Enduring Connection Policy Stage 1 (ECP-1) Decision
Executive Summary

Connection policy can influence which generators can access markets and when they can secure that access. Consequently, connection policy can have a wide-ranging impact on the electricity system, from determining the level of competition in wholesale markets, facilitating the delivery of renewable energy targets, to helping ensure that new technologies can connect to provide required system services. All of these directly affect consumers in terms of the prices they pay, the quality of service they receive and the environment they live in.

Recent developments mean that the current connection policy is no longer fit for purpose. Almost ten years have passed since the last gate process which allowed large generators to connect. The non-gate process intended for smaller generators and experimental technologies is vastly oversubscribed, following a surge in applications from small-scale solar projects. These projects can be subject to lengthy delays to connection. The combination of these factors has led to a volume of over 36,000 megawatts (MW) of generators and other technologies waiting to connect or to gain a connection offer. Many of these projects might be speculative in nature, and hold up genuine projects that have been waiting to connect for a number of years.

In November 2015, the CRU responded to this situation by issuing a policy consultation (CER/15/284) outlining our initial views on an enduring connection policy (ECP) framework. This was developed into a proposed decision on the first stage of ECP (ECP-1) which was published for consultation in November 2017. This paper sets out the CRU’s final decision on ECP-1 building on the responses received through the consultation process and our further engagement with stakeholders. The principal objective which guides our final decision remains the same, and is to allow those projects which are ‘shovel ready’ to have an opportunity to connect to the network, along with laying the foundations for future, more regular batches for connection. Table 1 below highlights the policy decisions we have made to meet the objective and how they differ from those outlined in our proposed decision.

The system operators are expected to open an application window for the 2018 batch within one month from this decision, and close it within two months from this decision. This should give potential applicants at least one month to submit their applications. The first connection offers should be issued before the end of 2018. We expect that those applicants which have been successfully prioritised to receive an ECP-1 connection offer will be notified of this within a few months from the closing date for applications. The CRU is seeking to introduce a new incentive for system operators to process applications according the planned timetable. This incentive will be outlined in the price review 4 (PR4) incentives decision.
Table 1: Summary of the key CRU’s decisions on ECP-1

<table>
<thead>
<tr>
<th>Key policy decision for ECP-1</th>
<th>Changes since proposed decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provide at least 1,000MW of new connection offers under the 2018 batch</td>
<td>Batch size may be greater than 1,000MW if it is possible to process additional applications within the ECP-1 timelines. 50 offers limit has been removed.</td>
</tr>
<tr>
<td>Reserve up to 400MW for DS3 providers¹</td>
<td>No change</td>
</tr>
<tr>
<td>Require planning permission to enter the 2018 batch, but not from DS3 providers</td>
<td>No change</td>
</tr>
<tr>
<td>Remove the option to relocate capacity for all projects on a permanent basis, but provide existing contracted projects² with one last opportunity to relocate their capacity to a site with planning permission.</td>
<td>Existing contracted projects have three months from the date of this decision to request one last capacity relocation to a site with planning permission.</td>
</tr>
<tr>
<td>Process small-scale generation, DS3 system services qualifying trial projects³ and autoproducers outside of the 2018 batch (non-batch process)</td>
<td>The size threshold for non-batch projects has increased from 250kW to 500kW. 50MW total volume cap has been removed.</td>
</tr>
<tr>
<td>Introduce security for shared assets’ costs for projects part of a sub-group</td>
<td>No change</td>
</tr>
<tr>
<td>Apply a revised schedule of application fees</td>
<td>Proposed fee levels for projects between 500kW and 10MW have been revised.</td>
</tr>
<tr>
<td>Keep the non-GPA process suspended as per CRU direction⁴ and offer existing applicants⁵ options to be processed under ECP-1</td>
<td>No change</td>
</tr>
<tr>
<td>Issue offers on a non-firm basis</td>
<td>No change</td>
</tr>
</tbody>
</table>

¹ Providers of DS3 system services. See Glossary of Terms.
² See Glossary of Terms.
³ See Glossary of Terms.
⁴ Direction to the system operators of 2 November 2017 on the transition to ECP-1 (D/17/19787).
⁵ See Glossary of Terms.
The CRU expects the system operators to hold a further batch as soon as reasonably practical following the conclusion of the 2018 batch. We expect that efficient and timely processing of the 2018 batch by the system operators will allow the next batch to start in 2020. The policy for that batch will be set in advance along with the batch size. When considering that next batch and future batches, we expect to examine the merits of using a more price-based approach to allocate capacity to applicants. In theory, this can provide a number of benefits but we recognise that it would be a significant change requiring detailed rules to be developed. In due course, we will invite stakeholders’ views in this area as we continue to develop our proposals. We note that the decisions listed in Table 1 above apply to the 2018 batch only, and should not necessarily determine the CRU’s policy for the next batch and future batches. As an exception, the decision to stop capacity relocation will, following the three-months grace period for existing contracted projects, apply to all applicants whether existing or new, and on a permanent basis.
Public Impact Statement

New generators and other technologies need to connect to the electricity grid in order to participate in energy markets. The system operators have received roughly 36,000 MW of applications for connection, a volume that is significantly beyond what is currently needed by the system.

This decision constitutes the first step in revising the existing connection policy, allowing the first of a set of more regular batches of connection offers. As the system cannot, at present, accommodate all the projects seeking to connect, this decision first allows those ‘shovel ready’ projects (i.e. with planning permission) to get a connection offer, ahead of less mature projects. It also prioritises connection of new, more flexible technologies able to provide specific system services currently required by the system operators. More specifically,

1. Facilitating connections of ‘shovel ready’ projects is in consumers’ interest as they would be the fastest to enter to market and increase competition.

2. There are also potential cost savings associated with re-setting the existing connection process that might translate into lower energy bills for consumers. In particular, these cost savings can come from:
   - more optimal use of scarce network capacity
   - more optimal use of system operator resources
   - more optimal electricity system planning and system development

3. Prioritising connections of new, flexible technologies aims to:
   - help to increase the amount of renewable generation on the system thereby contributing to the delivery of renewable energy targets for 2020 and beyond
   - further facilitate the existing renewable energy generators by reducing their curtailment levels and the associated costs, thus reducing wholesale electricity prices
   - further increase competition in the generation market
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## Glossary of Terms

