

Re: Element Power Ireland response to the Review of Connection and Grid Access Policy and Principals-CER/15/284

Introduction

Element Power is a global renewable energy company that develops, acquires, builds and operates utility-scale wind and solar power projects. Element Power Ireland has approximately 100 (MW) of renewable energy generation in operation and approximately 1GW of energy generation projects in development in Ireland. Element Power has an established track record in wind energy in Ireland, with its Irish team based in Tullamore, Co. Offaly and Cork. This team has developed 16 wind farms in Counties Clare, Cork, Kerry, Donegal, Limerick, Waterford, Tipperary and Tyrone.

Element Power Ireland welcomes the opportunity to respond to this important consultation. We agree with the approach in terms of the provision of Transitional arrangements for the short-term. This is in recognition of the complexity of the topic and the need to take the time to design an enduring regime which is fit for purpose for the future while taking some practical and sensible steps to allow limited connections in the interim. However, we believe the transitional arrangements must make allowance for providing grid connections for interconnectors with EU Project of Common Interest (PCI) designation.

We believe that there are key learnings to be taken from the grid access regimes in Ireland and elsewhere in the past decade especially in the context of renewable generation. We also note that there is a danger that multiple grid allocation processes are running in parallel (non-GPA, transition, enduring and DS3). Insofar as is possible, we need to get to just one system, so that there is just one set of rules and procedures applying to all projects, and so that efficiencies around areas such as curtailment studies, ITC runs, firm access allocation, grouping and triggering of upgrades can be handled as efficiently as possible.

We wish to express our general support for the IWEA response to this consultation and in our response we will provide additional responses to some areas of the consultation but we will also highlight certain areas where our views differ from IWEA.

Detailed Response

Part 1- Enduring Access Regime

Section 3: Enduring Connection Policy: Objective, Principles and Approach

Questions

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

We support the IWEA response in relation to this. We believe that the principles of efficient use of resources and optimal grid development will require special attention in designing the enduring regime. In particular, a regime which is planning-led with smaller, more frequent 'rounds' of application will require a new approach to how these principles are adhered to since it will be more difficult to plan ahead in terms of cluster grid infrastructure.

As a result, it seems to us that the approach will need to be more flexible in terms of utilising existing network resources than it is at present. It will also need to establish a mechanism to provide a sensible, balanced approach to grid development in advance of projects having planning.

Element Power Ireland believes that the enduring regime may need to see the TUOS customer taking on more investment at a measured risk prior to projects receiving planning. One option would be the application of a probability factor to projects at various pre-planning and planning stages to use for grid development purposes.

3.2 Enduring Policy: High Level Approach

Questions

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

Element Power agrees with the approach outlined but notes the importance of new approach required in a planning-led regime as described in response above on Principles.

Section 4: Enduring Connection Policy: Key Policy Drivers to Determining Appropriate Connection Criteria

Questions

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?

No additional response to IWEA

4.2 Interconnection, Demand and Generation Forecasts

Questions

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

Element Power differs from the IWEA response in relation to provision for interconnectors. We believe that interconnectors must be treated differently to generation and demand since they are essentially transmission network reinforcements on a European scale.

Element Power wishes to refer to the response submitted on behalf of Greenlink and supports the position outlined therein.

4.3 Treatment of Non-GPA Applications

Questions

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?

Element Power Ireland differ from the IWEA response with regard to solar. We believe the non-GPA route for solar is no longer tenable. There is a provision in CER09/99 which allows a review if the regime becomes unmanageable. We believe that solar is not inherently any better or worse than onshore wind, and so should not be treated any differently. Currently the non-GPA route gives an



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unfair precedence to solar, and represents a market distortion. The energy market or Energy policy/support scheme should determine the optimum generation mix. The sooner that solar can be brought into the enduring regime provisions, the sooner more coherent integrated approach can be used which is (a) fairer and (b) likely to yield more efficient connection solutions. The downside for solar is of course delay, but since they are still at over twice the cost of onshore wind, this is only to the Irish consumer's advantage.

Section 4.4 Connection & Access Considerations

Questions

i-SEM Design

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

No additional response to IWEA

DS3

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

No additional response to IWEA

Network Issues

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

Element Power supports the IWEA response in relation to this point but wishes to highlight the importance of having system studies run in parallel with this consultation process in order to assess network capacity based on a number of alternative scenarios other than designing to 100% firm capacity based on N-1. We believe it is critical that stakeholder workshops are held to agree scope of these studies such that these studies can begin in Q2 2016.

