other projects being put on hold temporarily. The decision as to whether construction works should be put on hold would depend on a number of factors including whether the modification has the potential to change the connection works required. Where a customer not requesting a modification is likely to be delayed as a result of same, consent will be required to allow the modification proceed.

Appendix 1 includes detail on some typical modifications and the likelihood of the modification delaying the works. In some situations the TSO will offer an Advanced Works Package to the developer to allow the project works continue during the modification processing time. Advanced Works Packages generally apply to pre CID works such as planning, functional specifications and design. Modification of the connection method after CID in general would not be allowable and so the scope for Advanced Works Packages post CID is very limited in terms of facilitating the progression of post CID works. Further details with regards to Advanced Works Packages provided by the TSO and associated costs are available on the EirGrid website²⁰.

3.2 ***Accepts offer but requests that project is put 'On Hold'.***

To make a request to put a project on hold, a developer must make a formal request in writing to their SO which will require assessment as it potentially introduces risk for the SO. For the majority of standalone connections that do not impact on other developers or the development of the transmission or distribution system, a request from a developer to put a project on hold will be granted. However, parties should be aware that longstop dates are unlikely to be extended where a project has been put on hold. For clarity, where a project which is on hold reaches its longstop date, the SOs will normally exercise their right to terminate the Connection Agreement. A longstop date extension may be provided to individual developers, on a case by case basis, where uncertainty about the SO solution to their connection places the developer's project on hold. Further information on longstop dates is available in the Information Memorandum on Longstop Dates published on the SOs' websites.²¹

There are some scenarios where delivery of the project underpins an investment decision in the transmission or distribution networks and the SO may not be able to facilitate a request for a project to go on hold. For example, where the development of a project off sets a requirement for an investment in new network the SO may refuse a request to put a project on hold. For instance, where there is synergy in the overall solution proposed for a

¹⁹ [Joint DSO TSO Fees & Process for Connection Offer Modification.pdf](#)

²⁰ <http://www.eirgrid.com/media/Application%20for%20Transmission%20Advanced%20Works%20Packages.pdf>

²¹ <http://www.eirgrid.com/media/Information%20Memorandum%20Longstop%20Dates%20for%20Generation%20Connection%20Agreements%20for%20circulation%2015%20February%202012.pdf>

network connection for a project and another investment decision (in the transmission or distribution network) which would result in a more optimal network development, and if putting that project on hold would result in the synergy no longer being realisable, then this may result in a suboptimal development of the network and increased cost for the End-User. In such a scenario, the SO may refuse to grant a request from a developer to put a project on hold.

Where a request to put a standalone project on hold has been granted, SO resources will be diverted from the connection project and it will lose its place in the overall transmission/distribution work program. As a result when at a later stage a request is made to take the project off hold the SO will advise the developer of the revised lead times.

3.3 *Accepts offer, but does not make SSP*

Where a standalone developer does not make their SSP or has requested that the issuance of the invoice²² for SSP is deferred, the programme for delivery will be affected as typically no construction work progresses in relation to that project and no materials will be ordered.

If the developer has requested that issuance of the invoice²² for SSP is deferred, the developer is effectively requesting that their project be put on hold and so would have to formally submit a request to their SO to put their project on hold and this would be assessed by their SO. If granted, the project goes on hold and the provisions of 3.2 above will apply. In the event that the developer does not request that the project is put on hold, and does not then make their SSP, the SO may terminate the connection agreement for breach of contract for failure to pay.

4. Proposed approach in scenarios that arise that have the potential to impact on build out of Group Developments

4.1 *Offer(s) of at least one subgroup member not accepted*²³

Where an offer has not been accepted by the offer expiry date, this offer will lapse²⁴.

Where some of the offers within a subgroup lapse, or are rejected, the charge to other group members will not necessarily increase as – in line with Group Processing Principles - the End-User will pay the share of the lapsed/rejected offers. However the SOs may re-optimize the connection method to ensure an appropriate and cost effective network solution is designed to connect the remaining parties.

Where the majority of group members have accepted their offers it may in some cases be possible to quickly determine that there is no change required to the original connection method. In such a case it would be

²² Any reference to “Invoice” within this document (including the Ruleset) may have the meaning of either an “invoice” or “pro-forma invoice”. This will be at the discretion of the applicable SO.

²³ At the time of writing, the majority of Gate 3 offers have been accepted and therefore this is less likely to arise in Gate 3. However it is appropriate to note for future connection policy.

²⁴ In exceptional circumstances as set out in Section 13 of COPP, an offer validity period may be extended. However this would be unusual where the offer is part of a group.

expected that there will be little delay to remaining group members and their projects and work will progress as planned (less any dedicated works associated with the unaccepted offers).

However in many cases, a full re-study will be required to determine whether the solution originally proposed remains the optimum solution for the subgroup. In such a case, it is likely that the restudy will involve 5-6 months' work (and possibly more if there is potential for the change to have a significant impact on Transmission works). Furthermore, this timeline assumes that a minimal number of restudies/offers/modifications are being processed by the SOs at a single point in time. Based on the outcome of this restudy, the charge to the remaining group members will be the lesser of:

- i. The charge which applied – based on the original subgroup share – provided this was based on the Lowest Cost Connection Method (LCCM)/Least Cost Technically Acceptable Connection Method (LCTA) for the original subgroup (with the End-User covering any shortfall); or
- ii. Their share of the LCCM for the new subgroup, based on the Megawatts (MWs) of the new subgroup.

