

## **Review of Connection and Grid Access Policy: Initial Thinking & Proposed Transitional Arrangements (CER/15/284)**

### **Schwungrad Energie Response**

Schwungrad Energie is pleased to have the opportunity to respond to this consultation paper. We summarise the main points here and then respond to all the questions below.

A robust case has not been made for an explicit provision for interconnectors over and above other plant which could potentially provide better flexibility and system services. Such a policy must be transparent giving clear reasons why an explicit provision should be made and quantifying the benefits.

There is still a case for innovative/new technologies which fit well with government policy objectives being processed outside GPA so that opportunities are not lost while waiting for the next GPA process to take place.

Connection policy should facilitate a mix of generation and in particular facilitate providers of system services. This is critical to Ireland meeting its renewable energy targets. Connection policy should focus on certain technology types which facilitate government policy as often there are not sufficient market signals initially to stimulate the implementation of such technologies.

With regard to the transitional arrangements proposal for releasing capacity this makes sound sense. However, Schwungrad has serious concerns relating to the proposal for providing 10% extra capacity to existing players (excluding those that are DC constrained) to the exclusion of new and emerging technologies. Also Schwungrad has grave concerns regarding the first criterion listed in 5.3 which grants first volume rights to the current fleet for the provision of system services. This seems to pre-determine or bypass the outcome of the auctions and procurement process. If the current fleet is able to provide all the system service volumes then there is no scope for new technologies or innovative approaches to come into the market.

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

The implementation of DS3 should be an explicit policy objective. It is only partially covered by “Security, reliability of supply and competition” and “Optimal Grid Development”.

*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*

See response to previous question

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

The high level processing approach outlined above looks reasonable. However the timing of planning/consents vis-à-vis application for a connection needs to be practical and should not add further delays to implementation of projects.

*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?*

Yes and the connection of plant to provide system services which is also required for Ireland to meet its renewable targets must also be prioritised.

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

Interconnection should be considered objectively, taking account of all the consequences both positive and negative and how it fits in with other policy objectives like further increase in renewables in the long term. The opportunity costs of other generation projects not being accommodated onto the grid, if there were to be an explicit provision for interconnectors, need to be considered. If, having done that, it is clear that there is a significant benefit to further interconnection, an explicit provision could be made. The policy must be transparent giving clear reasons why an explicit provision should be made and quantifying the benefits.

*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?*

There is still a case for innovative/new technologies which fit well with government policy objectives being processed outside GPA so that opportunities are not lost while waiting for the next GPA process to take place. However the classes of technologies and applications covered need to be reviewed every few years and the ones which have become mature are removed.

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

See answer to previous question.

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

Yes

*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*

Connection policy should facilitate a mix of generation and in particular facilitate providers of system services. This is critical to Ireland meeting its renewable energy targets. Connection policy should focus on certain technology types which facilitate government policy as often there are not sufficient market signals initially to stimulate the implementation of such technologies.

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

Not necessarily. Efficient use of the existing network is only one of the parameters to be considered in deciding on new generation and may not be the dominant one. It may be more effective to build more appropriate generation (more flexible generation, renewable generation or plant providing system services) elsewhere on the grid than additional less appropriate generation on existing generation sites. This is likely to be cheaper for the end customer in the long run.

Although the proposed additional generation on existing sites may not require deep reinforcements now, they would still take up transmission capacity and could result in higher costs in the future to connect the next generator. Also it could push back the FAQ date for some existing connection offers?

Furthermore it effectively gives priority to existing generators which contravenes one of the principles above. "Equity of Treatment: Fair treatment for all those applicants wishing to connect and between different technologies of plant.

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

Demand customers currently pay for the full shallow cost but the deep reinforcement costs are spread over all consumers. Although there is some economic argument for encouraging demand connection above a certain size to connect at locations most suited on system, this would be a fundamental change of policy and would have political implications e.g. encouraging employment in different parts of the country. In many cases there is already some incentive on demand customers to locate where deep reinforcement is not required because of the time taken to carry out the deep reinforcement.

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

No specific comment

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

If planning permission is required before making an application for connection, this would seriously increase the time taken to implement projects. It may be possible for the 2 processes to be carried

out in parallel but with some interaction between them so that changes in one would be reflected in the other. This could increase the process timeline in cases where there were changes but it would still be shorter than having the two processes in series.

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

The correct policy issues have been identified.

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

The GPA process should only be retained if there are more frequent rounds of processing.

*Should the non-GPA approach be revised?*

The non-GPA should be retained but could be revised as outlined in the answer on this question above.

*Comment on the above proposed transitional arrangements*

The transitional arrangements proposal for releasing capacity makes sound sense. However, Schwungrad has serious concerns relating to the proposal for providing 10% extra capacity to existing players (leaving aside those that are DC constrained) to the exclusion of new and emerging technologies. Also Schwungrad has grave concerns regarding the first criterion listed in 5.3 which grants first volume rights to the current fleet for the provision of system services. This seems to pre-determine or bypass the outcome of the auctions and procurement process. If the current fleet is able to provide all the system service volumes then there is no scope for new technologies or innovative approaches to come into the market.

*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;*

We agree with implementing the measure proposed in 5.1 but not the measures in 5.2 or 5.3. Aside from being unfair and discriminatory against new and emerging technologies the implementation of these two measures is denying electricity consumer the economic and environmental benefits that these technologies can bring. Furthermore, there is an onus on the CER to facilitate technologies, innovation and plants that bring consumer benefits and help reduce electricity prices over the longer term.

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

The 30th June is reasonable for the implementation of the measure in 5.1. The proposed measures in 5.2 should not be implemented across the board but if there are a small number of cases that merit consideration on a case-by-case basis then Schwungrad would support this. No date is acceptable for the TSO to inform parties that the current fleet will supply some or all DS3 services, as proposed in section 5.3.

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

There is no appropriate level of increase in capacity as proposed here in 5.2. The final customer will benefit most by allowing an open and transparent process to take place. As stated, if there are a small number of cases that merit consideration on a case-by-case basis then Schwungrad would support this. Such consideration should be applied equitably to both existing and new players/technologies, with the longer term benefit to customers being the criterion.