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Brookfield Renewable Ireland

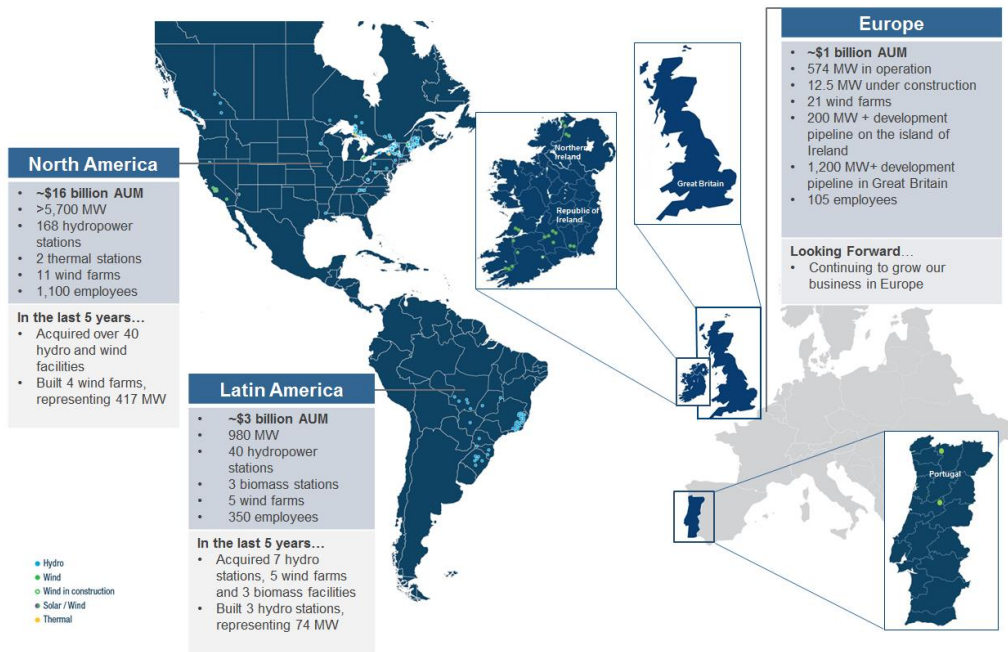
**Response to
Review of Connection and Grid Access Policy: Initial Thinking
& Proposed Transitional Arrangements**

Submission Date: 5th February 2016

Introduction to Brookfield Renewable

Brookfield Renewable Ireland Limited (Brookfield Renewable) is a wholly-owned subsidiary of Brookfield Renewable Energy Partners, one of the largest publicly traded, pure-play renewable power platforms in the world. Our global portfolio consists of approximately 7,000 MW of installed capacity, primarily hydroelectric and wind power generation which is diversified across 14 power markets in 6 countries including the United States, Canada and Brazil, Ireland and Northern Ireland. Our power operating platform employs over 1,500 people globally, including full operating, development, construction oversight, and wholesale power marketing capabilities. Additionally, Brookfield Renewable has recently acquired a majority shareholding position in a 3,032 MW generation portfolio in Colombia.

Brookfield Renewable completed the acquisition of the wind generation assets of Bord Gáis Éireann in June 2014 which included 320 MW of wind capacity across 17 wind projects in 8 counties in Ireland and Northern Ireland. Since then, Brookfield Renewable has brought 144 MW of wind generation to commercial operation and now have an operating portfolio of 464 MW across the island. Additionally, Brookfield Renewable plans to expand its portfolio and has an extensive development pipeline of approximately 200 MW of wind across Ireland and Northern Ireland, including a 100MW tidal generation project off the coast of Northern Ireland and nearly 50MW of onshore wind projects approaching construction.