Subject to SO agreement, should the subgroup wish to **avoid the delays** which will result from a re-study, the subgroup can request that the SO progress based on the original build. Amongst other things, the SOs will take account of their obligation to develop efficient networks when considering such a request. If the SOs accept the request the subgroup must increase their contribution to the shared assets such that the contribution associated with the lapsed/rejected offers is now paid for in full by the remaining group members.

Please note that a re-study will still be undertaken²⁵ to estimate what the additional cost to the End-User would be, if any, based on a re-optimised build. Once this contribution has been established, the capital contributions associated with the remaining group members will be re-calculated once more. Should the subgroup decide to continue with the original build to avoid delays, then ultimately the shared works charge to the remaining group members will depend on the outcome of these studies and will be:

1. *Where following studies the original connection method is still the LCCM for the remaining group members*, the End-User is liable in full for the share of the group member who did not progress. The shared works charge remains the same as that which applied as per the original offer/original group share with the End-User covering any shortfall; or
2. *Where following studies a re-optimised connection method could have been built which would have resulted in the End-User not incurring any costs*, a per MW share of the LCCM which the subgroup opted to build for the original subgroup, but based on total MWs of the remaining group members; or
3. *Where following studies a re-optimised connection method could have been built but the End-User would incur costs*, a per MW share of the LCCM for the original subgroup less a contribution from the End-User²⁶, but based on total MW of remaining group members.

²⁵ In such a scenario, this re-study will be considered lower priority work and re-study works which are impacting on project delivery will be prioritised.

²⁶ This contribution is based on the contribution the End-User would make to a re-optimised solution.

Worked Example

The example below assumes 3 equal sized projects in a subgroup. One windfarm does not accept their offer. The remaining group members have the following options:

- i. wait for re-design; or
- ii. proceed with the original build.

The table below shows various possible outcomes and their impacts where a re-optimised solution does and does not exist. Following a re-study where a re-optimised connection method is not an option, the original connection method will be progressed with the end user taking liability in full for the portion of the shared works of the group member who did not progress. Following a re-study where the re-optimised connection method is determined to cost less than the original connection method the End-User takes the same risk in either scenario (i or ii) as set out below. A modified offer may be required to reflect any re-optimisation.

		WF3 doesn't accept offer		
	Charge for shared works in original offer	No connection method re-optimisation possible and original shared works are progressed	(i) Connection method re-optimisation so lower cost shared works are progressed	(ii) Potential connection method re-optimisation but subgroup opts to proceed with original shared works to avoid delays
WF1	8	8	8	10
WF2	8	8	8	10
WF3	8	0	0	0
End-User	0	8	4	4
Total Shared works charge	24	24	20	24

4.2 Full subgroup accepts but a group member(s) seeks a modification

4.2.1 Modification to dedicated assets

Where the modification requested, following assessment, is deemed to have no impact on group works (including any timing or planning impact) the modification will be progressed in the normal fashion. The impact to the developer of the project in question will be as Section 3.1 above. Please refer to joint SO document “Modification Fees for Connection Offers”²⁷, for clarification of the allocation of fees in the occurrence of connection modifications.

Where a group member submits a modification request to their SO and subgroup consent is required but has not been provided, this modification request shall be deemed incomplete. If this consent has not been provided after three (3) months the modification request shall be considered rejected by the SO.

Where the modification requested, following assessment, is deemed to be likely to drive a change to shared works, the following applies:

1. If the modification is now the only technically acceptable option for that subgroup, the modification will progress and will result in delays for the entire subgroup. For example, where a change in planning legislation means that an overhead line is no longer feasible, then a cable connection becomes the least cost technically acceptable connection method and all members of the subgroup will be impacted by the request.
2. If the original connection works remain technically acceptable, consent of the subgroup will most likely be required before the SOs will progress the modification. (The SOs will advise whether consent is required). An example of where consent may be required might be where the modification relates to relocation of some capacity such that there is a change in shared assets. It would be unusual (although possible) for a change from overhead line to cable or cable to overhead line to require subgroup consent.
3. If the subgroup consent to the modification request, shared works are likely to be delayed while the modification is being processed and pending acceptance by all group members of the modified offers. Processing the modification is likely to result in a delay of >6months. In such a scenario the party requesting the modification to dedicated works may also be liable for the cost of issuing modified offers to the rest of the subgroup. For more information on modification fees please consult the mods fees and process paper at the link below²⁷.

If the subgroup do not consent to the modification request, the modification request may be rejected. As a result the shared works can progress with a minimal delay (time incurred in consenting process). The party who sought the modification has three options in these circumstances and can either:

- a) Proceed with their original offer/connection method,
- b) Let their offer lapse (most probably no earlier than the next stage payment), or
- c) The shared works are progressed as per the original connection method, and the party’s modification is also progressed (for example where the party relocates). However the modifying party will be liable for stranded cost as per their original connection and, the full cost for new connection.