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<thead>
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<th>Term or Acronym</th>
<th>Definition or Meaning</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999 Act</td>
<td>Electricity Regulation Act, 1999, as amended</td>
</tr>
<tr>
<td>2018 batch</td>
<td>first batch of the ECP-1 batch process (see ECP-1)</td>
</tr>
<tr>
<td>CER</td>
<td>Commission for Energy Regulation (now, Commission for Regulation of Utilities)</td>
</tr>
<tr>
<td>COPP</td>
<td>Connection Offer Policy and Process Paper</td>
</tr>
<tr>
<td>CRU</td>
<td>Commission for Regulation of Utilities (formerly, Commission for Energy Regulation)</td>
</tr>
<tr>
<td>DCCAE</td>
<td>Department of Communications, Climate Action and Environment</td>
</tr>
<tr>
<td>DSO</td>
<td>distribution system operator (ESB Networks)</td>
</tr>
<tr>
<td>DS3</td>
<td>delivering a secure, sustainable (electricity) system</td>
</tr>
<tr>
<td></td>
<td>The DS3 programme aims to ensure the secure and safe operation of the electricity system with increasing amounts of variable non-synchronous generation, such as wind and solar. To achieve this aim, the transmission system operator needs to obtain specific DS3 system services from generators and market participants, i.e. DS3 providers.</td>
</tr>
<tr>
<td>DS3 system services</td>
<td>A mechanism where potential DS3 system services providers have the opportunity to demonstrate the capabilities of new unproven technologies.</td>
</tr>
<tr>
<td>qualification trial process</td>
<td></td>
</tr>
<tr>
<td>DS3 system services</td>
<td>project qualifying under the DS3 system services qualification trial process</td>
</tr>
<tr>
<td>qualifying trial project</td>
<td></td>
</tr>
<tr>
<td>DUoS tariffs</td>
<td>distribution use of system tariffs</td>
</tr>
<tr>
<td>ECP</td>
<td>enduring connection policy</td>
</tr>
<tr>
<td>ECP-1</td>
<td>first stage of the enduring connection policy; includes the batch and the non-batch process</td>
</tr>
<tr>
<td>EU</td>
<td>European Union</td>
</tr>
<tr>
<td>electricity system</td>
<td>transmission and distribution electricity system</td>
</tr>
<tr>
<td>existing applicants</td>
<td>Applicants who have an existing grid connection application as of the date of this decision.</td>
</tr>
<tr>
<td><strong>existing contracted projects</strong></td>
<td>Projects for which a connection agreement has been signed by the connecting party and executed by the relevant system operator as of the date of this decision.</td>
</tr>
<tr>
<td>-------------------------------</td>
<td>----------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td><strong>GCLG</strong></td>
<td>generator connections liaison group</td>
</tr>
<tr>
<td><strong>GPA</strong></td>
<td>group processing approach</td>
</tr>
<tr>
<td><strong>interaction studies</strong></td>
<td>Two applications are deemed to be interacting if progressing an application outside the batch results in an additional connection cost being incurred by the batched applicants. Interaction studies relate to the shallow connection.</td>
</tr>
<tr>
<td><strong>kW</strong></td>
<td>kilowatt</td>
</tr>
<tr>
<td><strong>MW</strong></td>
<td>megawatt</td>
</tr>
<tr>
<td><strong>new applicants</strong></td>
<td>Applicants who have no existing grid connection application as of the date of this decision.</td>
</tr>
<tr>
<td><strong>non-batch</strong></td>
<td>Processing of small-scale generation, autoproducers and DS3 system services qualifying trial projects outside the 2018 batch.</td>
</tr>
<tr>
<td><strong>non-GPA</strong></td>
<td>non-group processing approach</td>
</tr>
<tr>
<td><strong>non-GPA applicants in process</strong></td>
<td>Existing applicants under CER/09/099 who, as per CRU direction of 2 November 2017 (D/17/19787), received a letter from the relevant system operator deeming them “in process”.</td>
</tr>
<tr>
<td><strong>non-GPA queued applicants</strong></td>
<td>Existing applicants under CER/09/099 who are in a queue at a node waiting to be processed by the relevant system operator, i.e. they are not “in process” as per CRU direction of 2 November 2017 (D/17/19787).</td>
</tr>
<tr>
<td><strong>non-synchronous generation</strong></td>
<td>Synchronous system is a power grid where electricity is generated at a single synchronised alternating current (AC) frequency. Ireland and Northern Ireland form such a system – all of the conventional generators on the island run in synchronism, producing electricity at 50Hz. Wind and solar technologies are non-synchronous and integrating them into a synchronous system in greater volumes poses a number of challenges.</td>
</tr>
<tr>
<td><strong>other applicants</strong></td>
<td>Existing applicants who:</td>
</tr>
<tr>
<td></td>
<td>- applied for a grid connection but did not qualify for processing under CER/09/099 and have been added to the system operators’ lists of completed applications; or</td>
</tr>
<tr>
<td></td>
<td>- applied as emerging/experimental technology and have not yet been confirmed as non-GPA or otherwise.</td>
</tr>
<tr>
<td><strong>PCI</strong></td>
<td>Project of Common Interest; PCIs are key energy infrastructure projects that are considered essential for completing the</td>
</tr>
</tbody>
</table>
European internal energy market. For more information, see the [European Commission’s website](https://ec.europa.eu).

<table>
<thead>
<tr>
<th>Term</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>PR4</td>
<td>price review 4</td>
</tr>
<tr>
<td>received complete date</td>
<td>The system operators assign a ‘received complete date’ to projects which submit application forms with a certain minimum amount of information contained therein. See system operators’ <a href="https://example.com">Received Complete Date for Generators</a> ruleset, June 2012.</td>
</tr>
<tr>
<td>RESS</td>
<td>renewable electricity support scheme</td>
</tr>
<tr>
<td>TSO</td>
<td>transmission system operator (EirGrid)</td>
</tr>
<tr>
<td>TUoS tariffs</td>
<td>transmission use of system tariffs</td>
</tr>
</tbody>
</table>
1. Introduction

This chapter summarises the relevant context and background for the CRU’s decision. The first part explains why the process for new connections is important for how electricity markets operate, and for consumers. It also explains the CRU’s role in setting the regulatory framework for new connections, and the roles of EirGrid, the transmission system operator (TSO), and ESB Networks, the distribution system operator (DSO), collectively the “system operators”, in the consequent delivery of connection services to network users.

The second part describes the process the CRU has followed leading up to this particular set of decisions, and outlines what will happen next. In the short-term, this relates to how the first batch of connection applications will be processed by the system operators.

1.1 The Commission for Regulation of Utilities (CRU)

The CRU is Ireland’s independent energy and water regulator, and has a wider range of economic, customer protection, and safety responsibilities in electricity, gas, public water and wastewater system. Most relevant to the subject of this decision, the CRU has a role in determining the policy framework for new connections to the electricity network.

Further information on the CRU’s role and relevant legislation can be found on the CRU’s website at www.cru.ie.

1.2 Legal context

Under section 34 of the Electricity Regulation Act 1999, as amended (the 1999 Act), the CRU may give directions to the system operators on the terms and conditions of access to the transmission and distribution system (the electricity system). Based on the CRU’s policy directions, the system operators issue connection offers to generators.

The CRU’s functions and duties are set out principally in section 9 of the 1999 Act. In particular, according to section 9 (4) (a) of the 1999 Act, the CRU shall carry out its statutory functions in a manner which does not discriminate unfairly between relevant stakeholders, and also have regard, among other things, to the need to:

- protect the interests of final customers and to secure that all their reasonable demands for electricity are satisfied
- promote the continuity, security and quality of supplies of electricity
- promote competition
- promote efficiency and the use of renewable, sustainable or alternative forms of energy
The CRU is very mindful of these responsibilities in relation to decisions it makes on connection policy issues. In carrying out its functions, the CRU is also cognisant of the relevant European Union (EU) law as well as EU energy and climate policies.

1.3 New connections and the interests of consumers

The processes for connecting new sources of generation and storage to the electricity system are technically and commercially complex. They do not generally impact directly on individual electricity consumers. However, over time these processes have a profound impact on the reliability and cost of supplies to consumers, and to the attainment of environmental goals set by Government and the EU on behalf of current and future consumers. The following illustrates the range of ways in which new connections can impact on the quality and cost of outcomes for consumers:

- **Reliability of supply**
  New connections contribute to the capacity margin, i.e. the headroom of generation capacity relative to maximum demand. For example, new connections are needed to maintain acceptable margins in the context of demand growth and the retirement of older, less efficient generation plants.

- **Wholesale electricity prices**
  Prices for electricity at the wholesale level are set competitively, based on the principle of supply and demand equilibrium. If generation capacity is scarce, then wholesale prices are higher. Conversely, the connection of newer and more efficient generation capacity increases competition and puts downward pressure on wholesale prices. Wholesale electricity costs are one of the main components of consumer’s bill.

- **System services’ prices**
  In order to maintain the operational stability of the electricity system, the TSO needs to procure system services. For example, to increase or reduce the amount of electricity being generated at particular locations by small margins at short notice. As with wholesale electricity, new connections add to the number of potential providers of these services. This helps to ensure that the necessary services are available, and that their prices are set competitively.

- **Network costs**
  The locations of new connections can impact on the investment required on the transmission and distribution networks to provide a route to market. This involves local, “shallow” works and more distant “deeper” network reinforcements. The costs of these shallow works are funded by the generators which benefit from them but the deeper works will ultimately paid for by all consumers through their bills.
Environmental goals
Reducing the carbon-intensity of the energy sector is an important part of moving to lower carbon models of economic activity, in line with national, EU and global goals. Increasing the proportion of electricity generated from renewable sources is part of this process, which in turn relies on renewable generation projects being able to secure a connection to the electricity system.

1.4 Current regime

Existing policy for connection of exporting generators to the electricity system in Ireland is captured under two broad processing approaches: (1) the group processing approach (GPA), also known as the “gate system”, and (2) the non-group processing approach (non-GPA).

The GPA process was designed for larger renewable6 and conventional generators. Under GPA, the system operators issued connection offers to these generators in separate lots known as “gates”. Eligibility for inclusion in a gate was based on certain qualifying criteria set out by the CRU in its decisions on each of the three gates; gate 1 in 2004, gate 2 in 2006 and gate 3 in 2008 and 2009.7 Generators included in a gate were processed together and were further divided into specific groups and sub-groups based on their level of interaction and geographic location. This allowed the applicants to share planned connection methods and reinforcements, connection charges and shallow connection assets.