Brookfield Renewable Energy Partners – Global Footprint

Summary of Our Position

Brookfield Renewable welcome the opportunity to respond to this consultation paper reviewing the Connection and Grid Access Policy with the objective of putting in place transitional arrangements to reflect the current large accumulation of generation applications awaiting an offer to connect to the network, some of which have planning permission about to lapse. The consultation also introduces the Commission's initial thinking with regard to establishing principles and an approach from which an enduring Connection and Grid Access Policy will be developed. This is a complex area with many stakeholders and policy drivers and careful consideration is needed to ensure that the results of this consultation process delivers a Grid Access policy that is fit for purpose.

Timelines for the development of Enduring Policy and Transitional Arrangements

Brookfield would like to emphasise the need to progress the consultation process proposed in the consultation to establish enduring grid access arrangements. Previous experience waiting for grid offers to be issued would indicate that on the current schedule of deciding on the enduring arrangements by the end of 2016, grid applications will not be processed and grid offers generated and accepted in time to deliver additional generation prior to 2020. Every effort should be made to ensure that projects that can deliver in time for the 2020 targets can access the network.

The existing Group Processing Approach (GPA) has been successful in delivering significant investment and generation throughout the three Gates that took place between 2004 and 2007. However, the lack of visibility on a route to a grid application following the closure has resulted in a large queue of applications waiting for a connection offer and it is now timely both to address this queue initially through effective transitional arrangements but also to put in place enduring arrangements that give certainty on a route to a grid connection over the medium term.

Enduring Connection Policy: Policy drivers, Principles and Approach

Renewables cannot be the single policy driver for an enduring connection policy. However, these enduring arrangements must facilitate continued development of Ireland's renewable resources to facilitate additional generation both prior to 2020 and beyond as Ireland's energy system continues on its path towards decarbonisation.

Brookfield Renewable believe that the GPA process should be retained and there should be more frequent rounds of offer processing. However, there is a need for a predictable, transparent schedule of rounds. The lack of clarity following the closure of Gate 3 is a key element for the current inflated levels of grid applications. Stable, regular and predictable gates are needed to give project developers certainty and ensure the current build-up of applications is not repeated.

With regards to the proposed approach to grid connection application criteria Brookfield Renewable believe that an element of planning permission should be included in the criteria for receiving a connection offer. Application date should be retained to use as a secondary tie-break in the cases of congested nodes and for the allocation of firm access. Full planning consent can be included as a longstop requirement for a grid offer where, the application lapses after this date and the project could apply for later gates.

The criteria for receiving an offer must present a sufficient barrier to dis-incentivise speculative grid applications, the hoarding of grid capacity and the secondary market in grid capacity. However, full planning consent is an excessive barrier for onshore wind projects in particular due to the impact it has on project timelines as has been seen in Northern Ireland when planning permission was required prior to submission of a grid application and in light of the recent O’Grianna decision that makes planning consent more onerous due to the requirement to include the grid connection.

A sequential approach to developing projects by first achieving planning consent before being permitted to apply for access to the grid is at best a source of delay for projects by years and at worst unworkable due to the O’Grianna decision¹.

Transitional Arrangements: Addressing the current Grid Capacity queue

Brookfield Renewable welcome the proposed transitional arrangements proposed to incentivise the release of capacity not being used and to maximise use of the network by incentivising the increase of installed capacity grid by 10% where possible.

Additionally, to ensure that the grid is optimised and projects with planning consent are given an opportunity to contribute to meeting 2020 renewable targets, we believe that grid capacity released under the transitional arrangements should be considered for an adjacent project if the project has planning permission and is in the queue for a grid connection. Further flexibility is required to give the existing Gate 3 applications an opportunity to progress these projects for a time-limited period and by allowing flexibility on the COPP rules for a limited period, particularly regarding the rules on meshed node location movement and prohibiting grid splitting after Phase 2 payments have been made.