²⁷ http://www.esb.ie/esbnetworks/en/commercial-downloads/Modification_Requests_to_Connection_31Aug.pdf

Please note that in the event that the party seeking the modification does not get consent from the subgroup and then allows their offer lapse at next stage payment, this may lead to the need to re-optimize the connection method for the subgroup, potentially resulting in significant delays (but no additional charge²⁸) for other group members. Further information on this scenario is provided in Section 10 of COPP.

4.2.2 Modification to shared assets

Typically full subgroup consent will be sought prior to work commencing on processing the modification. Where subgroup consent is required, if the subgroup do not consent to the modification request, the modification request will be rejected. Full subgroup agreement is not considered to be in place until the revised offers have been accepted. In the event that any one member of the subgroup does not accept the revised offer, then the original offer is progressed and the modified offers of all other parties are deemed to have lapsed.

Please refer to the Joint SO Fees & Process for Connection Offer Modification document, which is available on the SOs' websites²⁹.

Where a group member submits a modification request to their SO and subgroup consent is required but has not been provided, this modification request shall be deemed incomplete. If this consent has not been provided after three (3) months the modification request shall be considered rejected by the SO.

In cases where changes to shared works are being requested which in the opinion of the SOs do not negatively impact on the costs, leadtimes or other aspects relating to the connection method of other parties the SOs shall not require consent. In these cases, the SOs shall however generally notify the other group members of the change to the shared works and inform them that the SOs do not consider the changes to negatively impact on their connection therefore the SOs would not be seeking their consent. The group members would have the opportunity to demonstrate a case where they consider they are negatively impacted and if it is demonstrated then consent would be required accordingly. If no objection is raised by the other group members within ten (10) Business Days of notification of the change to the shared works the SOs would proceed with the modification request provided it is in accordance with other policies. If a group member does not accept the modified offer that reflects the changes to the shared works which are not impacting on that group member, then the SO will issue a "Company Modification" to that group member to give effect to those changes.

4.3 One subgroup member disputes prior to offer acceptance

Where a group member has raised a dispute under Section 34 (6) of the Electricity Regulation Act, 1999 with the CER prior to accepting their offer, no works will commence in relation to the dedicated works of the disputing group member (as their offer has not been accepted).

If the dispute raised relates to shared works, then both shared and dedicated works for the entire subgroup will go on hold. In general, project longstop dates for group members shall not be extended however if there is a

²⁸ No additional charge assumes that the group accepts the delays required to re-optimize.

²⁹ [Joint DSO TSO Fees & Process for Connection Offer Modification.pdf](#)

delay that is outside the control of a group member, then their longstop dates may be extended in accordance with the “Information Memorandum on Longstop Dates”³⁰.

Where the dispute does not relate to shared works, the SOs will consider whether it is appropriate to progress shared works. The primary risk the SOs need to consider is the risk that the disputing group member may not ultimately accept their offer resulting in an increased cost to the End-User of progressing shared works with the other group members. Another issue is whether the project of the disputing group member should be included or excluded from design and planning. For example, where a bay in a station is dedicated to the disputing group member should the station works progress on the basis of including or excluding the bay. In addition to costs, this decision may impact on outages for other group members at a later stage.

Appendix 2 contains some ‘Materiality Rules’ which sets out the criteria to be used by the SOs in determining whether it is reasonable to proceed with shared works in the case where one group member disputes prior to offer acceptance. In all cases, the remaining group members will see a delay in progress as a high-level re-study is carried out (minimum of one (1) month, but dependant on the volume of work currently in progress). A more significant delay will be encountered should the assessment indicate that acceptance or otherwise of the disputing group member’s offer is critical to determining the connection method for the subgroup. In such a case no works can commence until the dispute has been determined and the disputing member accepts or rejects their offer³¹.

The CER is the decision making body in respect of disputes and any decision of the CER is binding on the SOs in accordance with Section 34(6) of the Electricity Regulation Act 1999 as amended periodically. Where a connection agreement is the subject of such a dispute, the terms of the connection agreement are effectively on hold until the CER issues a determination. Section 34 notes that disputes are confidential, both in terms of the names of the parties who are in dispute and the nature of the disputes. Where the disputing party is a member of a subgroup and the works are being put on hold as a result of the dispute, the SOs may notify the group members that the works are being put on hold. However, as the dispute is confidential, the SOs have no authority to advise the other group members that a dispute has been raised or any details pertaining to that dispute. The disputing group member may, should they wish to do so, give their consent for the other group members to be kept informed about the dispute. If directed to do so by the CER, the SOs shall provide group members with information about a dispute within their subgroup, e.g. confirmation that there is a dispute in the subgroup and details / updates about that dispute.

4.4 One subgroup member accepts and then disputes

Where a group member accepts their offer, but then raises a dispute with the CER, the contracting SO will evaluate the nature of the dispute and its potential impact on shared and dedicated works.

Following this evaluation, if appropriate, the SO will seek confirmation from the disputing group member as to whether they wish to proceed with the current connection or put the works on hold.

³⁰ [SO Joint Information Memorandum on Longstop Dates](#)

³¹ As set out in section 2.2.1 above, however, the remaining group would have the option of continuing with the original build and taking the risk that the disputing party will ultimately not progress

As a general rule, where the dispute has the potential to impact on the connection method and/or the costs to be borne by the End-User, the works shall be put on hold.

