



Commission for Energy Regulation

An Coimisiún um Rialáil Fuinnimh

Connection Offer Policy and Process (COPP) Clarifications

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1 Introduction

1.1 *The Commission for Energy Regulation*

The Commission for Energy Regulation (CER) is Ireland's independent energy and water regulator. The CER was established in 1999 and now has a wide range of economic, customer protection and safety responsibilities in energy. The CER is also the regulator of Ireland's public water and wastewater system.

The CER's primary economic responsibilities in energy cover electricity generation, electricity and gas networks, and electricity and gas supply activities. As part of its role, the CER jointly regulates the all-island wholesale Single Electricity Market (SEM) with the Utility Regulator in Belfast. The SEM is governed by a decision-making body known as the SEM Committee, consisting of the CER, the Utility Regulator and an independent member. The overall aim of the CER's economic role is to protect the interests of energy customers. The CER has an important related function in customer protection by resolving complaints that customers have with energy companies.

The CER's core focus in safety is to protect lives and property across a range of areas in the energy sector. This includes safety regulation of electrical contractors, gas installers and gas pipelines. In addition the CER is the safety regulator of upstream petroleum safety extraction and exploration activities, including on-shore and off-shore gas and oil.

In 2014 the CER was appointed as Ireland's economic regulator of the Irish public water and wastewater sector.

Further information on the CER's role and relevant legislation can be found on the CER's website at www.cer.ie.

1.2 *Purpose of this Note*

The Connection Offer Policy and Process (COPP) Paper was approved by the CER in May 2011 ([CER/11/093](#)). Since then, the CER has issued a number of clarifications and amendments relating to COPP. They cover the following areas:

[Section 2.1](#) Treatment of Temporary Connections in Tie-Break Situations

- [Section 2.2](#) Transmission Connection Arrangements and Use of System Agreements
- [Section 2.3](#) Maximum Export Capacity (MEC) Security
- [Section 2.4](#) Installed Capacity Cap
- [Section 2.5](#) Rules on Projects Moving to Construction Phase
- [Section 2.6](#) Treatment of First Stage Payment after Project Splits, Mergers and Relocations
- [Section 2.7](#) Treatment of First Stage Payment after Reductions in Maximum Export Capacity

Details of these clarifications and amendments are covered in various publications. This information note is being published as a single point of reference for these publications. To this end it provides a high level summary of the areas in question (as listed above) and links to the relevant documents.

Please be advised that this note is for information purposes only. Should a conflict exist between the information contained in this note and the relevant provisions of CER or the SEM Committee Decision Papers, as the case may be, the CER or SEM Committee Decision Papers will take precedence.

1.3 List of Acronyms Used in this Note

CER	Commission for Energy Regulation
COPP	Connection Offer Policy and Process
DBC	Dispatch Balancing Costs
FAQ	Firm Access Quantity
FSP	First Stage Payment
MEC	Maximum Export Capacity
MW	Megawatt
SEM	Single Electricity Market
SO	System Operator
TSO	Transmission System Operator
UoS	Use of System

1.4 Enquiries Relating to this Note

Enquiries relating to this information note should be sent to Gosia Sadowska, Energy Networks and Security of Supply Team (gsadowska@cer.ie).

2 Clarifications

2.1 Treatment of Temporary Connections in Tie-Break Situations

Projects can apply to connect to the transmission or distribution system on a temporary basis in advance of their permanent shallow connection works being completed (temporary connections). According to the COPP rules, section 4, temporary connections for Gate 3 were processed on a non-firm basis. It was assumed that in cases of transmission system constraints, temporary connections would be constrained first.

The COPP rules were published at the time when the SEM Committee was consulting on Principles of Scheduling and Dispatch including rules around tie-break situations. In December 2011, following the consultation, the SEM Committee took a number of decisions relating to the treatment of price taking priority dispatch generators in tie break situations, including constraints, curtailment, and treatment of temporary connections (SEM-11-105). The dispatch-down of wind due to local network limitation (for instance, overloading of transmission lines) is referred to as **constraint**, whereas **curtailment** refers to the dispatch-down of wind for system-wide limitations (for instance, to stay within system stability limits, operating reserve limits, voltage control limits etc.)

