5th February 2016

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

Dear Sir/Madam,

Thank you for the opportunity to respond to this consultation.

The key points of this submission are:

- Connection policy should prioritise renewable energy projects and should not be limited by current 2020 RES-E targets.
- A Group Processing Approach (GPA) is appropriate given the volume of generators seeking connection to the system.
- Rounds of capacity (Gates) should be allocated to qualifying projects with the process timeline established such that offers under each gate are accepted or declined prior to the processing of the next gate.
- Qualification criteria including planning consent for generation plant should be applied for entry of generators into a Gate.
- The Non-GPA process should continue to operate prior to the first Gate being processed and should prioritise projects with planning consent for the generation plant.

Full details of our views are contained within this submission.

Yours sincerely

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Andrew McAdam
Director

2 Argyle Square, Donnybrook, Dublin 4
Tel: +353 (1) 6697670 - Fax: +353 (1) 6697745

3 Enduring Connection Policy: Objective, Principles and Approach

3.1 Enduring Connection Policy Objective and Underlying Principles

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

Answer: We agree that the policy objective for the Enduring Connection Policy should be "to provide a fair opportunity for generation to receive offers of connection to the network taking account of system needs, efficiency, national policy and the consumer interest". We suggest that European Policy should be taken into account. Given that the European Commission's 2030 Climate and Energy Goal Policy Framework has not yet been translated into National Policy and that Ireland is likely to not comply with its 2020 Renewable Energy Targets, Ireland's 2030 targets will be more ambitious. Ireland's 2030 National Policy will require further penetration of low carbon and renewable generation in order to comply with EU objectives. This should be considered when designing the Enduring Connection Policy.

We also believe that lowering connection costs for customers should be a central policy objective. We believe that there are huge costs savings available for new connections if a fresh engineering approach can be taken with some aspects of network design. In particular, for new solar projects simple solutions such as modular substation designs and facilitation of more tee connections onto existing lines could lead to significant cost savings. These ideas and many more worthwhile solutions are in use as standard practice across other European networks. There is a clear sense from project developers with experience in other jurisdictions that there are many over engineered and high cost aspects to Irish connection design. Network design standards should be evaluated to ensure they are meeting the necessary technical standards at least cost to customers.

Question: 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?

Answer: We agree with the application of the proposed underlying principles. There must be a clear principle established that there is certainty for projects investing in development. In particular, projects that have secured planning permission should be assured of a path to grid access within a reasonable timeframe.

We suggest predictability should be added as an underlying principle of the Enduring Connection Policy. As a result of policy favouring viable projects, projects shall be required to commit development funding prior to receiving a connection offer. Connection policy needs to be predictable in order to build a business case to secure investment for development in advance of receiving a connection offer.

3.2 Enduring Connection Policy: High level approach

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

Answer: We agree that the high level processing approach outlined is reasonable and appropriate. A Group Processing Approach (GPA) is justified given the volume of generators likely to seek connection under the new regime. Group Processing will result in more efficient network development, lower average cost of connections and facilitate the sharing of upgrade costs between multiple generators.

We agree that smaller more frequent rounds of capacity should be allocated to projects which meet qualification criteria.

Much of the difficulties for Gate 3 generators stemmed from the lack of qualification criteria for the projects. Shared network assets led to interdependencies in the timelines of subgroup projects that were frequently at different stages of development. Application of qualification criteria would have avoided these issues by ensuring that projects within the Gate are at the same stage of development. Moreover, the benefits of group processing would have been captured and created a more efficient process.

CER must not address this policy as something that may be used after 2020 targets are met. New policy and more importantly new connections are urgently needed for projects which can contribute meeting our 2020 targets. Solar projects in particular which can be deeply embedded in the distribution system have an opportunity to connect quickly if policy allows, and complement the existing renewables on the system without triggering any network reinforcements. While we have 2020 targets in place these are not limits and the existing targets will be replaced.

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

4.1 Renewable Targets

Question: 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?