If the disputing group member indicates that they do want to proceed with the current connection and the SOs consider that this is appropriate:

- a) Work on the shared works will continue insofar as payments received to date cover these works;
- b) Work on the dedicated works for the disputing group member will be lower priority and will only progress insofar as payments received to date cover these works;
- c) The delay in progressing shared works will be minimal (time to get the confirmation indicated above from the disputing group member);
- d) The End-User takes the risk that costs may be incurred which might have been avoided should the disputing group member ultimately not proceed. The disputing group member takes the risk that there may, at a later stage, be delays to the progression of their project. All group members also take the risk that there may be a need for outages post energisation due to staggered progression of the projects.

If the disputing group member indicates that they do not want to proceed with the current connection until the dispute is resolved:

- e) The impact on shared works will be assessed in a similar manner as set out in Section 4.3.

In general, project longstop dates for group members shall not be extended however if there is a delay that is outside of the control of a group member then their longstop dates may be extended in accordance with the "Information Memorandum on Longstop Dates"³².

The CER is the decision making body in respect of disputes and any decision of the CER is binding on the SOs in accordance with Section 34(6) of the Electricity Regulation Act 1999 as amended periodically. Where a connection agreement is the subject of such a dispute, the terms of the connection agreement are effectively on hold until the CER issues a determination. Section 34 notes that disputes are confidential, both in terms of the names of the parties who are in dispute and the nature of the disputes. Where the disputing party is a member of a subgroup and the works are being put on hold as a result of the dispute, the SOs may notify the group members that the works are being put on hold. However, as the dispute is confidential, the SOs have no authority to advise the other group members that a dispute has been raised or any details pertaining to that dispute. The disputing group member may, should they wish to do so, give their consent for the other group members to be kept informed about the dispute. If directed to do so by the CER, the SOs shall provide group members with information about a dispute within their subgroup, e.g. confirmation that there is a dispute in the subgroup and details / updates about that dispute.

4.5 Subgroup members have accepted offers but are not ready to go to SSP at the same time

This section deals with the the scenario whereby not all members of a subgroup are ready to make the SSP payment at the same time. This scenario (progression at different rates) has the potential to cause significant

³² [SO Joint Information Memorandum on Longstop Dates](#)

delays to the progress of shared works. The issue of group members wishing to progress at different rates has already arisen in Gate 2, and is likely to arise also in Gate 3. In an effort to provide clarity on how the SOs will proceed when this scenario occurs, this section outlines the approach that shall be taken known as Invoice & Terminate. The Materiality Rules proposed in Appendix 2 should be referred to when reading this section.

The timing of the SSP is different for Distribution and Transmission connecting customers. For Transmission customers this payment is due on Consents Issue Date (CID). CID is defined as:

“the date on which both the Company and the Customer have obtained the Consents relating to the Connection Works and the Facility and which they are obliged to use prudent and commercial endeavours to obtain.”

Consents for the customer’s facility are included in the definition of CID (however parties can agree to call CID in advance of these Consents being achieved if they so wish). The definition of CID for Transmission customers is being reviewed by the CER as part of the Transmission Connection Agreement Review (CAR2). For Distribution connecting customers the payment is only linked to the achievement of Consents for the distribution network elements and not the customer’s facility.³³

The issue of group members progressing at different stages was somewhat dealt with, in the context of parties accepting their offers on the basis of awaiting firm access to the Transmission System, in Appendix 3 of the Gate 3 Direction CER/08/260.³⁴ This Direction set out that where parties accepted their offers on a Firm Basis and were progressing at staggered rates due to staggered Firm Access Dates, the End-User would take the risk in relation to the distribution shared works. No equivalent provision was made in the policy in relation to shared transmission works. Where parties have accepted their offer on a firm basis and there are no transmission shared works associated with their connection, the principle set out in Appendix 3 of CER/08/260 will apply.³⁵ Where there are transmission shared works, however, the principles set out in this Ruleset will apply – regardless of whether an offer was accepted on a firm basis or otherwise.

Please note, that in accordance with Section 11.2 of the Connection Offer Policy and Process Paper³⁶, customers can only change from a non-firm offer to a firm offer prior to Offer Issuance or Offer Acceptance and hence for the majority of Gate 1, 2 and 3 customers it is no longer possible to make this change.

Where a subgroup is in agreement

If all members of the subgroup are not ready to proceed to SSP, the SOs will in the first instance, taking account of work programmes and contractual longstop dates amongst other issues, seek consent from all group members on a revised timeline to move to the construction phase of the dedicated /shared works. If subgroup agreement is reached then the SOs will work towards revised subgroup dates.

Where a subgroup is not agreed

As with a standalone developer, where a group member is not ready to move to second stage payment, typically no construction works will commence and no materials will be ordered in relation to the **dedicated** works for that party. The developer’s project will be treated as “on hold” and the provisions of Section 4.1 will apply. Any

³³ The specifics relating to timing of payments are as set out in the Distribution and Transmission Connection Agreements.

³⁴ <http://www.cer.ie/docs/000903/cer08260.pdf>.