In relation to constraints, SOs were tasked to create **constraint groups** that represent the most significant constraints for wind generators in the all-island system (maximum three groups). Within each constraint group, generators were further divided into **constraint categories** determining their dispatch order to address constraints. The SEM Committee decided that temporary connections are placed in the 'non-firm' constraint category (Firm Access Quantity (FAQ) of 0% of their Maximum Export Capacity (MEC)). All units falling into the 'non-firm' category are dispatched down before the two other categories ('partially firm' and 'firm'). While units within each category are constrained on a pro-rata basis, it is important to note that Gate 3 non-firm units are turned down before pre Gate 3 non-firm units. This is to protect pre Gate 3 generation from excessive constraint levels caused by new temporary connections, an intention reiterated in CER/11/093.

The policy on curtailments set out in section 3.5 of SEM-11-105 was based on a similar firm access hierarchy approach which meant that price taking priority dispatch controllable wind generation units in tie-break situations with higher levels of FAQ would get dispatched down in tie-break situations after those with lower levels of FAQ.

The firm access hierarchy approach for curtailments as set out in section 3.5 of SEM-11-105 was withdrawn in 2012, and the matter was again put to consultation (SEM

Committee Communication of 29 March 2012). As a result, in March 2013, the SEM Committee decided that for the purposes of curtailment, all operational wind farms in dispatch (firm and non-firm) are treated pro rata. In other words, all generators are curtailed by the same percentage level. Further, the SEM Committee decided that dispatch balancing costs (DBC) payments for curtailment would cease on 1 January 2018 (SEM-13-010).

The SEM Committee decided on the detail of the constraint groups in SEM-13-012, and approved the TSOs methodology for distinguishing between events of constraints and curtailment in SEM-13-011.

The CER/11/093 Decision Paper refers to reviewing temporary connections after the Scheduling and Dispatch consultation. The intent of the CER when publishing the COPP Paper was that such a review should only take place if it was necessary after the Scheduling and Dispatch Decision Paper. The CER is satisfied that no such review is required to take place.

Relevant Decisions and Policy Papers for Treatment of Temporary Connections in Tie-Break Situations:

SEM-11-105	Treatment of Price Taking Generation in Tie Breaks in Dispatch in the Single Electricity Market and Associated Issues
SEM-12-018	SEM Committee Communication of 29 March 2012
SEM-13-010	Treatment of Curtailment in Tie-break situations
SEM-13-011	TSOs Definition of Curtailment and Constraint, version 1.0
SEM-13-012	Constraint Groups arising from SEM-11-105

2.2 Transmission Connection Arrangements and Use of System Agreements

On 1 July 2013, the CER approved the TSO review of the transmission connection agreement documents. As part of this review, the provisions in relation to MEC reductions, MEC Bond Regime 2 and the availability of alternative security arrangements, as directed by CER in CER/09/138, were reflected in the transmission connection agreement documents. In addition, the MEC security bond template was updated. All contractual provisions in relation to MEC security were extended to all generators connected to the transmission system, both renewable and non-renewable, insofar as they apply to them.

Relevant Decision for Transmission Connection Arrangements and Use of System Agreements:

[CER/09/138](#)

Electricity Network Connection Policy

[CER/13/145](#)

Transmission Connection Agreements and Use of System Agreements

2.3 Maximum Export Capacity (MEC) Security

Section 16 of COPP explicitly refers to capacity bond provisions set out in the CER Decision Paper CER/09/138 on Electricity Network Connection Policy. According to these provisions, the capacity bond could not be returned to the connecting party until the party obtained an Operational Certificate.

On 14 June 2016, the CER introduced amendments to MEC security policy. The new provisions break the link between the capacity bond and the Operational Certificate, extend the Capacity Testing Period for large wind farms and also amend the term of the MEC Security requirement.