Answer: Whilst it is reasonable to consider several policy drivers, the connection of renewables should be the primary driver. Given the clear policy direction in the European Commission's 2030 Climate and Energy Goals Policy Framework and 2050 Energy Roadmap, grid access for renewable and low carbon generation are essential in achieving future targets. Failure to prioritise this clear policy need in an enduring steady state grid access policy would be ill conceived and short-sighted.

4.2 Interconnection, Demand and Generation Forecasts

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

Answer: Connection Policy should make explicit provision for interconnectors to provide clarity for all market participants. Future interconnection should be designed to facilitate increased levels of renewable penetration and achieve energy policy goals and should not undermine any market based renewable support schemes. In short, the grid should be renewable ready and future proof. Moreover, policy should consider the future economic benefits of Ireland being a net exporter of renewable energy.

4.3 Treatment of Non-GPA Applications

Question: 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?

Answer: All technologies and projects currently covered under the non-GPA process should be processed under the GPA process when the new connection policy is implemented, provided they are above a minimum capacity threshold of 1MW and meet the application criteria for the enduring connection process.

2 Argyle Square, Donnybrook, Dublin 4
Tel: +353 (1) 6697670 - Fax: +353 (1) 6697745

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

Answer: Micro generation is currently outside of the non-GPA and GPA processes and should remain outside these processes. It is essential that the non-GPA process continues to operate as it does at present until the GPA process is available.

4.4 Connection and Access Considerations

4.4.1 I-SEM Design

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

Answer: Yes, the CER should progress the development of the Enduring Connection Policy in advance of I-SEM go-live. Given that there are no direct interactions between connection policy and I-SEM it would be inappropriate to delay the development of the enduring connection policy. Furthermore connection policy may be amended in future should any unforeseen issues arise that require a specific resolution.

4.4.2 DS3

Question: Should connection policy focus on certain technology types or rely entirely on market signals?

Answer: Connection policy should facilitate a mix of generation provided this does not undermine future renewable policy targets. There are also different forms of renewable and low carbon generation so a mix of generation can be achieved without needing to undermine renewable targets. Providers of system services should be facilitated where such services facilitate renewable targets and policy should rely on market signals rather than being prescriptive on technology. Connection policy should ensure energy storage is facilitated given emerging trends in this area and the potential benefits to the Irish System.

4.4.3 Network Issues

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

Answer: Yes, in principle projects that make the most efficient use of the existing network should be prioritised over projects driving deep reinforcements. The complementary generation profile of solar energy relative to the existing wind fleet confers unique network advantages onto solar energy. Solar generation is predictable, controllable and capable of meeting all required technical standards for large scale grid integration with the majority of solar projects likely to be connected to the Distribution System. We recommend that the benefits of integrating large scale solar onto the existing network infrastructure be accurately determined by the System Operators so such benefits can inform the regulatory decision making and additional deep infrastructure is minimised.

4.4.4 Demand

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

Answer: Yes, large demand connections which make the most efficient use of existing network should be encouraged but should not delay the design of the connection policy for generation connections or frequency of the rounds of offers. The impact of generation and demand on system design are sufficiently different to probably require separate connection processes.

4.4.6 Community Based Schemes

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

Answer: We would encourage community participation in energy projects and believes community based solar energy schemes should be facilitated as much as possible. The characteristics of solar energy enable microgeneration, auto-production and community solar schemes in a way other renewable technologies cannot. Experience from other markets, such as the US, has shown that widespread community engagement in solar energy is possible if the correct regulatory and market supports are put in place. We believe this is consistent with the aims of the Energy White Paper and should be incorporated into the enduring grid access regime. Consideration could be given to reserving a portion of available grid capacity for local community based schemes.