³⁵ As no Transmission customers who are part of a subgroup have accepted on a firm basis, this issue is not relevant for Transmission customers.

³⁶ <http://www.esb.ie/esbnetworks/en/commercial-downloads/Connection-Offer-Policy-and-Process-Paper.pdf>.

subsequent impact on the lead times and costs associated with delivering these dedicated works at a later stage and possibly in a sub-optimum programme will be to the risk of the developer. The lead time impact will depend, amongst other things, on the point in the project where the developer makes the SSP and could be substantial.

In addition to putting dedicated works on hold, the SOs will look at the impact on shared works of that one party not ultimately proceeding. In general the principle of 'materiality' will be applied by the SO when making this decision as outlined in the options below.

Where the impact on shared works is minimal

From a materiality perspective where the impact is minimal, the shared works will proceed and allow that the later group member will progress at a later stage. The End-User will bear the shared asset cost of the later group member in the interim. In some scenarios, it may be that the End-User risk can be mitigated by developing shared works in stages. This will have possible impacts as follows:

- The group members progressing are likely to experience an outage at a later stage when the later group member makes a payment;
- The later group member is likely to incur additional costs resulting from the staged development.

For the avoidance of doubt, and to avoid excessive costs to the End-User, in such a scenario the early group members (whose facilities have been connected in advance of completion of all shared works) will be deemed to be temporary and therefore will be non-firm in the market until such time as either:

- a) The shared works are complete;
- b) The contract for the other group member has been terminated and the connection agreements for the remaining group members are modified to reflect the removal of the remaining shared works that are now not required.

In addition, it should be noted that where a group member is not ready to proceed to SSP and the remaining group members can be accommodated by a slightly lessor build, then the remaining group members will be considered to be entitled to this 'temporary' capacity without adopting the eligibility process set out in Section 4 of COPP³⁷. An example might be where the full group drive a transformer or line uprate, but the MW of the progressing group members can be accommodated without this work.

Where shared works proceed and allow a group member to progress at a later stage, the outages may impact on connected group members. Where this impact is material, the SOs may investigate solutions to minimise the impact of such outages on connected group members. However, these solutions will not result in additional costs to the End-User to accommodate such connections and minimise outages. For example, where the SOs are of the view that the impact of a future outage to connect a later group member could be significantly reduced by completing a portion of their dedicated works when completing the shared works, then the group member will also be charged for these works with their portion of the shared works.

³⁷ See in particular section 4.5 in Connection Offer Process and Policy

In the event that the slower group member ultimately does not progress, then the connections will be deemed to be permanent once the remaining agreement has been terminated, for example in the event planning permission has not been achieved and/or facility has not been energised by respective longstop dates.

Where impact on shared works is medium / significant, the Invoice and Terminate Process shall apply

As with the section dealing with ‘impact on shared works is minimal’ and for the avoidance of doubt, and to avoid excessive costs to the End-User, in a scenario where group members progress at staggered rates, the early group members (whose facilities have been connected in advance of completion of all shared works) will be deemed to be temporary and therefore will be non-firm in the market until such time as either:

- a) The shared works are complete;
- b) The contract for the other party has been terminated.

Invoice and Terminate Process

1. Once at least one group member is ready to make the SSP and the SOs are ready to proceed to the post-construction phase, all group members shall be invoiced for SSP.
2. All group members will be given thirty (30) Business Days to pay the SSP or subsequent payment from the date of the invoice²². Depending on the extent to which none, some or all group members make this payment, the following will occur:
 - a) Where all group members make their respective payments, the SOs will proceed with the connection as per the original design.
 - b) Where at least one group member makes their payment, the SO may commence the termination process for any group members who do not pay within the thirty (30) Business Days payment term. If a connection agreement is terminated the SOs will then consider whether the connection method should be re-optimised.³⁸
 - c) In the event that none of the group members make their respective payments, the SOs will place all dedicated and shared works for the subgroup on hold until such time as a group member requests to progress the SSP payment, as previously invoiced to that group member, and payment is received. This moves the subgroup into 2.b) above. Where the subgroup is placed on hold, SO resources will be diverted from the subgroups’ works and the subgroup will lose its place in the overall Transmission and/or Distribution work programs. As a result, when at a later stage a request is made to take the works off hold there may be additional associated delays.
3. Please note, group members who are not ready to make their full SSP, may be allowed to pay for just the SSP portion of the **shared** works and to put their dedicated works on hold. This arrangement shall be facilitated by the SOs insofar as is practical and prudent to do so. For the avoidance of doubt, the feasibility of splitting shared and dedicated works shall be considered by the SOs but the splitting out of elements of construction shall not be allowed by the SOs. If a group member wishes to choose the option of splitting shared and dedicated works, they must make a formal request to their SO to do so (i.e. response to SSP Notification Letter) and this will be assessed by their SO. If splitting out shared works, the SO may insist that part of the dedicated works and associated costs also be paid if the SO, in their reasonable opinion, believe

³⁸ Please note that – in addition to the delays resulting from a restudy – in the event that the connection method changes at this stage, there may also be significant delays associated with revising designs; resubmitting planning permission; rescoping the works required. Even should these issues not arise, the SO’s would expect a minimum delay of 6 months.

that these works would in the future impact on the remaining group members when they are being built out e.g. dedicated works within the station boundaries of a station with shared works.