The non-GPA process was established in 2009 (CER/09/099, non-GPA decision) to enable smaller renewable and low carbon generators as well as experimental technologies to connect to the system outside the gate process. Certain classes of generation were preapproved for non-GPA processing as connecting them was considered to be in public interest, including solar, small-scale wind (less than 500kW), bioenergy, and experimental or emerging technologies.

The non-GPA process assumed that the numbers of applicants and sizes of projects to be processed outside the gate system would be relatively small in both number and MW capacity and therefore could be processed with no significant impact on the system and other connecting parties. Further, that they would be geographically dispersed.

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6 Above 500 kilowatt (kW) for wind generation projects.
7 See section 1.6 for links to relevant decision documents in relation to Gate 3.
1.5 Rationale for changing the policy

A range of factors have worked in combination to put the existing framework for new connection under significant strain. The CRU, through a range of engagement channels and consultation documents, has concluded that the current policies are no longer fit-for-purpose and need to be reset. There are essentially three material issues, which, if they continued, would impact adversely on customers:

- First issue, there may be a distortion of competition. The scale of connection applying through the non-GPA is much higher than anticipated, and is leading to delays and arbitrary differences in how projects with similar network needs and impacts are being treated.
- Second issue, the delays and risks for all parties (including customers) in seeking to process in a co-ordinated way such a large and diverse population of interacting projects which can be at very different stages of development. These projects also have the option to be redefined and relocate. These processing difficulties are compounded by the opportunities for speculation and secondary trading that the current regime, in effect, permits.
- Third issue, the lack of certainty for project development as there is effectively no defined route to markets under the current regime.

Further, the CRU has concluded that this re-set should be done in two steps. The first step is an initial set of changes to expedite the connection of projects that are well-developed and capable of energisation in relatively short timeframes.

The second step is a new policy framework capable of providing predictable, efficient, timely and regular access to markets for new connections on an enduring basis.

1.6 CRU’s process to date

This decision paper (hereinafter referred to as “this decision” or “ECP-1 decision”) and the accompanying sets of rules (ECP-1 Ruleset and DS3 Prioritisation Ruleset) should be read in conjunction with the CRU’s earlier documentation on connection policy, in particular:

- CRU/17/309  *Enduring Connection Policy (ECP-1) Proposed Decision* consultation paper
- CRU/17/310  *Enduring Connection Policy (ECP-1) Proposed Ruleset (Annex I to CRU/17/309)* consultation paper
- CRU/17/311  *DS3 Proposed Prioritisation Ruleset (Annex II to CRU/17/309)* consultation paper
In case of conflict or inconsistency between the ECP-1 decision and any of the policy documents listed above, the ECP-1 decision takes precedence over the above documents. Similarly, in the event of conflict or inconsistency between the text of this decision and the rulesets in Annex I and II as approved, this decision takes precedence over the text of the rulesets.

1.7 This paper

The purpose of this paper is to conclude the first phase of CRU’s work to re-set connection policy (enduring connection policy – stage 1, ECP-1). It includes a set of key policy decisions that, collectively, seek to expedite the connection of projects that are well developed, and capable of energisation in relatively short timeframes. This paper sets out the supporting reasoning for these decisions, and updates on how these decisions have been transposed into a ruleset. A summary of responses to the consultation on the ECP-1 proposed decision (CRU/17/309, also referred to as the “proposed decision”) and the proposed rulesets (CRU/17/310 and CRU/17/311) is also provided. Non-confidential responses to the consultation are available on the CRU’s website.

As part of this decision, the CRU is also directing the system operators to report to the CRU on the effectiveness of the new regime when in practice. This will inform the ongoing monitoring and
development of the connection policy by the CRU. Further, if the arrangements for ECP-1 prove to be ineffective or prone to gaming, then the CRU reserves the right to review this policy and take appropriate action as necessary.

It should also be noted that connection policy is set in the context of a “live” system in which there is an overriding requirement for the system operators to operate a safe, secure and reliable transmission and distribution system. At times it may be necessary for the TSO to require amendments to a given batch or action outside a batch to maintain system adequacy. Any such action should be reasonable in the context of system requirements and would be subject to the CRU’s approval.

In addition, the CRU’s recent information paper (CRU/17/346) highlights potential threats to security of supply where the same geographical area can experience both local demand growth (e.g. large data centres) and local generation constraints, occurring within a short time span. This is currently the case of the Dublin region, and if warranted, the CRU reserves the right to direct the system operator to prioritise connections of generation in such region in order to maintain local security of supply.
2. ECP-1 decisions

This chapter sets out the CRU’s key decisions on how the existing connection policy should be re-set to enable new connections to be processed more efficiently. Each component of the decision is set out in turn, with supporting reasoning. The CRU’s reasoning has been informed by, and in some areas draws explicitly on the responses to the consultation on the ECP-1 proposed decision. A complete summary of responses is provided in chapter 4.

**ECP-1 decisions at a glance:**

- Provide at least 1,000MW of new connection offers under the 2018 batch
- Offer up to 400MW of the 2018 batch to DS3 system services providers
- Require valid planning permission to enter the 2018 batch, but not from DS3 system services providers
- Remove the option to relocate capacity for all projects on a permanent basis, but allow existing contracted projects one last opportunity to relocate their capacity to a site with planning permission
- Process small-scale generation, DS3 system services qualifying trial projects and autoproducers outside the batch (non-batch process)
- Introduce security for shared assets’ costs for projects part of a sub-group
- Apply a revised schedule of application fees
- Keep the non-GPA process suspended as per CRU direction and offer existing applicants options to be processed under ECP-1
- Issue offers on a non-firm basis

The detailed rules that transpose the above decisions into a template for implementation are set out in Annex I (*ECP-1 Ruleset*) and Annex II (*DS3 Prioritisation Ruleset*).

In parallel, the CRU is developing an incentive mechanism to ensure that the system operators are accountable for, and incentivised on, the efficient and timely processing of the 2018 batch such that the subsequent batch for new connection applications can commence no later than the CRU’s target date of 2020.

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8 Providers of DS3 system services, see Glossary of Terms.
9 See Glossary of Terms.
10 See Glossary of Terms.
11 Direction to the system operators of 2 November 2017 on the transition to ECP-1 (D/17/19787).
12 See Glossary of Terms.
2.1 Size of the 2018 batch

Decision

The CRU has decided that the 2018 batch will provide at least 1,000MW of new connection offers. The CRU notes that the total volume of capacity being processed as part of the 2018 batch will be broader than this 1,000MW of new capacity. As detailed in section 2.7, existing applicants with live connection offers and non-GPA applicants in process\textsuperscript{13} will have the option to fold into the 2018 batch. Under the two categories, 56 projects (amounting to 1,546MW) have decided to suspend their processing\textsuperscript{14} and may, following this decision, decide to fold into the 2018 batch. Any such migrated offers would not count towards the 1,000MW minimum set out above, and would result in an increase in batch size, potentially up to 2,600MW.

Supporting reasoning

Reasons for a batch size of at least 1,000MW

One of the key objectives for the 2018 batch is to help enable well-developed and build-ready projects to progress to connection. 1,000MW is a large volume of new capacity that can enter wholesale markets. It can increase the competitive pressure in those markets, helping to bring down costs for consumers. It can provide access for new generation capable of providing system services to help reduce curtailment levels for existing and new renewable generators. Further, it can also enable generators to gain connection offers ahead of the proposed renewable electricity support scheme (RESS) auctions as well as capacity auctions.

Critically, the size of the 2018 batch is set at a level which the system operators are confident they can process quickly, with limited risks of further delay and without creating significant new pockets of network constraints. Respondents to our proposed decision on ECP-1 called for a larger batch size. They commented that the CRU’s proposals would not allow all ‘shovel ready’ renewable generation to connect. However, increasing the batch size much beyond 1,000MW would risk delays to both the volume of projects which can be processed, and the point at which the next batch could be opened. We are conscious that many generators have been waiting several years to connect since the last gate in 2008 and 2009. Therefore, the CRU considers that the priority should be to have a manageable batch size which can help connect a significant volume of generation in reasonable timeframe and allow for a further batch in the foreseeable future. The CRU considers this is vital for a well-functioning wholesale market and to help meet renewable

\textsuperscript{13} See Glossary of Terms.