Relevant Decisions on MEC Security:

[CER/09/138](#)

Electricity Network Connection Policy

[CER/16/165](#)

MEC Security Policy Amendments

2.4 Installed Capacity Cap

According to the COPP rules, generators were allowed to install generation capacity up to the MEC set in their connection agreement with the relevant System Operator (SO) in addition to an extra 5% over the MEC and the 'next whole turbine' addition.

On 19 February 2014, the CER decided to:

- increase the Installed Capacity Cap from 105% of MEC to 120%,
- retain the 'next whole turbine' addition but apply it to the MEC, not 120% of MEC,
- apply the increased Installed Capacity Cap to all wind farms, not only to future connection agreements,
- apply the rule to all generators, with the SOs retaining discretion to vary or waive it in relation to generators other than wind farms, where the policy considerations

underlying the current Installed Capacity Cap do not appear to apply to the circumstances before the SOs. The SOs will advise the CER of any instance where such a decision is taken.

The CER again clarified its position that this **did not and will not** allow generators to export at a higher level than their contracted MEC.

Relevant Decision on the Installed Capacity Cap:

[CER/14/047](#) Installed Capacity Cap

2.5 Rules on Projects Moving to Construction Phase

Section 10 of COPP explains what happens to a subgroup if a group member does not accept its offer or terminates its connection agreements at a later stage. Section 10 also deals with minimising stranded assets costs in cases where a group member wishes to modify its connection method.

Section 10 provisions have been subsequently supplemented by the CER Decision Paper on Implementation of Group Processing – Move to Construction Phase (CER/15/098A). In particular, the CER addressed challenges facing project delivery where the actions of a developer have the potential to impact on same. The detailed rules are set out in the Ruleset in Appendix B of the System Operator Recommendation Paper (approved by the CER) and take precedence over the COPP rules should a conflict exist.

Relevant Decisions and Policy Documents on Projects Moving to Construction Phase:

[CER/15/098A](#) Implementation of Group Processing – Move to Construction Phase
[CER/15/098B](#) System Operator Recommendation following Consultation Paper CER/14/432 - Implementation of Group Processing - Move to construction phase

2.6 Treatment of First Stage Payment after Project Splits, Mergers and Relocations

The COPP rules on project mergers, splits and relocation (sections 3.1, 3.2 and 17 respectively) are silent as to how treat First Stage Payment (FSP) following such

modifications. Upon subsequent requests from the System Operators, the CER clarified the policy in that respect as follows:

Per the CER Decision Paper on Electricity Network Connection Policy (CER/09/138), where FSPs are calculated in accordance with CER/09/138 and customers are on MEC Bond Regime 2, FSP is non-refundable.¹

However, where projects have split, the CER considered it appropriate and fair that FSP monies already paid by the original party shall be split between the subsequent parties on a pro-rata basis (relative to the MW split between the parties) and the overpayment by the original party following the split shall be re-allocated back to them by the relevant SO. In allowing this interpretation of the rules, it is the CER's view that the Use of System (UoS) customer does not carry any risk associated with this process and the re-allocation should only occur when it is clear that the relevant SO has been "kept whole".

Accordingly, the interpretation of the rules is subject to the following conditions:

- Where SOs are required to re-allocate FSP monies already paid by the original party prior to the split, monies payable under the new connection agreement should be received from the second party and the second party's new connection agreement fully executed before the release of payment to the first party.
- In a split situation, both customers are liable to pay the greater of €10k per MW or 10% of the connection charge, according to the normal payment schedule set out in CER/09/138.
- In a split situation, the normal payment schedule per CER/09/138 is applied to both customers. Where connection assets are not being built contestably, a customer is liable to pay the greater of €10k per MW or 10% of the connection charge. Where connection assets are being built contestably and there is no (or very little) connection costs payable to the SOs, then the €10k per MW of MEC applies.
- The principles of the CER Decision on FSP on Acceptance of a Connection Offer (CER/11/083) regarding the application of a sliding scale to FSPs also applies and

¹ If a customer's FSP was originally calculated based on pre-CER/09/138 methodology and their FSP has not been re-calculated in accordance with CER/09/138 and they are still on MEC Bond Regime 1, then that customer's FSP is potentially refundable in certain circumstances.

each project's Scheduled Consents Issue Date is taken into account in arriving at the revised FSPs.