Sharing of Connection Assets (Grid Sharing)

Under current arrangements, the prohibition on the sharing of grid connection assets by sister companies is a barrier to the development of co-location and extension projects that must be addressed. Currently sister companies under the same parent company are not permitted to share a grid connection asset under a single connection agreement. Brookfield Renewable strongly believe that

¹ Projects cannot on the one hand wait for planning consent to submit a grid application and on the other hand require details of their grid connection to achieve planning consent.

while this particular issue is not an element of the Grid Access Policy, it has a real impact on parties seeking to connect to the network and optimise the use of a grid connection asset. Brookfield Renewable request that this issue is addressed promptly to allow sister companies to share grid connection assets and welcome further engagement with the CER and the TSO to resolve this issue.

Non-GPA Connection Process

In our view the current non-GPA arrangements was not introduced to facilitate the large numbers of applications from solar generators that it is currently receiving. We believe that an immediate review of the non-GPA process should be undertaken by the Commission and that the solar applications received to date should be treated the same as post-Gate 3 onshore wind applications by lowering the threshold for solar to the same level as non-GPA wind projects at 1 MW until the enduring connection policy is established.

Brookfield Renewable look forward to engaging further with the Commission on the delivery of transitional grid access arrangements and on developing an enduring grid access policy to is fit for purpose for all stakeholders. We welcome the opportunity to meet with you to discuss our views presented in this response.

Regards,

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Comments on the Initial Thinking on Enduring Connection Policy and Proposed Transitional Arrangements

Part 1: Initial Thinking on Enduring Policy

1. Review of Existing Connection Policy

The Group Processing Approach (GPA) has been successful in facilitating the connection of a large amount of renewable and conventional generation.

The introduction of the Group Processing Approach (GPA) in 2004 was needed to facilitate the large volumes of connections needed to meet Ireland's renewables targets and to provide a connection method for conventional generators at a time of growing demand. However, a number of projects contracted under Gate 3 are unlikely to proceed in their current form despite acceptance of their Gate 3 offers. Brookfield Renewable believes that these projects should be given an opportunity to utilise their contracted grid and if not we welcome the proposal to "release" this capacity for re-allocation through the refund of First Stage Payments.

Brookfield Renewable also recognise that there has been a build-up in post-Gate 3 GPA (25.4GW) applications, in part due to the lack of visibility of any enduring arrangements. Also, there are now more than 1.1 GW of outstanding non-GPA applications, the majority of which are solar applications. Clearly, the non-GPA approach was not introduced to facilitate such large levels of applications. It is timely for suitable arrangements to address this queue and to put in place enduring arrangements that will provide certainty on a route to a connection in a fair and equitable manner for all technologies.

2. Enduring Connection Policy: Objective, Principles and Approach

Brookfield Renewable agree with the policy objective proposed for the Enduring Connection Policy.

Do you agree with the policy objective for the Enduring Connection Policy? Are there other matters the CER should consider?

Brookfield Renewable agree that "the CER's policy objective for the Enduring Connection Policy is to provide a fair opportunity for generation to receive offers of connection to the network taking account of system needs, efficiency, national policy and the consumer interest". The network is a valuable and limited resource and ultimately access to the network must work for a wide range of stakeholders to ensure that it is used and developed optimally.

Do you agree with the application of the proposed underlying principles to the development of Enduring Connection Policy? Are there any other principles that the CER should consider?

Brookfield Renewable agree with the proposed underlying principles to the development of the Enduring Connection Policy. The 'Compliance' principle does refer to the need to be compliant with national and European legislation, such as the RES Directive that gives priority dispatch and grid access

priorities to renewables technologies that are delivering a decarbonised energy system. We believe, however, that this principle should be expanded to specifically address the principle policy objective of decarbonising Ireland's energy system as has recently been reiterated in Ireland's Energy White paper².

What is your view on the high level processing approach outlined above? Are there other processing approaches the CER should consider?

Brookfield believe that the high level approach presented, i.e. smaller, more frequent 'gates', facilitates efficient access to the grid through a fair and transparent application and processing approach. We believe that clear visibility is needed as to the frequency and length of time that the enduring approach will be in place. The lack of certainty about when and how connection offers would be processed was, in our view, a large factor in the rush to get applications in that has resulted in the vast queue we have today.

