



**NETWORKS**

**ESB Networks Submission:**

**Review of Connection and Grid Access Policy:**

**Initial Thinking & Proposed Transitional Arrangements**

5<sup>th</sup> February 2016

## 1. Introduction

The submission sets out the response of ESB Networks Limited (“**ESB Networks**”), as Distribution System Operator (“**DSO**”), to the proposals and the considerations in the Consultation

ESB Networks welcomes the opportunity to respond to the CER consultation on “Review of Connection and Grid Access Policy: Initial Thinking and Proposed Transitional Arrangements”.

We would highlight the following points which are elaborated further in this response:

As a general note, a key issue for ESB Networks is that any policy should be compliant with applicable EU and national law, and should be capable of being implemented in practice. We endorse the principles highlighted by the CER in its statement of policy objectives, including those of compliance, transparency, equity of treatment and ensuring that the policy should not be overly burdensome on system operators to implement or developers to engage with, and we consider it vital that these principles are observed as the detail of the policy is developed.

We would further note that time will be required in order for the system operators to put in place the appropriate systems and processes to implement and support the final policy both for transitional measures and any enduring connection policy. The time required will depend on the final direction of CER with regard to these matters. ESB Networks wishes to make CER and industry participants aware of this to ensure that the relevant timelines are taken into account. It is critical that CER should involve the system operators at each stage of this process to ensure that the policy is capable of practical implementation and to understand the processes and timelines involved.

### Enduring Policy

- ESB Networks supports the review of both GPA and Non-GPA;
- Due to the recent unprecedented volume of applications which are currently eligible for processing under the Non-GPA rules, this approach is no longer fit for purpose and the criteria for inclusion need to be revised;
- Whilst generally supportive of the GPA process as it ensures optimal development of the network, we are cognisant that there have been issues in implementation which have resulted in slow resolution of groups. Any future decision needs to address these issues.
- ESB Networks supports an approach which would lead to those projects which are most likely to proceed to build receiving offers. Options that might be considered could include, for example, a limitation on allowable modifications, and the requirement for upfront security associated with shared works.
- ESB Networks’ understanding of the proposal in the Consultation is that any applications for connection under GPA or Non-GPA which have not been issued an offer at the date when the new policy is introduced will have to reapply for connection under the new rules (and the existing applications will not be processed), i.e. the queue will be “purged”. It is vital for the

industry to have clarity on this point and ESB Networks would request that CER set out its proposals in this regard in very clear terms in any further consultation and in the final decision.

- Any group processing approach should ensure that there is no overlapping of gates at the same location. A means of ensuring this could, for example, be to require that capacity would not be made available for the next gate at a particular location until such time as the previous projects at that location have passed an appropriate milestone for example in the case of non-contestable projects this could be the construction stage payment milestone (second stage payment);
- We agree that the policy should be enduring, but should provide for appropriate review mechanisms which, in the case of Non-GPA, should include automatic triggers once certain thresholds are reached;

### **Transitional Arrangements**

- We support the release of existing capacity, subject to the imposition of certain criteria;
- ESB Networks understands what the CER is seeking to achieve with the proposed treatment of Existing Connections as set out in the transitional arrangements, i.e. the intention of “bringing the capacity onto the system considerably faster”. However, we see significant issues with this proposal, and we do not understand how this could work in practice.
- With respect to the details relating to “Support System Services”, ESB Networks does not consider that the proposals as outlined can be accommodated within the timeframe for transitional arrangements and we would consider that this should be addressed as part of the Enduring Connection Policy.

ESB Networks looks forward to continued engagement on this topic and is open to further discussion and involvement in facilitating the implementation of the new Connection & Grid Access Policy.

## **2. Submission**

ESB Networks has considered the Consultation in detail. All queries within the consultation are responded to as part of this submission. In addition, this submission contains additional comments on each section of the consultation as outlined below.

### **1.0 Executive Summary & Introduction**

ESB Networks believes that there is a pressing need to review current policy in relation to Connection and Grid Access, and will support CER in this review.