In addition, Element strongly believes that solar connections should be encouraged to share wind connections to adhere to the principal of efficient use of existing network. In order to achieve this, the CER and TSO must find a workaround to the current constraint that requires the sum of market registered capacities to be no more than the MEC. Instead, it should be possible to put a 10MW solar on a 40MW wind farm site, and still only have for example a 38MW MEC. This is the most efficient use of network equipment and results in the highest possible capacity factor, which reduces curtailment, constraint and grid reinforcement cost. It would also be beneficial to allow more flexible submetering arrangements, for example to allow panels use the DC bus of each wind turbine, thus doing away with the need for dedicated transformer and inverters for the panels.

Demand

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

Element Power believes that it is important that all large generators or demand connections are subject to locational signals if we are to adhere to the principles of efficiency in the use of resources and optimal grid development.

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Section 4.5 Government Commitments and European Policy

Questions

Community-based schemes

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

No additional response to IWEA

Planning and Consenting Considerations

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

Element Power agrees that the enduring regime should be planning-led in order to avoid the problems experienced in Gate 2 & Gate 3. However, as discussed in the IWEA response, this does lead to other complications that warrant careful consideration.

If network operators only start designing new cluster grid infrastructure to accommodate projects once those projects have planning permission then there is a risk of the grid infrastructure becoming a major bottle-neck. This has been shown to be the case in recent years in Northern Ireland which already has a planning-led approach.

While grouping grid infrastructure within the GPA regime to date reduced the amount of grid infrastructure built, this only represents 5-15% of a generation project value. The downside was many groups were waiting for the last member to get planning for 5 years or more, and the benefit of the group was thus reduced by more than the “grouping value”. Thus smaller more regular groups will be important at a minimum and we believe that group members should be encouraged but not obliged to allow groups to form even after offer acceptance. In a planning-led regime, it would be critical that developers have access to connection option studies by the System Operators (SO) prior to submitting planning applications. This is also a key point following on from the O’Grianna judgement.

It may be prudent for SO to apply some probability weighting to projects that are approaching planning application with further weightings for projects in planning. This would allow SOs to begin design and planning process for any necessary cluster grid infrastructure triggered by these projects. How such a process is funded and approved must be addressed. We believe that TOUS customer should take on these costs at a measured risk with the benefit of delivering efficient network development in a timely manner. This topic should be the subject of a dedicated workshop as part of the consultation process.

Conclusions

Questions

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

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

Element Power Ireland believes that the non-GPA process should be revised with regard to solar connections as discussed previously.

Part 2- Transitional Arrangements

Questions

*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*

Element Power supports the IWEA response with regard to ‘10% MEC Increase’.

In relation to ‘Addressing Unused Grid’, we strongly endorse the IWEA position which proposes a relaxation of the relocation rules for Gate 3 projects. We believe it could be some years yet before the first offers are issued under the enduring regime, and it would be beneficial from a network reinforcement (and hence consumer cost) perspective if Gate 3 offers were allowed to move out of congested areas and into areas where more grid was available. The option to hand back capacity (which should also include the reduction of MEC) is a useful tool, and we welcome this option. It is however only half the story, and there are likely to be developers who wouldn’t opt to hand back capacity, but would choose to relocate it. Thus both policies are complementary in minimising the amount of “stranded” grid connection offers which may clog up nodes and result in unnecessary grid reinforcements.

With regard to ‘DS3 System Services’ we support the allowances within the transitional arrangements but wish to make some additional comments. There is currently no time limit specified for this access regime and we believe it is crucial that this regime would only remain in place until an enduring regime is up and running. Once the enduring regime is in place then DS3 connections should be subject to the same rules and criteria as other generators. We believe that it would be unmanageable to run a further access regime in parallel with an enduring regime and a non-GPA regime since the interactions would become overly complex.

In addition to what is currently provided for in the Transitional Arrangements, Element Power Ireland believes that it is crucial that allowance is made for grid connections of interconnectors which have European Union Projects of Common Interest (PCI) status. We note that the Greenlink interconnector project which has formal European PCI status (2nd List) is planned for completion in 2021 and to achieve that date needs to have certainty on a connection location in spring 2016 prior to undertaking seabed survey.

Conclusion

We welcome this first step of this important consultation and will continue to provide our input and ideas throughout the process. We wish to reiterate the importance of stakeholder engagement in the short-term to discuss the more complex areas of ITC model assumptions and implications of planning-led regime on grouped grid.