Increasing focus around planning and consenting is also needed, however it should be tempered with the reality that, for wind generation projects in particular, planning is a long process and waiting for full planning consent considerably lengthens the time taken to develop a project, as has been the case in Northern Ireland over the past 10 years. Sequentially requiring full planning consent prior to applying for a grid connection does not work for onshore wind projects. It delays projects by years and is simply unworkable due to the requirement for inclusion of a grid connection in the planning consenting process since the O'Grianna decision. We welcome further engagement on the details as to how the proposed approach will be applied on an enduring basis.

3. Enduring Connection Policy: Key Policy Drivers

Renewables cannot be the single policy driver for connection policy. However, the enduring connection policy arrangements must facilitate continued development of Ireland's renewable resources to facilitate additional generation both prior to 2020 and beyond as Ireland's energy system continues on its path towards decarbonisation.

Do respondents agree that the CER should consider the connection of renewables as one of several drivers to be balanced in the development of an enduring connection policy?

When discussing whether the connection of renewables is one of several drivers to be balanced in the development of an enduring connection, we must consider the obligations that Ireland must meet and the consequences of not meeting those obligations. Brookfield Renewable agree that viewed from a

² [Ireland's Transition to a Low Carbon Energy Future 2015 – 2030](#) (DCENR, Dec-2015)

high level there appears to be a sufficient number of projects in Gate 3 to meet Ireland's 2020 renewable electricity target of 40%.

However, we also believe that it is very likely that a number of these projects will not deliver due to a variety of reasons which mean that in our view it is by no means certain that Ireland will meet the 2020 target. The failure of projects may be due to a number of reasons including the challenges of achieving REFIT deadlines for operation by December 2017, uncertainty driven by recent planning amendments etc. Further, when progress towards Ireland's legally binding renewable target is considered across electricity, heat and transport, there may be a requirement for electricity to contribute more than 40% to make up for shortfalls in heat and transport. Finally, while the EU 2030 Climate and Energy Goals Policy Framework does not specify member-state specific renewables targets, Ireland's outstanding renewables resources must dictate that renewables continue to be developed here beyond 2020.

Brookfield Renewable recognise that renewables cannot be the single policy driver for connection policy. However, the enduring connection policy arrangements must facilitate continued development of Ireland's renewable resources to facilitate additional generation prior to 2020 and beyond as Ireland's energy system continues on its path to decarbonisation.

Should connection policy make explicit provision for interconnectors? If so, what issues should the CER take into consideration?

The connection policy should take into account the development of further interconnectors to the extent required by the EU Third Package and the EU Network Codes for interconnector projects identified as Projects of Common Interest (PCIs). However, in the interests of fairness, other connection applications should not be disadvantaged by the explicit treatment of an interconnector connection application.

Should the technologies and projects currently covered under the non-GPA process be processed under the GPA process when the new connection policy is implemented?

Should some categories of project be processed outside the GPA process when the new connection policy is implemented?

Brookfield Renewable believes that some of the technologies and projects currently covered under the non-GPA process should be processed under the GPA process when the enduring connection policy is implemented. In our view it is clear that the non-GPA process did not envisage the current high levels of applications from solar generation and these applications should be moved into the GPA process. Also, the thresholds for connection outside the GPA process should also reviewed so that the same threshold is applied to both wind and solar generation at 1MW.

In our view the rationale behind the inclusion in the non-GPA process of applications that are deemed 'in the public interest' should continue as it applies to immature renewable technologies such as tidal, and wave as well as other experimental and emerging technologies. Small-scale projects that are not of sufficient scale to warrant inclusion in the GPA process should continue to be progressed under the non-GPA process with a single threshold for both solar and wind generation.

Brookfield also propose that consistent grid code compliance requirements are applied to all renewable projects with a review of the suitability of the threshold for controllability of future connections, Brookfield consider that this threshold should be reduced.