\textsuperscript{14} As per the system operators’ update at the generator connections liaison group (GCLG) meeting no. 48 of 13 March 2018. Minutes from this meeting and the accompanying documents will be published on the CRU’s website shortly.
energy targets.

**Conditions under which the CRU might allow more than 1,000MW**

The precise size of the batch which can be processed within the assumed ECP-1 timeframe of approximately one year\(^\text{15}\) depends on the sizes and locations of the portfolio of projects included in the batch. These details cannot be known until applications have been submitted and the eligibility criteria have been applied. We have set 1,000MW as an upper limit, but reserve the right to cap the volume of capacity offered under the 2018 batch at a somewhat higher amount, once the nature and size of applications submitted is known. The system operators will advise the CRU in that regard.

The objective for ECP-1 is to enable a diverse range of build-ready technologies to connect to the network. A broad spectrum of projects have been adversely impacted though the lack of opportunity to connect since the last gate. Therefore, it is reasonable to ensure that a wide and diverse range of projects benefit from the opportunity to connect under ECP-1. Consumers benefit from this diversity both in terms of competition in wholesale markets which can place downward pressure on consumer bills, and though the connection of different renewable technologies which help meet wider environmental goals. A batch which enables a wide range of projects to connect in multiple locations can help mitigate local security of supply threats by increasing the opportunities for new generation to connect in constrained areas. This reduces security of supply risks for consumers.

The CRU is conscious that it is theoretically possible for two or three large projects to take up the entire 2018 batch, thereby thwarting the above benefits. In that respect, some respondents to the ECP-1 proposed decision advocated a blanket exclusion from ECP-1 for projects larger than 100MW. We do not think this would be proportionate or reasonable, as without knowing which projects will apply under ECP-1 and how they will perform against the prioritisation criteria, we cannot be certain which range of projects will receive offers. However, in order to protect consumers’ interests we want to be clear in this decision that, if necessary, the CRU reserves the right to increase the batch size to increase the diverse range of projects that can be issued connection offers.

In parallel, as part of the PR4 (Reporting and Incentives), the CRU is developing an incentive mechanism to challenge the system operators to meet the ECP-1 timelines, for any give size of batch. These could act as a financial incentive to hold system operators to account in delivering the ECP-1 batch size to time.

\[^{15}\text{A summary of the assumed processing timelines for the 2018 batch is provided in the ECP-1 Ruleset, section 6.2, Table 2.}\]
2.2 Share of the batch for DS3 providers

Decision

The CRU has decided that:

- Providers of DS3 system services (DS3 providers) will be given priority under the 2018 batch, up to 400MW. The maximum individual offer made pursuant to this option will be 100MW.

For the avoidance of doubt, the maximum amount of capacity reserved for DS3 providers is fixed at 400MW. It does not increase if, for example, the final size of the batch is greater than 1,000MW. Equally, in the event that the 400MW threshold is not fully subscribed, any remaining capacity will be reallocated to non-DS3 generators.

Supporting reasoning

Reasons for reserving capacity for DS3 providers

DS3 system services are required in order to ensure that the system can operate securely with higher levels of non-synchronous generation\(^{16}\) and therefore reduce the curtailment levels currently experienced by existing non-synchronous plant (typically renewables). Lower curtailment levels should lead to lower wholesale energy prices and a reduction in constraint payments which are funded by consumers. Therefore, any reduction in the level of constraints can help lower consumer bills. Consequently, DS3 system services are a key tool in helping Ireland meet its renewable energy targets at affordable cost. This is further discussed in detail in CER/16/284 which this decision implements.

In order to operate the system securely with high levels of non-synchronous generation, the TSO has estimated that significant investment is needed in the existing generation portfolio as well as the entry of new, more flexible technologies in order to provide the necessary system services. Technological advancements in the last decade mean that there are potentially new providers of DS3 system services, such as energy storage developers. However, these new technologies are not covered under the existing connections policy and consequently have had no opportunity to connect.

Therefore, we consider that reserving capacity in the 2018 batch for potential providers of DS3 system services can lower the level of constraints to help Ireland achieve renewable energy targets and lower costs for consumers.

\(^{16}\) See Glossary of Terms.
Reasons for reserving up to 400MW of capacity for DS3 providers and not allowing more than 100MW from an individual project

The 400MW threshold is based on advice from the TSO on the volume of system services it might need to procure over the coming years in order to bring down curtailment levels. It is assumed that reserving this amount of network capacity for potential DS3 providers would allow for a sufficiently competitive procurement of those services.

The individual limit on DS3 providers of 100MW will ensure greater competitive pressures in the DS3 procurement process. The greater the competition in this process, the lower the subsequent price at which system services can be purchased. This provides benefits to consumers as these costs are ultimately passed through into consumer bills.

In addition, the 400MW threshold can provide longer-term benefits for generators and consumers. The existence of DS3 providers will reduce the constraints faced by generators (particularly renewable generators) connecting in the 2018 batch. This ensures those generators have a better quality of access to wholesale markets and can help contribute towards delivering Ireland’s renewable energy targets. Further, the reduction in system constraints enabled by DS3 providers connected under the 2018 batch can ensure more frequent future batches. This can benefit generators who are unable to connect under ECP-1.
2.3 Planning permission requirement and prioritisation rules

Decision

The CRU has decided that for an application to be eligible for processing under the ECP-1, the applicant must:

- Be in receipt of a valid planning permission to develop the project to which the connection application pertains (except for DS3 providers). This planning permission must have been secured by the date of this decision; and
- This permission must have at least one year remaining prior to expiry, or two years if the planning permission has already been extended.

The CRU has decided that in the event the 2018 batch is oversubscribed, the following prioritisation rules will apply:

- Non-DS3 applicants will be prioritised according to the length of time remaining before their planning permission expires, with the shortest-dated being granted highest priority; and
- DS3 applicants will be prioritised according to the system operators’ ruleset which is published alongside this decision (see Annex II: DS3 Prioritisation Ruleset).

Supporting reasoning

Reasons for basing eligibility around planning permission

Our proposed decision on ECP-1 highlighted that there is over 36,000MW of generation currently in a queue waiting to connect or be processed to gain a connection offer. This is over five times the all-island total electricity requirement. Consequently, there needs to be some criteria to ration available network capacity.

The objective for ECP-1 is to provide connection offers to build-ready projects which can quickly make use of network capacity. This can add competitive pressures into wholesale markets to help lower prices for consumers, as well as help to contribute to meeting Ireland’s renewable energy targets. There are a range of requirements that a new generator has to meet in order to be viable and ready to generate electricity onto the network. One of the more crucial is to secure planning permission. Alongside the financial commitments required to receive an offer under ECP-1, we consider that securing planning permission is the best available indicator of a build-ready project. The CRU acknowledges that there will be individual projects which are well-developed but have not yet completed the planning process. However, as a general rule, our decision should ensure that those projects which can receive connection offers, are those projects most likely to be able to progress those offers through to energisation.
The proposal to make planning permission a key eligibility criterion received broad support from stakeholders both in responses to CER/15/284 and our proposed decision on ECP-1. Stakeholders viewed it as a practical solution to ensure network capacity was offered to those projects most likely able to use it.

It is the CRU’s intention to hold new batches for connection as soon as practically possible. This will provide additional opportunities for projects still awaiting a planning decision to have another opportunity to gain a connection offer.

Reasons for requiring planning permission to be in place at the time of this decision

Our proposed decision set out four options for a cut-off date of when planning should be in place, in order to be eligible for ECP-1. These were:

- The date of publication of the ECP-1 proposed decision;
- The date of publication of the ECP-1 final decision (i.e. this decision);
- 1 January 2018; or
- The date of application for connection under ECP-1.

The objective of ECP-1 is to provide an opportunity for projects which are ready and waiting to connect, to secure grid capacity. As highlighted above, the CRU is committed to providing further opportunities for connection to allow projects currently in train to connect. Therefore, we consider that generators should have planning permission in place by the date of this decision to be eligible for ECP-1. As some respondents highlighted, this will help avoid a sudden ‘rush’ in planning applications to local authorities and pressure to process them quickly.