Whilst ESB Networks is very much in favour of the review, we wish to flag that changes to the connection policy will require changes to system operators’ existing processes to ensure that any new policy can be effectively implemented. There may also be a requirement for the introduction of (or review of existing) ancillary rules or policies to support the practicalities of implementation of the policy. For example, it may be necessary to review charging policies, the Connection Agreement, and/or the Connection Offer Policy and Process document (rules for processing modifications). Accordingly, CER may need to consider these issues in parallel and/or allow for an appropriate lead-in period from the date of CER’s ultimate decision to the implementation date for any new policy.

### **2.0 Review of Existing Connection Policy Section**

ESB Networks is supportive of the policy being termed an “Enduring Connection Policy”, provided that it is clear that it will still be subject to periodic review to ensure it continues to meet the needs of the market at any given time. Further, there should be express provision in the policy for a review to be triggered in the event that circumstances change in a manner that warrants a review of any aspect of the policy. In the case of Non-GPA, this should include automatic review triggers as outlined further in this response.

#### **2.1 Group Processing**

ESB Networks agrees with the CER statement that “availability of firm capacity for generation on the network is a scarce resource”, and that it must be valued and managed accordingly. Evidence from recent applications and offers, confirms that significant works are required in many instances to connect relatively small generation capacity.

ESB Networks are in agreement with the principle set out in section 2.1.4 of the Consultation. Our understanding of how this process would work (as alluded to in a number of sections in the Consultation e.g. 2.1.4 and 4.3) is that as and from the date of implementation of the Enduring Connection and Access Policy, any applicant in the queue who has not received an offer as part of the currently approved GPA or Non GPA processes, will have to formally re-apply for connection under the

rules of the Enduring Connection and Grid Access Policy and their existing applications (as at that date) will not be processed.

As the language in Section 2.1.4 is ambiguous in this regard, ESB Networks requests the CER to confirm that this understanding is correct, and would welcome a clear and explicit statement to this effect in any further consultations and in the final Enduring Connection and Grid Access Policy direction. It is vital that the system operators and market participants are clear as to what is intended in this regard so that the Enduring Connection and Grid Access Policy can be effectively implemented.

ESB Networks agrees with the principle that there would be a number of relevant criteria in addition to date order, such as, for example, available capacity in the relevant location.

ESB Networks notes that tabled and numerical values are stated throughout the consultation paper. We wish to advise that we have not reviewed all tables and information in the Consultation to confirm whether or not the information is correct, although in this response we have picked up certain obvious errors which came to our attention. If CER requires ESB Networks to verify or provide information which is in ESB Networks’ possession, we would be happy to do so separately on request from CER.

It is agreed that the Group Processing Approach has fulfilled the objective of facilitating the connection of large volumes of renewable capacity to the electricity networks and will enable Ireland to achieve its RES-E targets for 2020. However, in achieving this target, significant investment has been made by the end user in reinforcing the networks and any new policy that is to be developed should ensure that this investment is fully exploited before further investment is made in the network.

## **2.2 Non-Group Processing Approach**

The non-GPA direction was issued in 2009 (CER09/099) (the “**Non-GPA Direction**”). In the first six years (2009 – 2014) following the direction, the process worked well with an average of 28 applications received per year widely dispersed across the country. The vast majority of the applications were small (circa 0.5MW) in scale and did not interact with other applications.

However, the volume of applications has increased dramatically over the last year as outlined further in Section 4.3 below. The Non-GPA Direction clearly stated that it would require review if the trend of applications being received at that time were to change. As set out in more detail in Section 4.3 below, the volume of applications in the last 6 months of 2015 was over 10 times the level in the entire year of 2009 i.e. effectively a 20 fold increase over that 6-month period. Accordingly, ESB Networks considers that a review of non-GPA is urgently required and agrees that the criteria for a non-GPA project should be revised. The Non-GPA process is not appropriate or sustainable for the current volume of applications and this is likely to continue to increase at the same rate.

ESB Networks also agrees with the CER (assuming our understanding of the Consultation is correct) that should the criteria for Non-GPA change, then those applications already received prior to the date of the CER decision, which have not yet received an offer, would have to reapply, and the existing applications at that date would not be processed. If no longer eligible for non-GPA processing, then

they would be considered an applicant under the GPA rules. Again, we consider it is essential that there is clarity on this point in any further consultation and/or the final decision.