4. A modification to the group members' connection agreement may also be required to reflect the new payment schedule which splits the payment of the shared and dedicated elements. If a group member requests this arrangement and their SO agrees to it and the dedicated element of the project goes on hold, the group member shall bear any additional costs associated with the project coming off hold at a later date and a modification to their connection agreement may be required at that stage. Where a request to put a project on hold has been granted, SO resources will be diverted from the associated works and it will lose its place in the overall Transmission and/or Distribution work programs. As a result when at a later stage a request is made to take the project off hold there may be additional associated delays. If a group member requests this arrangement and their SO agrees to it and the project goes on hold but the group member does not take their dedicated works off hold then they will remain contracted until their longstop dates are reached and their connection agreement may then be terminated unless their connection agreement is already being terminated for another contractual reason. However they will be invoiced for and required to contribute towards shared works at each subsequent stage payment milestones also.
5. The SOs shall endeavour to give notice to group members in advance of issuing their invoice²² for the SSP ("SSP Notification Letter"). It is the intention of the SOs to issue the SSP Notification Letter when they have submitted their planning application (if relevant) for the Connection Works. In any event, including where planning permission is not required or the group members were not notified once planning had been submitted, the SO will notify (SSP Notification Letter) its group members a minimum of thirty (30) Business Days prior to issuing the SSP invoice²². For the avoidance of doubt only one SSP Notification Letter is required which must be issued a minimum of thirty (30) Business Days in advance of SSP request e.g. if SSP Notification Letter is provided at the submission of planning then another SSP Notification Letter will not be required.

SSP Notification Letter will contain the following information:

- a) that the planning application for the relevant Connection Works has been submitted (where planning is required);
- b) that the DSO intend to issue the SSP invoice²² by the later of (i) thirty (30) Business Days of issue of the notification letter (ii) receipt of planning or (iii) upon receipt of intention to proceed with SSP by any one group member;
- c) that the TSO intend to issue the SSP invoice²² on (i) CID and (ii) upon receipt of intention to proceed with SSP by any one group member;
- d) request that the group member advises of their intention to proceed to SSP at this time, however, once the SOs receive the intention to proceed to SSP from any one group member, then the SO intends to progress to SSP for the full subgroup.
- e) provide the option to pay for shared works only – the group member must notify the SO within twenty (20) Business Days of issue of the SSP Notification Letter if they wish to receive a SSP invoice²² for the shared works only at this time. For dedicated works please refer to the points set out above.
- f) if the group member is currently on-hold, that the group member shall be removed from on-hold status and, if second stage has been reached and at least one group member wishes to proceed to SSP at this time, the group member shall be invoiced for SSP in line with the remaining subgroup. The group member has the option to request to put their dedicated works on hold (and pay for shared works only) if they so wish as set out in the points above.
- g) In the case of DSO customers, advise that in the event where planning for shared works only has been received by the DSO, that the DSO may invoice²² for the SSP accordingly. In the case of TSO customers, advise that in the event where CID is achieved that the TSO shall invoice²² for the SSP accordingly. For the avoidance of doubt, SSP becomes payable for Transmission customers on CID

which is currently defined as “the date on which both the Customer and the Company have obtained the Consents relating to the Connection Works and the Facility and which they are obliged to use prudent and commercial endeavours to obtain.” The definition of CID for Transmission customers is being reviewed by the CER as part of the Transmission Connection Agreement Review (CAR2).

6. Where one member (or a group of members) is ready and eager to progress; the group member(s) can choose to pay the costs for the shared works of the remaining group members to avoid a re-optimisation risk and any further delays to progress of the project. For the avoidance of doubt, the commercial / contractual arrangements associated with group members’ staged payments being made by another or other group members to facilitate progression of shared works are a matter for the group members involved and the SOs shall not be involved in such arrangements. The SOs shall only invoice²² the group member with whom they have a connection agreement. Any payments shall be credited against the invoice²² raised under the relevant connection agreement. Where the SSP and any subsequent payment portion of the shared works are paid for in full, contracts shall not be terminated for failure to pay the SSP invoice²² however the dedicated works for that group member shall not be progressed and eventually their connection agreement may be terminated for breach of longstop dates (or other contractual reasons).
7. Shared and / or dedicated works shall only be progressed where the relevant payments for those works have been received by the SOs. With regards to shared works specifically, the SOs shall not be obliged to progress shared works until they have received full payment for the shared works associated with that stage from all the group members. For example, if the DSO does not receive the 3rd stage payment in full for the shared works from all group members the DSO will not be obliged to energise those shared works.
8. The CER is minded not to accept disputes lodged on the basis of SO termination of a connection agreement due to non-payment of a stage payment. This is a contractual matter between the parties that have entered into the relevant connection agreement, i.e. the SO and the customer, and not a policy issue and therefore should be dealt with by the contracted parties under the provisions of their connection agreement.

