

Consultation Response: Review of Connection and Grid Access Policy
CER/15/284

To: Commission for Energy Regulation

From: Friends of the Earth

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Sent via email to: electricityconnectionpolicy@cer.ie

Friends of the Earth welcomes the opportunity to contribute to the review of connection and grid access policy.

Our response is based on the recent national, and international positions on climate and energy Ireland has signalled its commitment to, namely:

- The White Paper: Ireland's transition to a Low Carbon Energy Future 2015-2030.
 - The first paragraph of the White Paper states '*This White Paper is a complete policy update, which sets out a framework to guide policy between now and 2030. Its objective is to guide a transition to a low carbon energy system, which provides secure supplies of competitive and affordable energy to our citizens and businesses*'. The White Paper continues, '*we mean that we will reduce GHG emissions from the energy sector by between 80 and 95% (compared to 1990) by 2050*'.
- The Climate Change and Low Carbon Development Act 2015
 - Provides a statutory underpinning to the Government policy of reducing emissions by at least 80% across the transport, electricity and built environment sectors.
- The Paris Agreement, 2015.
 - Ireland is a signatory to this agreement which has an objective to '*hold the increase in the global average temperature [below 1.5C] [or] [well below 2C] above pre-industrial levels by ensuring deep reductions in global greenhouse gas [net] emissions*'



Q. 3.1. Do you agree with the policy objective for the Enduring Connection Policy? Are there other matters the CER should consider?

The Enduring Connection Policy objective needs to consider the overriding policy objectives to decarbonising our energy system.

It is our recommendation that the policy objective should be amended as follows....

*'The CER's policy objective for the Enduring Connection Policy is to provide a fair opportunity for **fossil fuel free** generation to receive offers of connection to the network taking account of system needs, efficiency, national policy and the consumer interest.'*

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?

It must be recognised that decarbonising our energy system will result in increased electrification of heating and transportation, and thus even with increases in efficiency demand for electricity is likely to grow.

In addition, at least in the short term to 2030, within the energy sector it is likely that greater relative effort will be required in the electricity sector to reduce greenhouse gas emissions.

Electricity from fossil fuels accounts for 77% of electricity outputs at present. Thus taking into consideration the forecasts projected to 2020¹ and allowing for even moderate growth in electricity to 2030, to ensure 80-95% reduction in grid related greenhouse gas emissions by 2050, it is clear that there is already enough grid connected fossil fuel electricity, and there should be no allowance for any further connection that would increase the existing MW of electricity from fossil fuels on the grid.

Friends of the Earth recommend:

Facilitating the transition to a low carbon energy system through the decarbonisation of the grid should be a core principle objective of the enduring connection policy, in line with our national, European and international obligations and stated policy objectives.

There should be no increase in conventional fossil fuel electricity generation connected to the grid, and there should be a clear decrease in the share of electricity from fossil fuels in line with the overall objective of reducing energy related greenhouse gas emissions by 80-95%.

¹ SEAI energy forecasts to 2020 <http://forecasts.seai.ie/overview.php>



Q 3.2 What is your view on the high level processing approach outlined above? Are there other processing approaches the CER should consider?

The White Paper clearly recognises the need to decarbonise our energy system, and the importance of the citizen and the community as enablers in the transition to a low carbon energy system. Friends of the Earth supports this objective and maintains that all renewable energy developments should include community and citizen ownership or co-ownership, which benefit local communities and demonstrate greater public good. It is our assertion that such developments should be prioritised above those which are purely private or developer owned.

In terms of grid connection procedures, the approach should be to prioritise energy developments which reduce greenhouse gas emissions, which demonstrate a community or public benefit, and which provide stability to the grid.

The speculative purchasing of grid connection, and the profiteering from the market which has been allowed to develop on the back of this speculation should be halted and grid connection should be provided fairly to projects which demonstrate decarbonisation and community benefit within a timely manner.

The proposal of “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.” is welcome. In addition these smaller rounds should prioritise indigenous renewable community and micro generation.

Costs associated with Grid connection should not be prohibitive, and should be in line with the Renewables Directive. Connection fees should be appropriate to the scale of the installation, to ensure small to medium size installations do not bear a disproportionate level of cost.

Q4.1 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?

As noted previously decarbonisation of the grid should be one of the overarching priorities of the enduring connection policy. The transition to a low carbon energy system is stated in the White Paper as a national objective and internationally is agreed as a necessity to halt climate change. Despite what is asserted in this consultation, there is no guarantee that Ireland will meet the 2020 RES-E target and recent analysis from the EU raises concerns that we will not meet our renewable targets.



Furthermore, despite the non-specific renewable obligations from Europe for 2030 and beyond, it is likely that with only a 27% renewable energy target, the Irish RES-E component could be as high as 60-70%.

Therefore the expansion of renewable electricity should be maintained as a priority and the grid should be developed so that it can respond to the demands and fluctuations of renewable electricity.

Q 4.2 Should connection policy make explicit provision for interconnectors? If so, what issues should the CER take into consideration?

Interconnection should be allowed to facilitate the balancing of renewable energy generation. However, the Irish market should be served first, and export of renewable electricity should only be allowed at times when there is surplus renewable generation in Ireland.

We do not think that interconnection should be prioritised above a fit for purpose national grid.

Q 4.3 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?

No – the current non GPA approach which allows for faster and simpler connection process for several technology classes which are presumed to exhibit public interest benefits should be maintained. The non GPA application process has allowed smaller projects to commence which may have not survived the overly complex GPA system.