### **3.0 Enduring Connection Policy: Objective, Principles and Approach**

#### **3.1 Enduring Connection Policy Objective and Underlying Principles**

**Consultation query: Do you agree with the policy objective for the Enduring Connection Policy? Are there other matters that the CER should consider?**

**ESBN response:**

ESB Networks generally agrees with, and supports, the statement of the principles of the Enduring Connection Policy but suggests that principle of making efficient use of scarce capacity should be reflected in the overarching policy statement.

The objective of the policy to strive to achieve an equitable outcome for all stakeholders including end-user and developers, while at the same time striving for efficient development of the networks and compliance with National and European policies, is welcomed by ESB Networks.

An additional principle could be considered whereby functionality, which is indicated to be particularly scarce or critical to system needs, could form another criterion for inclusion in a periodic “batch”. In this regard, the work which has already been done for DS3 products and is ongoing with regard to the development of metrics by which scarcity or criticality to system operation is quantified could provide a transparent means of implementation of such a criterion.

**Consultation query: Do you agree with the application of the above underlying principles to the development of Enduring Connection Policy?**

**ESBN response:** ESB Networks agrees with the application of the principles in the development of the Enduring Connection Policy.

#### **3.2. Enduring Connection Policy: High level approach**

ESB Networks commends the CER’s view that the connection policy may need to move away from the current approach of separate large rounds to a more long term, sustainable approach that provides for an enduring set of principles and policies, to the long term benefit of consumers. ESB Networks suggest that clarity is required on the meaning of “Near Term” in the following statement:

*“The approach to issuing offers and processing connections should change from infrequent, relatively large batches to more frequent, smaller rounds of offers, where the connection criteria have been met. Developers who meet the criteria should be eligible for an offer in the relatively near term, rather than having no sight of when an offer will be issued.”*

ESB Networks would like to highlight that while we support this concept, any change that may in turn impact on processing such applications or issuing offers will need to be taken in to account. Consequential changes to ESB Networks’ current processes and rules/principles will require time to implement in practice, and ESB Networks would need to be advised well in advance of any go-live date. For this reason, ESB Networks requests that it be kept involved in any discussions on changes that may impact on the DSO business. ESB Networks is keen to ensure that the Enduring Connection and Grid Access Policy is underpinned by an efficient framework of rules and process which are sustainable over the longer term.

ESB Networks would also like to highlight that the timing and criteria applicable to such rounds would be critical so as to ensure that issues do not arise as a result of overlap with “earlier” rounds, as this may increase risk exposure to DUoS, create technical and charging issues, and result in more complex contracts, invariably resulting in longer lead times to project build out and connection.

**Consultation query: What is your view on the high level processing approach outlined above?**

**ESBN response:** ESB Networks notes that the paper is high level at this time and expects that detail will follow at the next phase when a more considered response can be provided. ESB Networks agrees with this high level processing approach subject to clarifications and points highlighted in our submission.

Careful consideration should be given to the interactions between different batch processes. The form of the Enduring Connection Policy should eliminate inter-batch interactions to the extent possible e.g. there should be a mechanism to ensure that there is a sufficient lag between batches covering access in the same location. CER may wish to consider consulting on the appropriate mechanisms and time lags between batches at the next phase of this consultation.

ESB Networks also has concerns around the approach to planning, as further detailed in Section 4.4.7.

**Consultation query: Are there other processing approaches the CER should consider?**

**ESBN response:** In order that the projects which are most likely to proceed to build are the ones that receive offers, and thus hoarding of capacity is minimised, ESB Networks suggests that some limitation should be set for acceptable modifications. By way of example, it might be stipulated that modifications could be accepted for e.g. turbine changes, but would not be permissible for splits, mergers or for relocations of capacity above a specified maximum distance from the original

application (the appropriate maximum distance for any relocation could be consulted on at the next stage of the Consultation).