Do respondents agree that the CER should progress the development of the Enduring Connection Policy in advance of I-SEM go-live?

Brookfield Renewable believe that the CER should progress the development of the Enduring Connection Policy in advance of ISEM Go-Live. As already mentioned, we believe that Ireland will require additional renewable generation to meet 2020 targets and every effort should be made to deliver an enduring connection regime as quickly as possible to enable projects to be progressed and contribute towards the 2020 target.

Should connection policy facilitate a mix of generation and in particular facilitate providers of DS3 system services? Should connection policy focus on certain technology types or rely entirely on market signals?

The connection policy should facilitate a mix of generation that will deliver the DS3 System Services required. The type of technology that will deliver these System Services will be determined by signals from the energy markets and through DS3 and ISEM Capacity market auctions. The connection policy should ensure that potential providers of System Services can connect to the network.

Should projects which make the most efficient use of the existing network be prioritised over projects driving more deep reinforcements?

Brookfield agree that the most efficient use of the existing network should be priorities over projects driving more deep reinforcements in the short term to ensure that the Irish consumer's ongoing investment in strengthening the network is maximised. However, the network will continue to need further strengthening and development as the key policy drivers dictate such growing demand and continuing to develop renewable generation to decarbonise Ireland's energy system.

In our view the opportunity to co-locate complimentary generators such as solar and wind should warrant careful consideration by the CER. The complimentary nature of the resources ensures that use of the network is optimised. As a result there will be less need to develop further connections to meet renewable objectives and ultimately save the consumers money. In addition, co-locating projects

should also include the use of storage on existing generation sites. Again, storage proves complimentary when coupled with intermittent renewable resources such as solar and wind and could mitigate the need for further network reinforcements as a cost effective method of addressing curtailment and constraint issues.

Should large demand connections which make the most efficient use of the existing network be encouraged through the Enduring Connection Policy?

Large demand connections make the decision on where to locate based on a number of factors. The connection policy should facilitate large demand. The locational element of use of system costs reflects, to a degree, the strength of the network where the demand connection has chosen to locate. Proposing any changes to the locational nature of these charges is outside the scope of this consultation.

Are there any specific issues the CER should take into consideration regarding community based schemes?

Community-based schemes must be able to participate in the connection process in a fair and non-discriminatory manner. The promotion of community based schemes should take place through other incentives such as government sponsored support mechanisms or an appropriate tax incentives, for example.

Should the CER include planning permission in the criteria for receiving a connection offer?

Brookfield Renewable believe that an element of planning permission should be included in the criteria for receiving a connection offer. The criteria for receiving an offer must present a sufficient barrier to dis-incentivise speculative grid applications, the hoarding of grid capacity and the secondary market in grid capacity. Application date should be retained to use as a secondary tie-break in the cases of congested nodes and for the allocation of firm access. Full planning consent can be included as a longstop requirement for a grid offer where, the application lapses after this date and the project could apply for later gates.

As a wind developer in Northern Ireland, Brookfield Renewable have considerable experience in the NI grid connection process, which requires planning consent before a grid application can be made. In our experience this considerably lengthens the timelines to develop a wind-farm, adding between 2-5 years to achieve planning consent. In our view, this sequential approach should be avoided for the enduring arrangements in Ireland.

The recent O’Grianna ruling requires the inclusion of a grid connection in planning applications for generators. Obviously, there is a clear disconnect if a generator is not permitted to apply for a grid connection until planning consent is achieved while at the same time requiring details of a grid connection to achieve planning consent.

Brookfield Renewable believe that this issue can be solved by enabling generators to apply for grid connections in the enduring gate process, but including milestones by which the generator must achieve planning. If these milestones are not achieved, the generators offer lapses and they can apply at the next gate if they chose to. This addresses the generator's need for visibility on the grid connection to achieve planning consent and addresses the current issue with hoarding of capacity by providing clear milestones by which they must achieve planning.