Following non-payment and/or the commencement of the termination process, the SOs can proceed with the following steps of “Group Notification of Non-Payment of a Group Member” and issue this Notification accordingly:

- Advise all group members that a / multiple group members have not paid SSP and that the termination process has commenced (or may be initiated, as the case may be) against the non-paying group member(s).
- Request that group members who wish to progress shared works in advance of the other group member(s) being terminated in order to minimise the associated delays and additionally avoid the potential extended timeline associated with re-optimisation, notify the SOs of this request either as an individual group member or collectively as a group. Collective subgroup agreement is not required to progress shared works, however, where individual group members wish to progress shared works, the non paying group members’ contribution towards the shared costs must be paid by the remaining group member(s). In requesting this option from the SO, the group member will be taking on the additional obligations and costs associated with any over build, including the obligation to make subsequent stage payments covering the non-paying group member’s contribution towards the shared works.
- Group members will be asked to revert to their SO within twenty (20) Business Days. If no response is received, the SOs will place the shared works on hold until such time as the non paying group member(s) is terminated.

- Where group members progress shared works as per the original connection to avoid delays associated with another group member being terminated in addition to any delays due to re-optimisation, but the non paying group member(s) have since made their SSP (thereby avoiding termination), the group members that have progressed their shared works and paid additional costs associated with the group member(s) that did not initially make the stage payment will be reimbursed accordingly.

When an SO terminates any group member, the SO will proceed with the following steps of “Group Notification of Termination of a Group Member”

- Advise the group members of the termination of a group member(s).
- Advise the group members of the SOs’ intention to re-optimize if relevant.
- Request that group members who wish to progress with the existing shared works and avoid re-optimisation risk notify the SOs of this request either as an individual group member or collectively as a group. In requesting this option from the SO, the group member (s) will be taking on the additional obligations and costs associated with any over build.
- Group members will be asked to revert to their SO within ten (10) Business Days.
- If group member(s) respond requesting to avoid re-optimisation then the SOs will proceed with the original shared connection works. A modification may be required to the group member(s) connection agreement(s) and the group members will be invoiced accordingly.
- If no response is received, or all group members choose to proceed with re-optimisation, then the SOs will proceed with a re-optimisation and the remaining shared works will remain on hold until re-optimisation is complete, after which time the group members will be invoiced for SSP. In such a case, it is likely that the restudy will involve 5-6 months’ work (and possibly more if there is potential for the change to have a significant impact on Transmission works). In such a case, it is likely that the restudy will involve 5-6 months’ work (and possibly more if there is potential for the change to have a significant impact on Transmission works).

5. Additional Offering in Advance of SSP

The DSO may consider that early SSP is possible where it receives a request for same from a developer or subgroup. In the event of the DSO progressing early with any element of shared works, all group members must make full second stage payment in advance. If a group member wishes to progress early with dedicated works only, then the group member must make the full second stage payment. In doing so, the group members bear all risk of progressing early (inclusive of any incremental costs). The DSO will only undertake certain works early and these works will be identified at the time. Developers should contact the DSO if they are interested in such an option, full terms associated with this option will be advised prior to the DSO progressing.

Ruleset Appendix 1 - Modifications and impact on project progression

Basic Type	Types of Modifications	Likely delay
Name Change	Applicant Name Change/Change of Legal Entity	None
Change from Firm to "Non-firm becoming Firm"	Change in choice of a firm or non-firm/firm offer where no shared shallow works	None
	Change in choice of a firm or non-firm/firm offer where shared shallow works	Possibly significant
Longstop Dates	Change to longstop dates where permitted by SOs	None
Metering	Change to metering arrangements	None unless late into the project
Merger	Merging projects with no significant expected change to works, charges or bonding arrangements (note 1)	Minimal
	Merging projects with no significant expected change to shallow works (note 1)	Minimal
	Merging projects with significant expected change to shallow works	Significant
Splitting	Splitting projects with no significant expected change to works, charges or bonding arrangements (note 1)	Minimal
	Splitting projects with no significant expected change to shallow works but impact on charges or bonding (note 1)	Minimal
	Splitting projects with significant expected change to shallow works (note 1)	Significant
Relocation	Capacity Relocation with no significant expected change to shallow works (note 1). This includes where a customer relocates capacity behind the connection point.	Minimal
	Capacity Relocation which only reduces the connecting circuit length	Significant
	Capacity Relocation with significant expected change to shallow works	Significant
MEC Change	Decrease in MEC with no significant expected change to shallow works (note 1)	Minimal
	Decrease in MEC with significant expected change to shallow works	Significant
MIC Change	Decrease in MIC with no significant expected change to shallow works (note 1)	Minimal

Basic Type	Types of Modifications	Likely delay
	Increase in MIC where no studies required - typically for a generator seeking a MIC increase less than 4MW and where MEC is greater than twice the MIC	None
	Decrease in MIC with significant expected change to shallow works	Significant
	Increase in MIC where studies required	Significant
Change to overhead or underground cable (See note 3 below)	Change from overhead line to underground cable or vice versa for connection method with no significant expected additional change to shallow works (note 1)	Significant
	Change from overhead line to underground cable or vice versa for connection method with significant potential additional change to shallow works	Significant
Phasing	Phasing legacy projects (no impact on connection works timeline)	None
	Phasing Projects as per COPP ruleset	None
Contestability	Change to contestability decision where allowed	Significant
RTUs	Change in number of RTU devices	Minimal assuming not less than 12 months prior to energisation
Change to technology type	Change to technology type where assessment does not require additional studies ³⁹	None
	Change to technology type where assessment requires additional studies	Significant
	Change to technology type where assessment requires additional studies and likely to require significant changes to shallow works	Significant
Temporary Connection	Temporary Connections	Minimal
Change from AIS to GIS or vice versa	Change from indoor to outdoor or vice versa	Significant