- In the event where connection charges change following a split, a 'top-up' payment may be required. Either party in a split may be required to make a 'top-up' payment as splits should not result in less money being paid than would have been the case if they had originally applied as two separate applicants.
- The principle of splitting FSP monies set out above only applies where there is the same amount of capacity connecting to the system as there would have been before the project split. For example, this principle would not apply where there are any other complexities involved with the modification i.e. mergers.
- Should the customer with the original project (before the split) wish to retain the FSP to be associated with that project after the split, then they may do so (which may result in an overpayment which can be credited against future stage payments), and the second or split project will be required to pay a full FSP associated with its project.

While FSP remains strictly non-refundable as set out above, for changes in SO (including mergers), where **whole connection agreements are being transferred between SOs**, FSPs are treated as follows:

- The original connection agreement is terminated.
- The original SO notifies the new SO of FSP monies paid to date less any costs incurred which can be credited against the FSP payable under the new connection agreement.
- The original SO forwards these monies on to the new SO.

For changes in SO (including mergers), where only **partial MEC is being transferred between SOs**, FSPs are treated as follows:

- Where a split of MEC occurs and MEC is being transferred between SOs on a partial contract basis only, the SO with the surplus amount of FSP monies re-allocates said monies to the relevant customer in a termination agreement rather than transferring monies between SOs. Similarly, this re-allocation of monies is only be made after the FSP amount due has been paid by the second customer under the new contract and that new contract has been fully executed.

Relevant Decision on Treatment of FSP after Splits, Mergers and Relocations:

[CER/09/138](#)

Electricity Network Connection Policy

[CER/11/083](#)

First Stage Payments on acceptance of a Connection Offer to the Electricity Network

2.7 Treatment of First Stage Payment after Reductions in Maximum Export Capacity

In cases where MEC is reduced, the non-refundable FSP made by the reducing party shall not be recalculated to reflect the new MEC even if a changed connection method results in a lower total connection charge. This is consistent with one of the primary purposes of the FSP, which is to demonstrate financial commitment to the project in advance of provision of a capacity bond. Any over-payment of the FSP based on the revised offer is offset against the final out-turn of the project following connection of the generation project and full and final settlement of Pass Through.

Relevant Decision on Treatment of FSP after Reductions in MEC:

[CER/09/138](#)

Electricity Network Connection Policy

3 List of Relevant Decisions and Policy Papers

CER/11/093	Connection Offer Policy & Process (COPP)
<i>Amendments and clarifications:</i>	
Treatment of Temporary Connections in Tie-Break Situations	
SEM-11-105	Treatment of Price Taking Generation in Tie Breaks in Dispatch in the Single Electricity Market and Associated Issues
SEM-12-018	SEM Committee Communication of 29 March 2012
SEM-13-010	Treatment of Curtailment in Tie-break situations
SEM-13-011	TSOs Definition of Curtailment and Constraint, version 1.0
SEM-13-012	Constraint Groups arising from SEM-11-105
Transmission Connection Agreements and Use of System Agreements	
CER/09/138	Electricity Network Connection Policy
CER/13/145	Transmission Connection Agreements and UoS Agreements
MEC Security	
CER/09/138	Electricity Network Connection Policy
CER/16/165	MEC Security Policy Amendments
Installed Capacity Cap	
CER/14/047	Installed Capacity Cap
Projects Moving to Construction Phase	
CER/15/098A	Implementation of Group Processing - Move to Construction Phase
CER/15/098B	System Operator Recommendation following Consultation Paper CER/14/432 - Implementation of Group Processing - Move to construction phase
Treatment of FSP after Splits, Mergers, Relocations and Reductions of MEC	
CER/09/138	Electricity Network Connection Policy
CER/11/083	First Stage Payments on acceptance of a Connection Offer to the Electricity Network