It is ESB Networks’ view that projects with a higher likelihood of proceeding to build, i.e. greater “buildability”, should have no requirement for such a modification post offer acceptance.

With regard to R&D, ESB Networks is of the view that rather than looking at the perceived value of R&D on a case by case basis, a more systematic and holistic approach should be taken by CER.

It is suggested that the policy should leverage fully the work already done in the development of service-related products in the context of DS3. By way of example, the principles underlying the concept of a “scarcity scalar” (i.e. a scalar to be applied to the unit price of electricity in locations and times of persistent scarcity so as to incentivise such services), could be translated across to the connection policy so as to give priority to applications which would meet the requirements for a “scarcity scalar”.

It is ESB Networks view that it would be a better approach to take than piecemeal evaluation of specific technologies.

#### **4.0 Enduring Connection Policy: Key Policy Drivers to Determining Appropriate Connection Criteria**

##### **4.1 Renewable Targets**

We note that in Table 2, the figures for ‘Contracted/Planned Wind’ and ‘Connected Wind’ are the wrong way around for both DSO and TSO figures. DSO should read Connected: 1,373 and Contracted 1,728.

**Consultation query: 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?**

**ESBN response:** On the basis that other forms of generation are essential for security of supply, the connection of renewables should be one of several drivers. Other drivers should include technologies that will support high renewable penetration, and the ultimate connection of technologies which are still in development.

The flexibility to adapt to variations in both the national and EU targets needs to be a cornerstone of the policy. In this regard we would refer to our comments in the introduction to this Response regarding on-going review of the Enduring Connection and Grid Access Policy.



## 4.2. Interconnection, Demand and Generation Forecasts

### **Consultation query: Should connection policy make explicit provision for interconnectors?**

**ESBN response:** ESB Networks considers that given that interconnectors provide generation capacity, they should be taken into account in connection policy. In the interests of clarity, these provisions should be kept separate from the demand and generation provisions. Interconnection enables great levels of generation and therefore an Enduring Policy should not exclude interconnection. Interconnection crosses regulatory boundaries so the policy needs to reflect connection policy requirements from one jurisdiction to another e.g. ROI to UK and ROI to France.

## 4.3. Treatment of Non-GPA Applications

ESB Networks considers that the more types of applications that can be covered by effective processing approach (e.g. GPA), the better. We refer to our comments at section elsewhere in this paper with regard to the need for a review of the existing treatment of Non-GPA applications. Nonetheless, we do recognise that there will always be a requirement for a form of Non GPA process. The key to an effective process is to ensure that appropriate criteria are applied. Further, there is a clear requirement, based on recent experience, to ensure that there is an appropriate mechanism provided for within the Enduring Connection and Grid Access Policy, to review the criteria if and when circumstances change, such as receipt of large volumes of applications or clustering of applications at particular locations. At the next phase of this Consultation, CER should consider consulting on the appropriate thresholds which would trigger automatic review of the Non-GPA criteria by reference to a specified volume of applications received, particular patterns of applications such as clustering (i.e. by reference to a specified number of applications) at the same node and/or other relevant criteria (e.g. by reference to MW). In addition, there should be a process for the system operators or industry to notify the CER of signals that there is likely to be an increase in volume of applications (either generally or of a specific type, or giving rise to clustering at a particular node or nodes) which, following engagement with the CER, may trigger a review of the policy.

ESB Networks is strongly of the view that, where a review process is triggered, the Non-GPA process should be put on hold (i.e. no offers would issue) until the review is complete and a decision advised by the CER in relation to the Non-GPA criteria.

### **Consultation query: 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?**

**ESBN response:** ESB Networks view it that certain types of projects which are currently covered under the Non-GPA process should be processed under the GPA process, as the present process is not working in light of the volume of applications which the DSO has received, and is continuing to receive.

The Non-GPA Direction (CER 09/99) was issued in 2009. In the first six years (2009 – 2014) following the direction it worked well, with an average of 28 applications received per year widely dispersed across the country. The vast majority of the applications were small (circa 0.5MW) in scale and did not interact with other applications.