However the criteria for non GPA developments should be expanded to include for ‘community owned renewable energy developments’ and consideration should be given to increasing the MW limits of non GPA applications, particularly for wind developments. The current threshold of only 0.5MW for wind limits grid connection outside the GPA to projects for self-consumption and therefore prohibits any community owned development of any scale.

Our recommendation is that a separate, and simple process outside of the GPA or a ‘sub gate’ for developments under 10MW should be created to prioritise ‘community’ projects that do not have the capacity to compete with large developers in the GPA.



Q4.4.3 Should projects which make the most efficient use of the existing network be prioritised over projects driving more deep reinforcements?

Yes, making use of the existing network should be prioritised.

Q 4.4 6 Are there any specific issues the CER should take into consideration regarding community based schemes?

Friends of the Earth believe that all renewable energy developments should be developed with the support and ownership (or co-ownership) of the community in which they are developed. Thus it is our recommendation that in order to receive planning permission and a grid connection, all renewable developments should be required to have a certain % owned locally (suggest 20% minimum citizen ownership, with at least 2% owned by a local organisation tasked with delivering community benefit projects benefiting those who are not financially in a position to invest).

In addition, it is our recommendation that there is a target that a certain MW amount of renewable energy that is grid connected is 100% community led and owned (Scotland's has just surpassed its target to have 500 MW of local and community owed renewable energy).

However, in general, those developments that are primarily or wholly community owned experience a number of challenges in securing grid access including lack of capacity, high connection costs, and complicated connection procedures and these challenges should be specifically recognised by the CER. These challenges tend to be exacerbated by the fact that community based projects are by definition 'local'. Therefore, they have limited options for where to connect, increasing the need for technical adaptations, particularly for bigger community power projects.

We are aware of EU law on maintaining a non-discriminatory approach, however we maintain that this does not prevent regulations that proportionately account for the unique disadvantages faced by community groups in accessing the grid. Under Directive 2009/72/EC (Third Internal Energy Market Directive on Electricity),² third-party access to transmission must be granted and managed "on a non-discriminatory basis between system users or classes of system users."

This however does not prevent different treatment where actors are in sufficiently different positions or situations. There is a test as to whether different treatment of an individual or group of users over another is warranted:

² Directive 2009/72/EC concerning common rules for the internal market in electricity and repealing Directive 2003/54/EC (Third Internal Energy Market Directive on Electricity), OJ 2009 L211 p 55, Article 17 (2)(c); Article 18(5); Article 23; and Article 32.



- 1) Are system users similar?
- 2) Are the system users in an analogous situation?
- 3) Can the difference in treatment be objectively justified?³

There is an argument that community energy projects are distinct enough to warrant proportionately different treatment, particularly with regard to grid access. First, its aims are different from a traditional commercial enterprise. This is reflected in the use of a socially-oriented ownership model for the project. Community projects often combine behavioural initiatives with efficiency measures, usually build on local knowledge and networks to develop projects as solutions to local contexts, and go beyond financial benefits.⁴ For instance, many community projects have established funds where a portion of the profits go towards addressing specific community needs, such as addressing energy poverty or providing local social programmes.

Second, as mentioned above community energy projects face distinct hardships that are not experienced by other actors in the sector. Community projects suffer from 'postcode lottery' syndrome, whereby they do not have an option of location due to their local nature, which often increases connection costs.⁵

From the above, it follows that community projects do not stand on an equal footing with other developers in terms of human or financial capacity to participate in the Group Processing Approach (GPA), which is the current framework for connecting renewable energy projects to the grid and should therefore be considered separately.

Our recommendations are:

- In line with its duties as a National Regulatory Authority, the CER should enact certain measures to ensure that community energy projects are not unfairly excluded from participating in renewable energy generation, particularly regarding grid access.
- A specific MW amount of community owned projects should be connected each year.
- Developments which demonstrate a specific % of citizen ownership or co-ownership (community and developer) should be prioritised above simply developer led projects.

³ *Ghaidan v Godin-Mendoza* (2 AC 557) [2004]. See also Kruimer, HT (2011). "Non-Discriminatory Energy System Operation: What Does it Mean?" *Competition and Regulation in Network Industries*, Vol 12(3), pp. 260-286, at p. 273.

⁴ Seyfang, G *et al* (2012). *Community Energy in the UK*, 3S Working Paper 2012-11, University of East Anglia School of Environmental Science, p. 5.

⁵ Cornwall Energy (2013). *Overcoming grid connection issues for community energy projects*" research done for Co-operatives UK and the Co-operative Group, p. 8. Available at <http://www.cornwallenergy.com/Research/Our-experience/Community-energy>



- Where planning permission has expired or has not been achieved by a developer, interested 'community' projects within the region should be provided with the first option to connect.
- A sub gate for 'community' energy projects, under 10MW should be created to prioritise projects that do not have the capacity to compete with large developers in the GPA.

Q 4.4.7 Should the CER include planning permission in the criteria for receiving a connection offer?

Yes. Planning permission should be required to receive a grid connection offer. A grid connection offer in principle should be issued to applicants who are seeking planning permission so as to guide planning applications.

Developments which are refused planning permission, or where planning permission expires should not receive grid connection offers, and grid connection offers in principle should expire within a reasonable time frame to prevent hoarding and speculative purchasing of connections.