Have we identified the correct policy issues? Are there policy issues which we have not accounted for?

Broadly speaking, Brookfield Renewable welcome the proposed approach to an enduring arrangement where there will be more frequent, smaller rounds under the Group Processing Approach. Additional planning criteria should act to prevent purely speculative applications, thus reducing the number of applications in each Gate. However, as we have stated, the requirement for full planning permission is onerous, particularly in light of the recent O'Grianna ruling and we believe including planning milestones in the application criteria allows for parallel development and streamlines project delivery.

We welcome the opportunity for further engagement and consultation with the Commission to establish other elements of the Connection Policy such as the size and frequency of the Gates and the detailed planning requirements to be included in the application criteria.

Should the GPA process be retained? And should there be more frequent rounds of offer processing?

Brookfield Renewable believe that the GPA process should be retained and there should be more frequent rounds of offer processing. However, we once again highlight the need for a predictable, transparent schedule of rounds. The lack of clarity following the closure of Gate 3 is a key element for the current inflated levels of grid applications. Because project developers have no visibility as to the grid connection process following Gate 3, they are incentivised to apply to secure a place in the queue.

Should the non-GPA approach be revised?

Brookfield Renewable believe that the non-GPA approach should be revised immediately. The non-GPA process was set up to cater for projects of public interest or for certain classes of technology or small sizes of applications where it was deemed unnecessary to process within the GPA. It did not envisage nor was designed to facilitate the current very high levels of applications being received. This was addressed in the Commission's decision to introduce non-GPA³ included an option to review arrangements and we believe that that is now the case and a review is needed.

³ CER-09-099: Treatment of Small, Renewable and Low Carbon Generators outside the Group Processing Approach

Brookfield Renewable believes that the non-GPA approach should be retained within the new connection policy. There remains a need for a route to a grid connection for projects that are deemed in the public interest. However, the same threshold should apply for onshore wind and solar generators to participate. As is the case for onshore wind applications above the threshold, all solar applications above the threshold should also be processed through the GPA process along with applications from other technologies.

Brookfield Renewable also propose that consistent grid code compliance requirements are applied to all renewable projects with a review of the suitability of the threshold for controllability of future connections, Brookfield consider that this threshold should be reduced

Part 2: Transitional Arrangements

4. Proposed Transitional Arrangements

Brookfield Renewable welcome the proposed transitional arrangements proposed to incentivise the release of capacity not being used and to maximise use of the network by incentivising the increase of installed capacity grid by 10% where possible.

Additionally, to ensure that the grid is optimised and projects with planning consent are given an opportunity to contribute to meeting 2020 renewable targets, we believe that grid capacity released under the transitional arrangements should be considered for an adjacent project if the project has planning permission and is in the queue for a grid connection.

Further flexibility is required for a limited time-period to give the existing Gate 3 applications an opportunity to progress these projects by allowing flexibility on the COPP rules, particularly regarding the rules prohibiting grid splitting after Phase 2 payments have been made.

Comments are requested on the above proposed transitional arrangements, specifically:

Whether these transitional measures should be implemented ahead of the development and implementation of the Enduring Connection Policy;

The timing of such arrangements (30th June 2016 for policy measure (1) and (2));

The appropriate level of increase in capacity under policy measure (2) to deliver most final customer benefit.

Brookfield Renewable agree that transitional arrangements are needed to address the current accumulation of grid applications and accepted offers in the queue and, more importantly, to ensure that arrangements are in place that allow connection offers and modifications to be processed efficiently prior to the delivery of the enduring grid connection policy arrangements and to ensure targets are met.

(1) Release of Existing Capacity

Brookfield Renewable agree that there must be an incentive for projects that have accepted grid connection offers to release that capacity prior to longstop dates being reached if that project is no longer feasible. Refunding the project’s first stage payment provides this incentive. However, it does not provide any incentive for phased projects in particular, where the second or subsequent phases didn’t go ahead. These projects should be given an incentive to give back the capacity for additional phases without incurring costs.