In 2015, the number of applications accelerated considerably, particularly in the last 6 months of the year. 376 applications were received in 2015 equating to approximately 1,700MW of applications. 326 of those applications were received between July and December. The vast majority of those applications are solar projects between 3 and 5MW. Significant clustering of applications is occurring (more than 20 applications at one node and several nodes with greater than 10 applications). There are circa 75 nodes in respect of which applications have been received and on which studies are being actively progressed. This is not what was envisaged when the Non-GPA Direction was consulted upon and the direction given.

The Non-GPA Direction clearly states that it may need to be reviewed if the trend of applications at the time were to change.

The following table outlines the number of Non-GPA applications received by the DSO from 2009 – 2015.

Year	Number of non GPA applications received
2009	31
2010	25
2011	33
2012	27
2013	22
2014	32
2015	376

The volume of applications in the last 6 months of 2015 is more than 10 times the number received in the entire year of 2009 at the time the policy was developed. At present, ESB Networks is continuing to process offers individually and sequentially on 110kV Nodal Basis in accordance with the Non-GPA Direction, but ESB Networks considers that this is not sustainable for the volume of applications that are currently being dealt with, quite apart from the fact that this volume is likely to continue to increase at the same rate pending a CER decision on the Enduring Connection and Grid Access Policy.

ESB Networks consider that the current process of sequential processing is considerably more complicated than the following statement in Section 2.2 of the Consultation implies:

*“With a large number of non-GPA applications this can lead to an inefficient network build out however each applicant can proceed independently of other applicants.”*

Interactions between applicant developments can frequently apply which means that each application may not be dealt with entirely independently of others.

In light of all of the above, ESB Networks proposes that the threshold for consideration under a GPA approach should be reduced. We would suggest that a threshold of 0.5MW should apply for both wind (as currently approved under CER/09/099) and for solar, but this threshold should be regularly reviewed based on volumes of applications presenting at any one time. We would suggest that the appropriate threshold for solar and other technologies could be consulted upon at the next round of the Consultation.

***Note on Current Processing of Applications***

During the time when CER is consulting on and considering the Enduring Connection and Grid Access Policy, ESB Networks expects to continue to receive applications for connection (based on numbers of enquiries from parties who have not yet submitted applications, but stated intentions, and parties with current applications who have stated intentions of submitting further applications) which ESB Networks will continue to deal with in individual and sequential order pending a decision on the Enduring Connection and Grid Access Policy (or other relevant direction of CER).

We wish to draw attention to the fact that pending a decision of CER, the unprecedented volume of applications received and being processed under the Non-GPA means that there will be significantly longer processing time required for applications than would normally be expected. Applications that are not first at a node will have to wait until any applications ahead of them in the queue at that node are processed, and either accepted, rejected or lapse. Thus the standard timelines (as per group processing) are not applicable.

ESB Networks considers it is important for market participants to understand that some of the applications received will not progress to offer stage under the currently approved Non-GPA approach prior to a decision on the Enduring Connection and Grid Access Policy. Based on our understanding of the Consultation, this means that applicants may have to re-apply under the new rules once the Enduring Connection and Grid Access Policy is in place. As noted above, we would request that CER might set this out more explicitly in any further consultation and in the final decision on the Enduring Connection and Grid Access Policy so that the implications are clear for both the system operators and for participants.

In addition ESB Networks would suggest that CER should consider consulting on the appropriate thresholds for Non-GPA treatment of other technologies.

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

**ESBN response:** ESB Networks suggest that they should, but that rules and thresholds for eligibility criteria would need be clear. Further, the Enduring Connection and Grid Access Policy should be flexible enough to allow review of the Non-GPA criteria if and when circumstances change.

At the next phase of this Consultation, CER should consider consulting on the appropriate thresholds which would trigger automatic review of the Non-GPA criteria by reference to a specified volume of

applications received , particular patterns of applications such as clustering (i.e. by reference to a specified number of applications at the same node) and/or other relevant criteria (e.g. by reference to MW).

In addition, there should be a process for the system operators or industry to notify the CER of signals that there is likely to be an increase in volume of applications (either generally or of a specific type, or giving rise to clustering at a particular node or nodes) which, following engagement with the CER, may trigger a review of the policy.