Reasons for prioritising based on the time until planning permission expires

The CRU is aware that any criterion used to ration capacity will have winners and losers. We do not consider it is practical to determine the consumer benefit of different non-price rationing options for network capacity, as it would require a highly complex analysis of which individual generators would benefit under different rationing criteria and modelling that impact across wholesale markets. Consequently, our main objective in deciding upon rationing criteria is to ensure that the outcome of this process is fair for the plurality of generators.

A large number of respondents disagreed with our proposal to prioritise applications according to the date of planning expiry. Many highlighted that this would penalise those projects which had prudently requested a long planning period and also lead to gaming whereby generators would request very short planning expiry periods in order to jump the queue.

However, we do not agree with respondents in this area. The main objective of ECP-1 is to provide an opportunity to connect for projects which are ready but have been on hold in the queue. Projects which have acquired longer term planning dates, may still have valid planning permission for the
next batch and therefore have a further opportunity to connect. This is not the case for projects whose planning permission is about to expire; those projects might not be realised if not processed in this batch. We consider that ECP-1 should provide an opportunity for these projects, particularly as they stand to lose out most from the lack of a gate process since 2008-9. From a broader economic perspective, this will also ensure that the investment made in those projects are not wasted. In addition, since our eligibility criteria require planning permission to be in place at the date of this decision, prioritising applications according to planning expiry dates should not lead to gaming.

We therefore consider that prioritising applications based on planning permission expiry date is the fairest and most resource-efficient principle on which to base our decision for this first step of the ECP. We would highlight that this approach does not determine, in any way, the policy set for the subsequent batches or the enduring connection policy.

**Reasons to exempt DS3 providers from the requirement to have planning permission**

Section 2.2 outlines the benefits to consumers coming from connecting DS3 providers. The TSO considers that with increased renewable generation the availability of units capable of providing DS3 system services may fall meaning that those services may be in short supply at times of high levels of non-synchronous generation. Requiring DS3 providers to meet additional criteria would further reduce the number of DS3 generators which are issued offers under the batch and which subsequently participate in the DS3 tender. This could reduce the volume of DS3 system services being provided, restricting the ability to lower constraints levels and costs.

Typically, the generators capable of providing DS3 system services are technologies for which is it easier and quicker to secure planning permission, for example battery storage. This provides us with confidence that offers issued to DS3 providers have a high chance of being progressed to connection in a relatively short timeframe. This is not the case for non-DS3 providers, where securing planning can often be a difficult and lengthy process, potentially requiring environmental impact assessments.

This policy position is also in line with CER/16/284 which outlined priority connection for DS3 providers without imposing on them any planning permission requirement.
2.4 Removing capacity relocation

Decision

The CRU has decided that:

- Existing rules on capacity relocation will no longer apply to any project, and on a permanent basis.
- Small relocations of capacity – up to 100 meters from the boundary of the generation site as delineated in the project’s initial connection application – would still be allowed.
- Existing contracted projects will be provided with one last opportunity to relocate capacity to a site with planning permission within three months from this decision.

Supporting reasoning

Reasons for ceasing capacity relocations on a permanent basis

Capacity relocation rules were introduced in 2010 (CER/10/211) in order to offer gate 3 projects greater flexibility in cases where they had difficulties in progressing at a given location. The primary aim of those rules was to increase the uptake of gate 3 offers and thus avoid underutilisation or stranding of transmission assets. At the same time, capacity relocation resulted in the emergence of a secondary capacity market whereby connection capacity is traded between applicants outside of the regulated connection process. The practice of speculative connection requests and planning applications adds costs and delays to the process. Capacity relocation weakens project commitment and also reduces the quality of service that genuine applicants can receive from system operators who are processing large volumes of applications.

We consider that ceasing capacity relocation is key in strengthening the project commitment model and consistent with the objective to facilitate the delivery of ‘shovel ready’ projects in a timely manner. The underlying consideration is that if a project cannot progress in its current format it can reapply for the next batch rather than trading capacity outside of the connection process. Having certainty that there is a mechanism under ECP by which a project can get a connection offer should be sufficient to mitigate the need for capacity relocation.

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17 As set out in chapter 17 of COPP. See Glossary of Terms.
18 See Glossary of Terms.
Reasons for allowing small relocations (up to 100 meters from the generation site as delineated in the project’s initial connection application)

The CRU understands that genuine projects undergo changes as they develop. For well-developed projects, we would expect those changes to be minimal. System operators are able to make small changes to the location of a project without impacting the connection design or costs for other generators within a sub-group. In our proposed decision, we set out that these changes should be limited to 100m from the original location. Respondents commented that this was highly inflexible and could result in genuine, well-developed projects, being unable to progress to energisation. We clarify that the “100 meters rule” relates to the changes to the original location of the project’s generation site as provided in connection application, rather than the location of generation equipment within that site. This means that capacity can still be transferable within the projects site boundary and up to 100 meters beyond that boundary. We consider that allowing for this is a reasonable approach. It represents a practical balance to allow some minor changes to enable genuine projects to progress while not facilitating speculative applications which add delays to the connection process and increase costs for consumers. The final ruleset has been amended to reflect this flexibility.

Reasons for providing one last opportunity for contracted projects to relocate to a site with planning permission

Many respondents to the consultation supported the decision to remove the option to relocate capacity. However, some respondents were of the view that existing projects should be provided with one last opportunity to relocate capacity before the policy changes.

The CRU sees merit in this proposal, and the CRU has decided to provide a three-month window, opening from the date of this decision, for contracted projects to submit a request to the system operator for one last capacity relocation to a site with planning permission. Following this three-month grace period, any requests to relocate capacity beyond 100 meters from the original site boundary, including those from already contracted projects, will not be facilitated.
2.5 Other requirements on ECP-1 applicants

Decision

The CRU has also made decisions on other requirements that ECP-1 applicants must be willing to accept. These relate to ensuring that all projects being processed together are credible and committed, and capable of being processed in a timely way. Specifically these requirements were:

- **Application fees**
  New applicants under ECP-1 must be in a position to pay new non-refundable application fees as set out by the system operators. The level of these new application fees for the system operators has been amended following consultation on the ECP-1 proposed decision.

- **Security for shared assets’ costs and interdependent offers**
  Applicants must be in a position, at offer acceptance, to provide financial security in respect of shared works being undertaken on behalf of groups of applicants connecting in the same part of the network.

- **Longstop dates**
  Contractual longstop dates for consents and operation for applicants processed under ECP-1 has been reduced to two years after the scheduled dates.

Supporting reasoning

**Reasons for changes in the level of application fees**

The objective of ECP-1 is to enable the connection of well-developed build-ready projects. The payment of a non-refundable application fee is a sign of commitment from a developer that they expect the project to progress to energisation. Projects which have reached a mature stage of commercial development will be a position to commit to these fees. Less developed projects will be less likely to demonstrate this degree of user commitment. Consequently, the CRU considers that in tandem with the requirement to have valid planning permission, non-refundable applications fees are an important element of ensuring that the most developed projects are progressed under ECP-1.

The absence of such fees would lower the financial hurdle to apply under ECP-1 and would potentially have the effect of opening the door to speculative applications. This would lead to delays in progressing projects to energisation and add to the costs of processing offers.

The level of the fees is set by the system operators. To date the revenue recovered in application fees has not been sufficient to cover the system operators’ costs of processing applications and
providing successful applicants with offers. The shortfall has been picked up by use of system customers. The CRU does not think this is fair to use of system customers and supports attempts by the system operators to change the level of application fees, thus placing more of the costs on to those parties who cause them.

In addition, we note that there has been difference in the application fees between those paid by generators connecting to the TSO and those paid by generators connecting to the DSO (even if the project is the same size). Therefore, as part of the rebalancing of fees, the system operators have looked to correct for these distortions and align the fees paid, irrespective of whether an applicate applies to the TSO or DSO.

Reasons for introducing security for shared assets’ costs and interdependent offers

Under the batch process, generators can be connected as part of a sub-group, under a specific transmission node. The costs of the connection assets are shared among this sub-group. A requirement to post financial securities for these shared costs already at offer acceptance has the effect of protecting consumers from financial exposure in the event that one of the generators drops out. As a result of our decision, projects in a sub-group that do not progress will now be required – through their securities – to cover their proportion of the shared costs.