Table 5 – Changes to Applicant Specific Data

Basic Type	Types of Modifications	Likely Delay
House Load	Change to house load	None
Reactive Power Devices	Change to reactive power compensation devices	None unless they require additional or dedicated

³⁹ Please note where the change is submitted as part of a change to specific data, and the change to specific data is chargeable, then there will be no additional charge for this modification

Basic Type	Types of Modifications	Likely Delay
		bays
Change to generation turbine/unit(s)	Change to generation turbine/unit ⁴⁰ with no significant expected change to shallow works	None
	Change to number of generating turbines/units with no significant expected change to shallow works	none
	Change to generation turbine/unit ⁴¹ with significant expected change to shallow works	Significant
	Change to number of generating turbines/units with significant expected change to shallow works	Significant
Transformer Changes	Change to grid connecting transformer(s) specifications	None
	Change to number of grid connecting transformers	Medium to significant

⁴⁰ Including wind turbine changes etc.

⁴¹ Including wind turbine changes etc.

Notes

1. Significant expected change' means where the SOs believe that the modification requested has a material impact on the connection method that was originally offered to the customer (beyond the specific change requested) and therefore is likely to affect the connection charge. Assets chargeable to the customer are as set out in the Quotation letter (DSO customers) or Offer Letter (TSO customers). Any changes to these assets would be considered significant. Primary examples of this would be where one or more of the following is likely to be changed:

Shallow Works (TSO & DSO)
Number or size of connecting stations
Number of circuits and associated terminations
Number of couplers in a connecting station
Length, type or rating of the circuit(s)
Number or rating of transformers
Number or rating of bays
Increased busbar rating
The modification requested causes changes to the asset sharing arrangements or other Connection Method changes to another connecting or connected customer
Requirements to introduce bonding arrangements to cover potential stranded assets
Deep reinforcement (DSO)
Changes in circuit reinforcement requirements
Changes in station reinforcement requirements
Changes in protection requirements

These types of changes impact on the works, costs, leadtimes and legal assumptions contained in the original connection offer and therefore require significant reassessment by the SOs across the technical, commercial and construction related drivers.

Ruleset Appendix 2 - Materiality Rules

Distribution Works

DSO will review the potential impact on the End User customer when:

- Not all members of a subgroup accepts their offers – almost past this stage now for Gate 3
- A party within a subgroup disputes or seeks to delay
- A party within a subgroup requests a modification

Whether the impact is determined to be minimal, material or significant will determine how shared works will proceed:

Minimal Impact: Works progress as planned. End-User to pick up share of defaulting customer as per current rules

Medium Impact: This will involve a judgement call by DSO on the extent of works to proceed. However the basic principles of Group Processing permit the balance of cost of works not payable by developers to be borne by the End User – on the assumption that the DSO has re-designed such that that this cost is minimised.

Significant impact: this will drive a completely new study impacting all in the subgroup

Table 1 below sets out an example of how materiality maybe determined. In the scenario set out the impact consider is in relation to works required at the feeding station

	Same station Primary Voltage	Same number of transformers at feeding station	Same transformer Rating
No Impact	Yes	Yes	Yes
Minimal Impact	Yes	Yes	No
Medium Impact	Yes	No	Yes
Medium Impact	Yes	No	No
Significant Impact	No ⁴²	Yes/No	Yes/No

Table 1

Table 1 is indicative only as each situation will be different, with its own circumstances and nuances.

Essentially the only instance in which a significant impact will arise is where station voltage would change if a party drops out.

Medium impact will arise once the number of transformers feeding the station would be impacted irrespective of the transformer rating.

⁴² For clarity, if there is a change required to the station primary voltage, then this is a significant impact regardless of whether the number or rating of transformers has changed

Transmission Works

The capital cost of transmission assets is generally high and progressing transmission works which may be potentially stranded if not all parties proceed will normally involve considerable End User cost exposure. Similarly, progressing with the construction of only the minimum of the shared assets required to connect the parties that are ready to proceed is generally infeasible as the impact on outages, costs and lead times of coming back to add the additional shared assets at a later date for the remaining group members can be very significant. Hence, in all cases, failure of one or more parties to progress such that the connection method is likely to change is deemed to have a **Significant Impact** and in such a scenario therefore, works cannot progress until all parties have either paid the CID payment or terminated their connection agreements (and if necessary the connection method has been re-optimised).

Minimal Impact

The one exception to this is when a planning application is being prepared for shared assets. In some cases the TSO may judge that the inclusion of shared works will not materially harm or invalidate the planning application if, at a later stage, they are not all constructed. In these circumstances the TSO may proceed with the planning application even if the subgroup has not all made their first stage payments.

Ruleset Appendix 3 – Invoice and Terminate Process Flow Diagram (Indicative only^a)