Where a review process is triggered, the Non-GPA process should be put on hold (i.e. no offers would issue) until the review is complete and a decision advised by the CER in relation to the Non-GPA criteria.

R&D projects, however should have a more detailed and robust process for determining whether or not a project qualifies under this criterion.

#### **4.4 Connection and Access Considerations General comments:**

##### **4.4.1 I-SEM Design**

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

**ESBN response:** Yes CER should proceed with the Policy Review but ESB Networks consider that there should may need to be a review of the policy in the period following the introduction of I-SEM

##### **4.4.2 DS3**

**Consultation query: Should connection policy facilitate a mix of generation and in particular facilitate providers of system services?**

**ESBN response:** It will be essential that the policy facilitate a mix of generation and should also ensure that those technologies which support high levels of System Non Synchronous Penetration (needed to facilitate the deployment of renewable generation) should be included. It should also expressly provide for suppliers of system services. It is important that the policy should take into account all criteria for connection such as making efficient use of existing networks and available capacity.

**Consultation query: Should connection policy focus on certain technology types or rely entirely on market signals?**

**ESBN response:** ESB Networks considers that the policy should rely on market signals other than in respect of ensuring that there is a sufficient level of those technologies which are required to support the high levels of renewable penetration or the achievement of national targets.

The policy should be written so that it considers all technology types but does not promote particular technology types.

#### 4.4.3 Network Issues

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

**ESBN response:**

ESB Networks supports this approach in principle, but we have certain reservations with regard to its implementation as outlined below. Given the level of investment that has been made in the networks over the past fifteen years, and the continued high levels of reinforcement that will be made in the coming ten years it is vital that the connection of generation capacity should be optimised such that the volume of additional network reinforcement required to connect additional capacity is minimised. This approach should minimise the lead times required to connect new developments.

Our concern would be to ensure that this could be implemented in practice in a manner that would be workable, compliant with the principles of third party access and non-discriminatory. At a very minimum, any mechanism proposed for assessing efficient use of the system should be robust and based on objective and transparent criteria.

In some subgroups where DUoS and/or TUoS charges have covered the shared cost of assets, where a member of that subgroup has fallen away e.g. due to non payment of stage payments or LSD expiry, then the capacity which that customer was originally allocated should be made available as a priority, so as to reimburse the relevant portion of DUoS or TUoS and also ensure the timely connection of new generation.

#### 4.4.4 Demand

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

**ESBN response:** ESB Networks is of the opinion that it makes sense from a network planning perspective to encourage large load developments to locate their plants in areas which require minimum network reinforcement.

It is not clear what CER is proposing in terms of encouraging the most efficient use, i.e. whether this would involve priority of connection, or some other form of incentive.

We would further request CER to define what is meant by “Large” customers.

#### **4.4.5 Government Commitments and European Policy**

The newly revised Connection Policy should take into account the requirement to support Government Objectives and European Policy and legislation.

#### **4.4.6 Community Based Schemes**

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

**ESBN response:** It is unclear what is being proposed in relation to Community Based Generation schemes. If the proposal were taken to mean that a “community” could establish their own local generation facility and then form their own ‘mini-grid’ to distribute and sell electricity, this would give rise to various significant issues, including issues regarding private networks and freedom of choice of supplier, in addition to being costly and complex to implement in practice.

#### **4.4.7 Planning and Consenting Considerations**

**Consultation query: Should the CER include planning permission in the criteria for receiving a connection offer?**

**ESBN response:** ESB Networks is in support of measures to ensure that projects that have a higher likelihood of proceeding to build, i.e. greater “buildability”, should be given priority in the applications process so as to ensure that the risk of capacity-hoarding is minimised and those projects that are most likely to energise are the ones that receive offers. While having planning permission is a key factor in buildability, we consider that based on the O’Grianna ruling it is very difficult to see how this could be insisted on as a requirement.