The system operators have reported that the current consumer exposure for shared costs of existing contracted projects that have not yet been energised is currently in the region of around €46 million. This includes €35 million of unpaid shared charges for contracted (and not yet energised) distribution projects and approximately €11 million for contracted (and not yet energised) transmission projects.\(^\text{19}\) Instances where projects with shared connections that have not progressed in line with the shared connection works have already resulted in around €4.5 million being borne by consumers through distribution use of system charges (DUoS). At the transmission level, the TSO estimates that the amount borne by consumers (through TUoS) to cover the costs of shared assets when a project drops out is in the region of €5 million.\(^\text{20}\)

The CRU does not think it is appropriate for consumers to pick up these costs. While the decision to introduce security for shared assets’ costs under ECP-1 will not reduce the current consumer exposure for those already contracted projects, it will remove such exposure in relation to connection offers that will be issued as part of ECP-1.

\(^\text{19}\) At the transmission level, this relates to non-contestable works only. The majority of transmission-connecting generators in sub-groups have contested works which limits TUoS exposure.

\(^\text{20}\) However, TSO notes that it is difficult to identify a specific amount spent by TUoS to date as many of the related projects are still under construction.
Generators benefit from shared costs under the batch process, as it lowers the costs they pay for connection assets. Generators are also best placed to manage the risk that a project cannot proceed to energisation. One of the biggest factors outside the control of generators is planning permission. However, under ECP-1, all non-DS3 generators issued with offers will have planning permission. Consequently, the CRU considers that generators should be financially exposed to the remaining risks, to ensure that they take all actions possible to reduce the likelihood that they drop out. The CRU also refers to the abiding principle stated at the start of this decision, which is to allow projects which are ‘shovel ready’ to have an opportunity to connect to the network. Those who are ready should demonstrate sufficient commitment upfront to connect and therefore for ECP-1 the CRU considers introducing security for shared assets’ costs as appropriate.

The CRU also notes that the bonding policy for shared assets’ costs only applies if connection to the system is built by the system operator. Under the current policy, projects can also build their connection contestably. This also applies to shared connection works which can be built jointly by projects within the sub-group. This allows projects to opt out from this bonding policy and instead have their own arrangements to effectively hedge themselves against the risk of projects dropping out of a sub-group at a later stage.

Lastly, we would highlight that restricting the bonding arrangements for the 2018 batch does not determine, in any way, the policy set for the subsequent batches or the enduring connection policy.

Reasons for shortening the longstop dates to two years

The objective of ECP-1 is to enable the connection of well-developed projects which are ‘shovel ready’ and the decision to shorten longstop dates is consistent with that objective. It is not in consumers’ interests for capacity allocated in ECP-1 offers to go unused. Reducing the longstop dates to two years will send a clear message to generators that they should only apply under ECP-1 if they are ready to energise quickly. It will also reduce the chance of developers sterilising connection capacity that other projects could utilise.
2.6 Non-batch process

Decision

The CRU has decided that there should be a route for small-scale generation to be connected outside the more formal, commercial framework of the 2018 batch.

The non-batch process will apply to:

- small projects, i.e. greater than 11kW and less than or equal to 500kW\(^{21}\)
- DS3 system services trial projects - up to 500kW; and
- autoproducers

The capacity available for non-batch projects will be capped at 30 offers in a calendar year. The system operators will revert to the CRU for guidance in the event the above threshold is met.

Supporting reasoning

Reasons for processing small-scale generation outside the batch:

The CRU recognises that there is a difference between larger projects which are more likely to actively participate in markets and smaller projects which do not. There needs to be a proportionate framework for connection for all type of projects. It would not be reasonable for small projects to undergo the same process as larger projects in order to connect. Consequently, the CRU considers it important to maintain a specific, less resource intensive route to market for smaller projects.

Reasons for non-batch categories and thresholds

Since 2015, there has been an unprecedented increase in the volume of applications under the non-GPA route which was specifically intended for smaller projects and emerging technologies. In our proposed decision, we highlighted that the system operators were processing close to 6GW of non-GPA applications. The non-GPA system established under CER/09/99 was not designed to cater for this volume of generation. It has the effect of eroding the capacity available for GPA projects. It also results in a substantial volume of generation being connected without the benefit of the co-optimisation of connection costs through the batch process.

Respondents to our proposed decision agreed that the non-GPA route was no longer fit for purpose. Consequently, the CRU considers that stricter eligibility criteria are required for any outside-the-batch process so that it can provide a viable and proportionate route for connection for small-scale generation.

\(^{21}\) Projects up to 11kW are micro-generators subject to separate policy (CER/09/033 and CER/07/208).
Reasons for increasing the non-batch threshold to 500kW

The CRU’s objective for ECP-1 is to balance providing a route to market for smaller projects while not delaying the issuing of offers and connection under the 2018 batch. In our proposed decision we said that projects which were 250kW or lower would be eligible for the non-batch process. Some respondents expressed a view that this threshold was too low.

Analysis undertaken by the DSO illustrates that it could process up to 30 non-batch connection offers a year without negatively impacting the 2018 batch. We asked the DSO to examine the volume of historic applications they have received from different sized generators under the non-GPA process to help set the eligibility criteria for the non-batch process. The DSO has outlined that it received 49 applications from non-GPA generators up to 250kW since 2009 (equating to around five offers per year). During the same time period a total of 159 applications from generators either 500kW or below were received (equating to around 18 offers per year). On this basis the CRU considers that the eligibility threshold for the non-batch process can be set at 500kW. In order to provide some protection against a sudden increase in applications from generators of this size, we will maintain a cap of 30 offers per year to ensure that the 2018 batch is not delayed.

This would ensure the objective of the non-batch process which is to provide a route for connection to a small number of small-scale projects which do not directly impact wholesale markets or interact with batch process.

With the 30 offers cap in place, we have decided that capping the combined capacity of non-batch applicants is not required at this stage. However, if the non-batch process proves to be ineffective or prone to gaming, the system operators may seek the CRU’s approval to introduce an additional annual volume cap on total capacity offered under the non-batch process.
2.7 Suspension of the non-GPA process and transition choices for existing applicants

Decision

The CRU has decided to keep the non-GPA process suspended as per CRU direction of 2 November 2017 and give priority to ECP-1. Existing applicants who applied for a connection prior to CRU direction are provided with different options under ECP-1, depending on their category. Specifically:

1. Existing ‘non-GPA applicants in process’ and applicants with live connection offers who decided to suspend their processing or offer acceptance as per CRU direction of 2 November 2017, will have a choice of:
   - resuming their processing as per the rules that prevailed when they submitted their connection application; or
   - folding into ECP-1. Those applicants who decide to fold into ECP-1 are not required to apply for it. This means that the ECP-1 eligibility requirements, such as planning permission, do not apply to them.

2. ‘Non-GPA queued applicants’ and ‘other applicants’ will have a choice of:
   - applying under ECP-1. These applicants will not be required to pay any initial application fee but will be required to meet the ECP-1 eligibility criteria.
   - requesting the system operator to keep their application on file and retaining their received complete date. Please note, however, that any further processing of the applications remaining on file has been suspended and would only occur upon direction from the CRU and based on criteria set therein.
   - doing nothing, which – following a second notice from the system operator - will have the effect of withdrawing their application.

Alongside this decision we have requested that system operators to write to all impacted applicants to outline these options and provide 20 business days for applicants to respond with their chosen option. For details, see section 2 of Annex I: ECP-1 Ruleset.

22 Direction to the system operators on the transition to ECP-1 (Ref. D/17/19787).
23 Different categories of existing applicants are defined in Glossary of Terms.
24 See Glossary of Terms.
Supporting reasoning

Reasons for suspending the non-GPA process

In our proposed decision, we set out in detail why we consider that the non-GPA process is no longer fit for purpose. The CRU is conscious that it would not be reasonably practicable for the system operators to continue processing the existing non-GPA queued applicants under CER/09/099 in parallel to the ECP-1 batching process. In particular, parallel processing could have significant negative impacts on the 2018 batch applicants and would substantially delay their offer issuance. Further, it would maintain the existing processing inefficiencies associated with individual processing of a large number of clustered projects. This would increase the system costs which would need to be taken up by consumers.

Reasons for the options open to existing applicants with live offers and non-GPA applicants in process

These applications have already either been fully processed or partially processed by the system operators. The aim of the 2018 batch is to allow ‘shovel ready’ projects to connect as quickly as possible. It would be unreasonable to deny projects with offers, or, which are well into the process of receiving an offer, to have to start the application process again. This would lead to delays in connecting those projects and additional work for the system operators in processing applications which they had previously reviewed.

