



Renewable Energy Systems Limited

Willowbank Business Park, Willowbank Road, Millbrook, Larne  
County Antrim, Northern Ireland BT40 2SF, United Kingdom

T +44 (0)28 2844 0580 F +44 (0)1923 299 299

E info@res-group.com www.res-group.com

The Commission for Energy  
Regulation  
The Exchange  
Belgard Square North  
Tallaght  
Dublin 24

Responded by email to: [Electricityconnectionpolicy@cer.ie](mailto:Electricityconnectionpolicy@cer.ie)

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### **Consultation response on Review of Connection and Grid Access Policy: Initial Thinking & Proposed Transitional Arrangements**

RES is pleased to respond to the CER's' Consultation Paper on a Review of Connection and Grid Access Policy which was published on 11 December 2015. This response is not confidential.

RES has been developing wind projects on the island of Ireland since the early 1990s, having developed 14 operating wind farms in Northern Ireland and 4 operating wind farms in the Republic of Ireland, totalling 241MW. RES currently owns or operates 134MW of wind capacity across the island. RES has been an established presence at the forefront of the wind energy industry for over three decades. Our core activity is the development, design, construction, financing and operation of wind farm projects worldwide. With a global portfolio of almost 7GW constructed and several gigawatts under construction and in development, RES continues to play a leading role in what is now the world's fastest growing energy sector.

The formulation of an enduring connection policy to replace the current system of discreet and infrequent connection processing Gates is welcome. As part of the review, we also suggest that greater consideration be given to encourage connections, like storage, that provide system services and facilitate the creation of additional network capacity for demand and generation. Despite its potential importance in the provision of a range of system services, storage is only mentioned once within the consultation paper. The application of storage for network reinforcement deferral remains muted in part due to lack of mechanisms by which income from such investment can be realised. The review provides an opportunity to formulate an Enduring Connection Policy which addresses this deficit, which could be achieved by a corresponding review of Use of System Charging methodologies. As an example, appropriate negative Use of System Charges for storage connections that support network reinforcement deferral could create an immediate market for such connectees and support the "Optimal Grid Connection" principle proposed in this consultation. The CER should also review Use of System Charging Methodologies to help realise these potential benefits for consumers.

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

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

The policy objective statement for the Enduring Connection Policy "to provide a fair opportunity for generation to receive offers" seems to be directed to generation only. We would suggest that the statement be widened to be inclusive of demand and providers of system services.

*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?*

The stated principles appear to be fair and reasonable; however we would like to make the following comments-

Whilst the necessity of a connection to “maintain” (i.e. not degrade) the security and reliability of supply is understandable, to add a requirement to “improve” security and reliability of supply is overly onerous and could introduce unnecessary costs. We would suggest that the principle be amended to “must not degrade security and reliability of supply below presently mandated levels”.

Whilst we support the principle of fair treatment for all applicants regardless of technology, we hold the view that the need to promote renewable technologies in keeping with National policy targets to decarbonize the energy system must also be recognised.

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

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

We welcome the proposed move away from the current approach where developers have no sight of when an offer will be issued when they make a grid connection application outside the Gate process. The proposed process should achieve smaller and more flexible batches of offer application, with quicker processing times.

We also suggest a review of Use of System Charges to determine how the costs of deep network reinforcement are recovered from system users such that the connection and use of system charging methodologies are fully aligned with the objective and principles of the Enduring Connection Policy.

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

*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?*

An Enduring Connection Policy should cater for all network users of which renewable generation connection is now a significant player.

### **4.3 Treatment of Non-GPA Applications**

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

Sometimes interconnectors compete for capacity (potentially reduce the capacity available to other users) in the sections of the network that they connect to and as such need to be included in the connection policy.

*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?*

Our view is that all applications that have already been made under the non-GPA approach be processed under the existing non-GPA process. Only applications received under the new regime should be processed under the new policy, if that is the outcome of the policy formulation.

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

We think that it is prudent to keep the non-GPA process in place to cater for the objectives as the current policy. It could be modified to ensure full alignment with the Enduring Connection Policy objectives. Non-GPA process would be suitable for technologies:

- that are not yet mature or whose supply chain is not yet established; or
- whose project development times are relatively short in comparison to the batch processing timescales; or
- which can be sited near suitable network connection points thus not requiring extensive and shared connection infrastructure; or
- whose main purpose is to provide services which facilitate the connection of other users or the secure operation of the system

Storage and solar are examples such technologies that could be catered by the non-GPA process.