Further, ESB Networks suggests that CER should consider including a rule which would limit modifications following contract execution, for example a rule that would prohibit splits, mergers or relocations of capacity above a specified maximum distance from the original application (the appropriate maximum distance for any relocation could be consulted on at the next stage of the Consultation). This should help to ensure that “buildable” projects apply and also reduce the amount of time invested by the system operators in processing modifications

## 4.5 Conclusions

### **Consultation query: Have we identified the correct policy issues?**

**ESBN response:** ESB Networks considers that the correct policy issues have been identified as per above comments.

### **Consultation query: Are there policy issues which we have not accounted for?**

**ESBN response:** As has been noted elsewhere in this response, ESB Networks considers it is critical that any new policy should include appropriate review provisions, including a mechanism that would trigger a review of the Non-GPA criteria in appropriate circumstances.

Please see comments elsewhere in this response regarding efficient use of network, availability of capacity and buildability as being key aspects to be detailed in the policy.

### **Consultation query: Should the GPA process be retained?**

**ESBN response:** The GPA has shown to be the optimum way to process numbers of applications in an efficient manner and in good time and leads to orderly and planned system development (compared with alternatives) so should be retained in principle. ESB Networks considers that the GPA process should be retained, but the policy should aim to minimise exposure to DUoS, e.g. by seeking to ensure that projects which are “buildable” receive offers. Examples of how this could be addressed include, for example, introducing a requirement for security for shared works on acceptance of offers or shortly thereafter (e.g. bonds) and the restriction of modifications for splits, mergers or relocations of capacity above a specified maximum distance from the original application (the appropriate maximum distance for any relocation could be consulted on at the next stage of the Consultation).and

As noted above, given that this is intended to be an “enduring” policy, there should be built-in mechanisms for review. The CER might consult on the appropriate review mechanisms at the next stage of this consultation process.

Additional comments in relation to GPA are included in the appropriate section of this submission.

### **Consultation query: And should there be more frequent rounds of offer processing?**

**ESBN response:** ESB Networks considers that there should be frequent rounds of offer processing with lower generation capacity than previously offered e.g. Gate 3, but that there should be very clear criteria and the timing of rounds needs to be carefully considered to ensure rounds don’t overlap in the same locations. For example, the policy should be designed to ensure that capacity would not be made available for the next gate at a particular location until such time as the previous projects at that

location have passed an appropriate milestone for example in the case of non-contestable projects this could be the construction stage payment milestone (second stage payment).

It is not clear if the timeline for “rounds” would be decided up front. If this were to be the case then clear mechanisms would need to be built in to re-evaluate that timeframe after every round.

**Consultation query: Should the non-GPA approach be revised?**

**ESBN response:** Yes, ESB Networks’ experience with solar applications as outlined earlier in this submission shows that the present process for dealing with non GPA applications is not fit for purpose and not intended for the volume and type of applications that are now being received.

Any new process will need to adapt to any application patterns emerging that may mean projects need to be moved to the GPA. Thresholds need to be set to ensure clarity with respect to when application move into a group processing approach e.g. applications for wind and solar of >0.5MW.

Thresholds of applications and clusters of applications need to be considered as possible automatic triggers for review of the non-GPA criteria and possible move of applications to a group processing approach (as outlined earlier in this submission). In addition, there should be a process for the system operators, or industry to notify the CER of signals that there is likely to be an increase in volume of applications (either generally or of a specific type, or giving rise to clustering at a particular node or nodes) which, following engagement with the CER, may trigger a review of the policy and processing of applications may be put on hold (i.e. no offers would issue) during that review and in advance of CER direction.



## **PART 2: Transitional Arrangements**

### **5. Proposed Transitional Arrangements**

#### **5.1. Release of Existing Capacity**

ESB Networks is broadly in support of this proposal but it should be limited to projects which are only paid up to the stage of First Stage Payment (and no further) to try to ensure that no work has been done to accommodate the capacity that is now being released.

ESBN notes that the timeline proposed by the CER appears tight.

Processes around how this capacity is contractually released to the market are required. ESB Networks assumes that this capacity, once confirmed available, would become available to all applicants i.e. both GPA and Non-GPA. Also we understand that the date set by the CER is the date by which the applicant must apply, and obviously additional time will be required by the SOs to process refunds etc.