Through applying under ECP-1, there is the opportunity to share connection costs with new applicants, lowering the overall costs of connection. We consider that given the potential for lower connection costs, applicants should be given a choice of whether to retain their existing offer or withdraw that offer and apply through ECP-1.

We acknowledge that the decision to allow existing offers and applications in process to fold into the ECP-1 batch could potentially add 1,600MW to the batch size. As outlined in section 2.1 above, we propose to monitor the volume of applications which come forward and may issue a cap on connection offers issued under the batch, or extend the timelines for processing the batch if necessary.

Reasons for the options provided to non-GPA queued applicants and other applicants

The CRU is aware that a number of generators in these categories have been waiting several years to be processed. Many of these projects are likely to be well-developed and have planning permission. Therefore, it seems appropriate that these projects should be afforded an opportunity to apply under ECP-1.

However, we consider that the ECP-1 eligibility criteria should apply to those applicants. This will ensure that the projects which are provided with offers are those most likely to progress to connection.
Generators in this category which choose to apply under ECP-1, should not be required to pay the initial application fee since they have already paid it and their application is on file with the system operators. It would seem unfair to ask such applicants to pay again for the same service.
2.8 Offering capacity on a non-firm basis

Decision

The CRU has decided that:

- Connection offers under ECP-1 will be issued on a non-firm basis for connection to the transmission system.

Supporting reasoning

The objective for ECP-1 is to enable well-developed projects which are ‘shovel ready’ to connect to the network in a reasonable timeframe. If system operators were required to issue firm connection offers to generators applying under ECP-1 then it would need to undertake complex, and time-consuming deep reinforcement schemes before enabling projects to connect. These could take a number of years to complete, adding further delays to generators which have been waiting several year to connect. Through enabling non-firm offers to be issued, it can allow generators issued with offers under ECP-1 to connect more quickly.

The CRU is aware that the policy of only issuing non-firm connection offers could distort competition in wholesale markets. Older generators with firm access essentially have greater market access than newer generators connected under gate 3 and ECP-1. To help mitigate these issues, in the short term, we expect system operators to carry out additional system studies and inform applicants about possible constraint levels.

In the medium to longer term, the CRU will assess how the connections regime can adapt to provide a greater level playing field between existing and new generators. Chapter 3 of this decision provides some initial thinking in this area for information.
3. Next steps

This chapter outlines the next steps following on from the CRU’s decision. It highlights the upcoming work to implement this decision and start the application process as well as policies which could be put in place for a more enduring connection policy.

3.1 Immediate next steps

Alongside this decision, the CRU has published the detailed rulesets required to implement the 2018 batch. Annex I to this decision, ECP-1 Ruleset, outlines, in more detail, the requirements and the prioritisation criteria for the 2018 batch and the non-batch process. Annex II to this decision contains system operators’ DS3 Prioritisation Ruleset which details how DS3 applicants will be prioritised in the event that the 400MW DS3 threshold is oversubscribed.

Immediately following this decision, we have requested that system operators write to the relevant applicants to outline the transition choices detailed in section 2.7. These applicants will have 20 business days to respond with their decision.

We expect that the system operators will be able to open the application window for the 2018 batch within one month from this decision. Applicants should have at least one month to submit their EPC-1 applications. As outlined in Annex I, section 6.2, the processing of applications will take a number of months for the system operators to complete. However, we expect the system operators to provide an early indication of which projects will receive a connection offer, based on the prioritisation criteria. This will provide a degree of certainty for projects, even if they have to wait longer for the offer and the costs of connection.

As highlighted in chapter 2, we are seeking to use the PR4 incentives to implement an incentive mechanism to hold system operators to account on some of the key ECP-1 timelines, including the issuing all connection offers in the 2018 batch. This mechanism will be subject to a separate decision.

3.2 Planning for future batches

One of the key aims for the enduring connection policy is to provide more frequent opportunities for projects to connect to the network. This has benefits to consumers through enabling increased competition in wholesale markets which can help place downward pressure on prices. In addition, the CRU is conscious that technology and business models are evolving quickly and that these need a route to market if they are to provide benefits to consumers.

Consequently, the CRU is keen to hold another batch as soon as reasonably practical after ECP-1 has concluded. This is predicated on the efficient and timely processing of the 2018 batch by the
system operators. It is the CRU’s current view that this approach is consistent with the next batch for new connection applications commencing in 2020. The policy for next batch will be set in advance along with the batch size.

The key policy question for the next batch (and future batches) will be around what the prioritisation ruleset should look like. There are a range of ways in which projects could be prioritised, including:

- date of application, i.e. first come, first served
- project readiness, i.e. planning permission
- the ability to provide system services, i.e. DS3
- a technology quota
- a merit order, i.e. projects which will be most efficient; or
- price, i.e. auction.

The specific circumstances for ECP-1, has influenced the CRU’s decision to prioritise projects based on their readiness and the ability to provide system services. However, the circumstances for the next (or future) batches could drive a different decision.

We are particularly interested in how a price-based approach might work. We note that this is used to allocate capacity in a range of other sectors such as airport landing slots and cross border interconnector capacity. It is being explored by other regulators as an option to ration scarce electricity network capacity.25

In theory, a price-based approach can have a number of advantages. It can:

- result in a more efficient allocation of capacity;
  A price-based approach can help ensure that capacity is allocated to those projects which value it the most and are likely to maximise the use of it;

- provide a fairer ruleset for generators;
  A price-based approach could also remove some of the inherent unfairness associated with other, non-price based options. Responses to our proposed decision highlighted that there will always be projects which just miss out due to potentially arbitrary (non-price based) rules;

- facilitate wider policy goals;
  A price-based approach could allow wider market price signals to help influence which projects can gain access to the network. For example, projects which are eligible for the

25 As an example, see Ofgem’s working paper on reform of electricity network access and forward looking charges, available on Ofgem’s website.
RESS auction or DS3 system services procurement would be able to use these wider revenues to potentially bid a higher price to secure network capacity; and

- **provide a more enduring solution**;
  A price-based approach is highly flexible and capable of working in a range of circumstances. It can allow markets to signal the value of certain types of generation and for this value to be used to help bid a higher price to secure network capacity.

One way of implementing a price-based approach would be through a series of regional auctions, potentially with the locations aligning with key transmission constraints. This would allow generators to bid for a level of capacity at a specific location. In theory, system operators could set a reserve price for the auction which would need to be cleared in order for deep reinforcement to be undertaken and firm access provided. This kind of approach could help address the current imbalance between older generators with firm access and newer generators with only non-firm access.

We acknowledge that a price-based approach would be a potential radical step and would require considerable work to develop the rules surrounding it. For example, running auctions for network capacity would introduce a new cost into the system, as generators would need to bid a price to secure a connection offer. There would need to be a method to re-circulate the auction revenues to ensure that overall costs to consumers did not increase. The CRU is well aware that developing these types of rules may not be possible in time for the next batch. We will continue to engage with stakeholders in this area as our policy work develops further.
4. Supplementary chapter: Summary of responses to CRU/17/309

The following provides a summary of stakeholders’ responses to the proposed decision on ECP-1 (CER/17/309), together with a short commentary to explain how the points raised have been addressed now in this (final) decision.

The CRU received 57 responses. Non-confidential responses are published on the CRU’s consultation website, and a list of parties who submitted them is provided below. The CRU also received 15 confidential responses.

1. Marine Renewables Industry Association (MRIA)
2. Mercury Renewables (Carrowleagh)
3. BNRG Renewables
4. Solas Éireann
5. ABO Wind
6. Gaelectric Holdings
7. Fingleton White
8. Slieveveagh Power
9. Energia
10. Renewable Energy Systems
11. SIGA Hydro
12. ESB Networks
14. EirGrid
15. Shannon LNG
16. Sonnagh Old Teoranta
17. Irish Wind Farmers Association (IWFA)
18. National Offshore Wind Association of Ireland (NOW Ireland)
19. Irish Wind Energy Association (IWEA)
20. Irish Bioenergy Association (IrBEA)
21. Lightsource
22. Bord na Móna
23. Irish Solar Energy Association (ISEA)
24. Indaver
25. Solar Sense
26. Cahir Solar
27. Carrick SLR
28. Brookfield Renewable  
29. Codling Wind Park  
30. Harmony Solar  
31. Coillte Land Solutions  
32. Elgin Energy  
33. Dunmoylan Development  
34. Windsource  
35. Renewable Energy Consumers and Producers Group (RECAP)  
36. Ecopower  
37. SSE  
38. Electricity Association of Ireland  
39. ESB Generation & Wholesale Markets  
40. Innogy Renewables  
41. Bord Gáis Energy  
42. Galetech Energy Developments Cloghan

These views and the supporting evidence were carefully considered by the CRU in finalising its positions. In some areas, this is explicit in the reasoning presented in previous chapters of this decision. In the following paragraphs, we make some additional observations in response to the main points raised in the written submissions.