#### **4.4.1 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?*

Yes, due to relatively loose interaction between connection policy and market operation. Project developers are presently operating in an environment of many uncertainties including connection policy development. The sooner that any one of these uncertainties can be eliminated, the better.

#### **4.4.2 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?*

We agree that providers of system services should be facilitated by the Enduring Connection Policy. We agree that the connection policy should facilitate a mix of generation and providers of system services. We cannot see how connection policy could favour certain technologies per se (without impacted parties crying foul or potentially violating the “Equality of Treatment” principle) but keeping the non-GPA process for certain scale of technologies would potentially promote generation diversity for the benefit of consumers.

#### **4.4.3 Network Issues**

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

It depends on what priority means, i.e. would this mean priority in allocating firm access or achieving connection? The rules for allocating grid capacity are an important part of connection policy and normally this is done on a chronological basis subject to qualifying criteria. However we would expect that connectees that provide system services or create network capacity to be given connection priority.

We strongly agree with the statement that “It is important to ensure that any additional projects (wind or conventional), connected under the new connection policy, do not impose unnecessary additional deep reinforcement costs on consumers and indeed maximise the efficient use of the deep system already provided...”. To this end it important to review the 120% overcapacity rule and remove any restrictions on installed generation capacity. By increasing installed capacity above MEC, wind generators are trying to achieve more generation without imposing a requirement for reinforcing the connection and deep network assets.

The CER should take care to avoid prioritising connection of generators with high capacity factors if that would inadvertently promote connection of non-renewable generators over connection of

renewable energy generators as this would be contrary to Irish Government policy and European Law.

#### **4.4.4 Demand**

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

Any connections, including large demand that make efficient use of existing network capacity should be encouraged. This could be encouraged by, for instance, setting appropriate Use of System Charges.

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

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

No comment.

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

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

It is our view that, given the applicant's significant financial commitments on acceptance of a time bound connection offer, planning permission does not need to be a pre-condition for grid application. It is imperative that the grid and planning application processes can operate in parallel. One possible solution would be to insist that a planning application for the relevant project is submitted before a grid application can be deemed valid. Planning consent could then form a secondary criteria in the grid connection process.

#### **4.5 Conclusions**

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

A review of the charging methodologies for Use of System Charging is also needed to ensure that they fully support the objectives and principles of the new Enduring Connection Policy.

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

Yes GPA processing can be maintained if it is transformed to on-demand, smaller and flexible rounds of offer application.

*Should the non-GPA approach be revised?*

Yes the non- GPA approach should be revised to ensure alignment with principles and objectives of the Enduring Connection Policy.

#### **PART 2: Transitional Arrangements**

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

We agree that transitional measures that release capacity and promote the efficient use of existing network capacity be implemented ahead of the Enduring Connection Policy. Regarding non-GPA applications currently awaiting connection offers, we are of the view that these should continue to be progressed under the non-GPA process.

*The timing of such arrangements (30<sup>th</sup> June 2016 for policy measure (1) and (2))*

We support the proposal to facilitate the release of existing network capacity by incentivising projects which longer need to progress to connection to terminate their Connection Agreements by 30<sup>th</sup> June 2016.

We support the proposal for SOs to issue modification offers to generators seeking increases in Maximum Export Capacity (MEC) of up to 10% subject to qualifying criteria by 30<sup>th</sup> June 2016. Further we would also propose that even generators that are increasing their MEC but just seeking to increase their installed generation capacities (and continue to operate within their respective Maximum Export Capacity, in effect increasing the capacity utilisation of the network) be given the same opportunity as this fully meets the CER focus on making efficient use of existing connections.

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

We wish to reiterate the point made in the preceding question regarding the increase in generation capacity, without necessarily increasing the MEC; this should be allowed as well. Such over-installation allows more generation capacity for the same network assets facilitating grid connections at less cost to the benefit of the renewable energy industry, the system operators and the end users. Beyond a certain level of over-installation the generator faces diminishing return due to increased lost output compared to grid connection cost savings. For this reason, there is no need to set a limit on the level of over-installation, which would be at the generators risk.

The above responses are offered in a spirit of positive cooperation towards the development of an integrated and enduring connection policy for the electricity system in Ireland. We look forward to participating in the further consultation paper on the Enduring Connection Policy and we will be happy to clarify any of the points raised in this letter.

Yours sincerely,

Claver Chitambo  
Senior Electrical Engineer  
E [claver.chitambo@res-ltd.com](mailto:claver.chitambo@res-ltd.com)  
T +44 (0) 1788 220 789