In parallel with this proposal to release capacity and in finalising the detail of the policy, ESB Networks would propose that the CER should consider requiring that currently contracted applicants would not be allowed modifications to relocate unless such an application has been received and deemed complete by the relevant SO at the same closing date for application of refunds.

This proposal regarding release of capacity should only apply to projects that have not passed their long stop dates.

#### **5.2. Existing Connections**

ESB Networks understands what the CER is seeking to achieve with the proposed treatment of Existing Connections as set out in the transitional arrangements, i.e. the intention of “bringing the capacity onto the system considerably faster”. However, we see significant issues with this proposal, including the potential for discrimination, and we do not understand how this could work in practice.

It is not clear how the CER proposes dealing with the situation where there is a Non-GPA processing sequence already at the node (which is the case at most nodes). Any final arrangement would need to clearly set out whether existing non-GPA applications or existing connections (those seeking an additional 10%) would take precedence at each node. If the existing non-GPA queue were to take precedence, this would not fulfil the objective of ‘bringing the capacity onto the system considerably faster’.

If notwithstanding these concerns, CER is minded to proceed with this proposal, at a minimum, we believe the following issues would require clarification:

- ESB Networks considers that this transitional arrangement, if implemented, must be clear that whatever threshold applies, it would involve minimal additional work, with at most, a change/installation of sub-metering. Some clarity needs to be provided regarding the extent of work allowed to accommodate the developer’s desire to increase the level of his connection agreement. For example, will it include RTU modification / EGIP / protection works, etc.? This could be addressed by including a definition of what precisely is meant by ‘change in connection assets’.
- If a portion of the 10% is available without additional works (apart from metering), would that portion be made available?
- It is understood that the additional +10% would only apply to already installed capacity at that site, and of the same technology. We also understand that capacity contracted in this way could not be relocated elsewhere by modification in the future. ESB Networks would request that the CER provide clarity on this point.
- ESB Networks considers that the project should be required to have achieved the relevant Connection Agreement Effective Date by the date on which the proposal becomes effective (i.e.30 June 2016 in the consultation document).
- We are unclear as to what is meant by “interactions” in the statement: “The increase in capacity will not have any interaction with currently contracted generators”

### **5.3. Units seeking to provide System Services required by the TSO**

ESB Networks does not consider that the proposals as outlined can be accommodated within the timeframe for transitional arrangements and we would consider that this should be addressed as part of the Enduring Connection Policy.

Notwithstanding this, we note that where the TSO is contemplating the award of a contract for system services to a distribution connected party, ESNB needs to consider and understand the potential network impact of any such products or services and decide what business process, if any, are needed to assess the impact and to determine the best mechanisms to be used to capture agreement and/or quantify any remedial works needed. .

**Consultation query: Whether these transitional measures should be implemented ahead of the development and implementation of the Enduring Connection Policy**

**ESBN response:**

In relation to the proposals set out at 5.1, ESB Networks supports the release of capacity in advance of Enduring Connection Policy.

In relation to the proposals set out at 5.2, regarding increasing capacity at existing connections, ESB Networks see significant issues with this proposal, as further set out above, and we do not understand how this could work in practice.

With respect to the details relating to “Support System Services”, ESB Networks does not consider that the proposals as outlined can be accommodated within the timeframe for transitional arrangements as set out by the CER in this consultation, and we would consider that this should be addressed as part of the Enduring Connection Policy.

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

**ESBN response:**

We note that time will be required in order for the system operators to put in place the appropriate systems and processes to implement and support any transitional measures. The time required will depend on the final direction of CER with regard the transitional arrangements. ESB Networks wishes to make CER and industry participants aware of this to ensure that the relevant timelines are taken into account. It is critical that CER should involve the system operators at each stage of this process to ensure that the policy is capable of practical implementation and to understand the processes and timelines involved.

ESB Networks would consider that CER’s proposed timeline is optimistic. ESB Networks would also like to highlight that issues will need to be clarified before such a direction / timeline can be set.

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

**ESBN response:** ESB Networks concern would be that there should be no additional work required other than minor works such as sub metering. Interaction with Non-GPA applications already received needs clarification.