Also, Brookfield Renewable believe the 30th June 2016 deadline to terminate connection agreements does not give enough time for projects that are awaiting outstanding decisions such as the processing of a connection modification. We believe that for projects that have achieved planning and are attempting to secure access to the grid more flexibility should be granted to allow these projects to process modifications in the transitional arrangements. For many of these projects, planning consent will expire prior to the commencement of the enduring connection arrangements and a project with planning consents will not proceed on the basis of the lack of flexibility in the transitional arrangements. The transitional arrangements should remain in place until a decision is made on the enduring regime.

Additionally, to ensure that the grid is optimised and projects with planning consent are given an opportunity to contribute to meeting 2020 renewable targets, we believe that grid capacity released under the transitional arrangements should be considered for an adjacent project if the project has planning permission and is in the queue for a grid connection.

Further flexibility is required to give the existing Gate 3 applications an opportunity to progress these projects for a time-limited period and by allowing flexibility on the COPP rules for a limited period, particularly regarding the rules on meshed node location movement and prohibiting grid splitting after Phase 2 payments have been made.

Non-GPA Queue

This response has already highlighted that we do not believe the current non-GPA arrangements were designed to facilitate the large numbers of applications from solar generators that it is currently receiving. We believe that an immediate review of the non-GPA process should be undertaken by the Commission and that these solar applications received to date should be treated the same as post-Gate 3 onshore wind applications within the transitional arrangements decided upon and until the enduring connection policy is established.

(2) Existing Connections seeking to Increase Capacity (by 10%)

Brookfield Renewable agree in principle that the existing grid should be maximised where possible and in that regard welcome the proposal to allow an increase in capacity of no more than 10% of MEC. However, in the interest of fairness this proposal must be made available to all generators and not a targeted few. The proposal is subject to a number of conditions. We accept that the increase is conditional on not driving any deep reinforcements.

However, while we agree in principle to the proposal to allow a 10% increase in MEC we disagree with the condition excluding generators that require changes to their connection assets. This condition is unnecessary as generators will bear the costs of any changes to connection assets required.

This also raises the issue of the sharing of grid connections. In many instances an additional 10% extension to an existing generator will mean a separate sister company to the existing generator is needed to facilitate the financing arrangements of the extension. As we discuss further below, the grid connection agreement does not currently allow the grid connection asset to be shared by sister companies with the same parent. Brookfield Renewable request that the Commission address this unnecessary barrier to the development of extension and co-location projects to ensure use of the grid infrastructure is optimised.

(3) Units seeking to provide System Services required by the TSO

Brookfield Renewable supports the proposals by the Commission to provide connection offers to generators and other providers of system services that can provide system services needed by the TSO to increase NSP levels and facilitate higher levels of renewable generation. More detail is sought on the requirements to provide System Services and how the transitional arrangements will work alongside DS3 Auction arrangements for example.

Sharing of Connection Assets

Brookfield Renewable strongly believe that current arrangements with regard to sister companies sharing a grid connection asset are creating a barrier to development of extension and co-location projects and prevent the grid from being utilised to its full. Under the current grid connection agreement sister companies are prohibited from sharing the same grid connection asset. Only if a generation extension is from the same parent company that executed the connection agreement is it permitted to use the same grid connection.

This lack of flexibility affects the ability of sister companies to achieve financing as financial institutions require evidence of permitted access to the grid connection asset. Brookfield Renewable believe that it is now very timely for the Commission to address this issue. In many cases this arrangement is necessary to allow the development of extension projects that optimise the use of grid connection assets and can mitigate the need for network development. Further, the co-location of complimentary generation technologies such as wind, solar and storage will maximise use of the existing network and should be incentivised. Under current arrangements, the prohibition on the sharing of grid connection assets by sister companies is a barrier to the development of co-location and extension projects.