4.4.7 Planning and Consenting Considerations

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

Answer: Planning permission for the generation plant should be required in order to be processed in the GPA, rather than receiving a connection offer for the following reasons:

- The previous Gate process favoured speculative applications and there is approximately 25 GW of generation applications seeking connection to what is essentially a 5GW system. It is neither practical nor efficient for the System Operators to perform the necessary technical and commercial work to issue connection offers to generation plant which has a low likelihood of being delivered.
- Grid capacity is a scarce resource and should be allocated to projects which are likely to be delivered and succeed. Planning consent is a key project risk and is public domain information and therefore is an appropriate criterion for being processed for a connection.
- The determination of whether a project has planning consent is reasonably straightforward and is completed by DCENR when assessing REFIT applications. There is no reason the System Operators or CER cannot fulfil this task if it is a desirable part of connection policy.
- The Enduring Connection Policy is being designed to cater for all generation seeking to connect to the system. The O'Grianna court ruling impacts upon a subset of these generators and should not determine connection policy for all generators. If this subset of generation requires additional information in order to seek planning consent a separate process for this should be established, for example the provision of feasibility studies by system operators.

2 Argyle Square, Donnybrook, Dublin 4
Tel: +353 (1) 6697670 - Fax: +353 (1) 6697745

- Consideration may be given to prioritising projects with planning consent in the current non-GPA process where there are several generators awaiting processing. This would be consistent with aims of the enduring process and ensure connection offers are issued to projects with the most likelihood of being realised.
- Significant development funding will be required if the generation plant requires planning consent prior to its connection application being processed. In order to justify this early investment, it is essential that the connection process is fit for purpose. It should be transparent, predictable, efficient and provide connection offers in a timely manner. It is incumbent on the CER and the System Operators to ensure sufficient resources are put in place to perform this function. This includes the regular publication of system information so as developers can assess system capacity and other appropriate information and data before the committing the funding required for planning consent.
- If a higher bar is to be set for making applications and receiving grid offers a corresponding higher standard of interaction with the system operators must be available to developers. Greater detail on potential connection methods, connection costs and development risks will be required. This new level of interaction must form part of this ongoing consultation process.

4.5 Conclusions

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

Answer: The shortfall in the 2020 RES-H and RES-T targets, and the future policy direction of European Commission's 2030 Climate and Energy Goals Policy Framework and 2050 Energy Roadmap are notable omissions from the policy issues identified. Given that grid access is a fundamental requirement of renewable energy deployment, these policy issues should be fully accounted for in the design of an enduring grid access regime.

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

Answer: The GPA process should be retained as identified above with regular gates for projects above a 1MW threshold which have planning consent for the generation asset.

Question: Should the non-GPA approach be revised?

Answer: The non-GPA process should be revised as outlined above for generators above the micro-generation levels but below the 1MW threshold.

PART 2: Transitional Arrangements

5 Proposed Transitional Arrangements

Comments are requested on the above proposed transitional arrangements, specifically:

Question: Whether these transitional measures should be implemented ahead of the development and implementation of the Enduring Connection Policy.

Answer: The proposed release of existing capacity (policy measure 1) is a sensible suggestion which is beneficial to all stakeholders and should be facilitated. A new enduring policy will be hampered in many areas if unused grid is not either connected or returned.
The proposed granting of additional capacity to existing connections (policy measure 2) is misguided and should not be progressed for the following reasons

- The proposal breaches the key policy objective of providing a fair opportunity for generation to receive connection offers. It is selecting a group of existing firm generators and granting them additional scare resource without the opportunity for other generators to participate.
- The consultation recognises that there are no security of supply concerns so the granting of additional capacity to existing conventional generation has no reasoned basis.
- The suggestion that this proposal is an efficient use of the existing network is misguided. Efficient use of the network should be facilitated by encouraging access to projects which meet DS3 criteria, not increasing levels of existing generation characteristics.
- The Commission recognises that there would be an impact on other generators seeking to connect to the system and therefore the additional generation would be limited to 10% of the current firm capacity of existing units. What analysis has been carried out to determine the quantum of generation capacity to be allocated under this scheme and a cost benefit analysis against allocating this capacity to DS3 projects should be completed.
- It may not be practicable for the System Operators to complete a study and determine the available non-firm capacity without completing an ITC re-run.

Question: 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.

Answer: The timing of 30 June 2016 for policy measure 1 is considered appropriate. Policy measure 2 should not proceed. It would be wholly inappropriate to increase any capacity under policy measure 2 without completing a cost benefit analysis against allocating this capacity to DS3 participants.

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Tel: +353 (1) 6697670 - Fax: +353 (1) 6697745