4.1 Size of the 2018 batch

In section 4.3 of the proposed decision, the CRU set out positions on processing connection offers in regular batches, and on 1,000MW being offered under the 2018 batch. The following is a summary of the key points and themes raised by respondents in respect of this element of the proposed decision:

- Concerns about the 2018 batch being sized too small, such that it resulted in renewable generation projects with planning permission not receiving connection offers. All projects with planning permission should be processed as one batch. Additional, updated studies should be done by the system operators to determine where there is spare or under-utilised capacity.
- There was a challenge to the basis on which the 1,000MW figure for the 2018 batch was set, and requests for clarification. There were concerns that restriction on number of applications is overly prescriptive.
- There were requests that the 2018 batch should exclude all projects greater than 100MW, in order to avoid a few large projects consuming all the available capacity
• Concerns that developments with Projects of Common Interest (PCI) status were not being given due treatment and priority.

• A request for a separate route for community energy projects, given the differences in resources and expertise available in comparison with commercial project development.

• Processes should be linked to, and aligned with, the processes being put in place for procurement of DS3 system services and RESS auctions. Timings for processes to enable new connection are key to enabling projects to participate.

• Those projects which qualify as marine renewable emerging technologies should be allowed fast-track access to grid connections, if endorsed by the Department of Communications Climate Action and Environment (DCCAE).

• There is a risk that a large proportion of the capacity available under the 2018 batch could allocated to conventional (i.e. non-renewable) plant. Such an outcome would undermine progress towards renewables targets and could be viewed in breach of the EU Renewable Energy Directive.26

• Future batch sizes and timelines should be published in advance by the CRU. Batches need to be every six months and published five years in advance – and system operators need to be resourced appropriately.

• Concerns that capping the number of connection offers (50 offers in total and 20 offers for DS3) was unnecessary and overly rigid.

In addition to the reasoning and commentary presented in sections 2.1 and 2.2 of this decision, the CRU notes the following:

• The CRU recognises the benefits, in principle, of having a degree of alignment between the process for securing a connection, and related market processes such as the DS3 or RES auctions. The CRU considers that that most appropriate response in the circumstances is to process ECP-1 in an efficient and timely manner, and target the goal of more frequent windows for new connection applications subsequently.

• The CRU has reviewed the constraints on the maximum number of projects to be processed under ECP-1 and has relaxed the restrictions. Details are set out in the final ruleset (see Annex I: ECP-1 Ruleset).

The CRU notes that Recital 60 of the EU Renewable Energy Directive\textsuperscript{27} defines priority access as “assurance given to connected generators of electricity from renewable energy sources that they will be able to transmit electricity in accordance with connection rules at all times, whenever the source becomes available.” The concept of priority access therefore relates to the allocation of capacity in situations where the network is unable to fully accommodate the market result, rather than ensuring physical connections to the grid. Therefore, we consider that respondents’ comments on priority access for renewable energy go beyond the scope of this decision, and will not be considered here.

\textbf{4.2 Share of the batch for DS3 providers}

In section 4.4 of the proposed decision, the CRU set out positions on treatment of providers of DS3 system services under the 2018 batch, including a proposal to reserve 400MW of the planned 1,000MW for this purpose. The following is a summary of the key points and themes raised by respondents in respect of this element of the proposed decision:

- Reserving a share of available capacity for connecting DS3 providers was viewed as sensible and appropriate. DS3 system services are needed to operate the system with higher levels of variable generation, and to limit curtailment.
- Limit of 400MW could reduce competition in the DS3 auctions and result in higher prices being paid for DS3 system services.
- The specific allocation of capacity for DS3 providers should not detract from the 1,000MW made available for new connections more generally. Little evidence has been provided for why reserving 400MW for DS3 providers is proportionate.
- Connection offers for DS3 providers should be built into the design of the DS3 auctions.
- DS3 providers should be required to have planning permission before receiving a connection offer, as proposed for other classes of generation technologies being processed under ECP-1.
- The scope for enabling hybrid projects to provide DS3 system services should be considered further.
- Capacity offered to DS3 providers, but not used, should be made available to other classes of new connections.
- Some support for limiting the size of an individual DS3 provider to 100MW, but also concern that this might still result in a small number of large projects being successful –

\textsuperscript{27} See footnote 26.
and some might not get planning permission subsequently. Some measures needed to ensure that applications from potential DS3 providers are not speculative.

- Rules should allow to increase capacity at existing sites where there is available capacity, in addition to new connections – as mechanism for further increasing the pool of DS3 providers.
- It is critical that grid access does not impede entry into the DS3 auctions.

The reasoning underpinning the CRU’s decision is presented in section 2.2. The CRU does not wish to make any further comments.

### 4.3 Planning permission requirement

In section 4.5 of the proposed decision, CRU set out positions on how applications for processing under the 2018 batch should be prioritised using as a criterion a valid planning permission. The following is a summary of the key points and themes raised by respondents in respect of this element of the proposed decision:

- Broad support for the use of planning status (in some form) as an appropriate and objective measure to use to prioritise applications. It would discourage speculation and "grid trading". Viewed as sensible and pragmatic, although not perfect.
- The proposal for projects to have acquired planning permission and be free from appeal or judicial review windows was questioned.
- Risk that excluding DS3 providers from the requirement to have planning permission could result in capacity being hoarded by those projects.
- Concerns that prioritising projects based on their planning permission’s expiry date (with shortest-dated having priority) would differentiate between technologies that are routinely awarded different durations of planning consent. There were also concerns that expiry date could potentially be gamed (if its use was continued for future batches).
- A widely held view that it would be fairer to use the planning grant rather than planning expiry date (with projects with the earliest date given priority).
- Marine renewable emerging technologies should be exempt from the requirement to have planning permission.
- Clarity is required around the treatment of offshore applications, given the differences in the planning regime as compared to onshore projects.
- There is a need for coordination between the planning and connection regimes, particularly in the context of the O’Grianna ruling.
- There should be a transition process for some applicants, to allow a longer period of time to secure planning permission.
In addition to the reasoning presented in section 2.3 of this decision, the CRU notes the following:

- The CRU has required that a valid planning permission is in place by the time of this decision.

- The CRU has specified that a valid planning permission means a “final grant” of permission from the relevant planning authority. The CRU agrees with the respondents that whether the final decision to grant is subject to judicial review or not, should be irrelevant for the purpose of this decision as planning permission remains valid unless quashed in a successful judicial review.

- In relation to offshore projects, the CRU agrees with the respondents that there is a difference between foreshore lease and foreshore licence, and the two consents are not issued for the same categories of development. A project with a foreshore licence does not necessarily have the same level of maturity as project with foreshore lease. Therefore, the CRU has decided that foreshore lease, rather than foreshore licence, can be considered equivalent to planning permission, and as long as it is specific for the works to be constructed and operated. The ruleset has been amended to reflect this (see Annex I: ECP-1 Ruleset).

### 4.4 Removing capacity relocation

In section 4.7 of the proposed decision, the CRU set out positions relating to the ability of applicants to change the location of the project to which the application relates. The following is a summary of the key points and themes raised by respondents in respect of this element of the proposed decision:

- Recognition that constraining the ability to relocate capacity is needed to reduce the level of speculative applications under ECP-1 and reduce the adverse impact these have. However, the method of implementation (i.e. no prior notice) is unacceptable.

- Existing projects have been progressed with a “legitimate expectation” that capacity relocations would continue to be possible – and have incurred significant costs through the connection process in part based on that understanding.

- The ban on capacity relocations should not be applied to existing applications.

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28 A foreshore lease is generally issued for a development that requires exclusive occupation of the foreshore, as is the case of offshore windfarms. A foreshore licence is generally issued for a development that does not require exclusive occupation of the foreshore. Examples would include repair work, some coastal protection work, undersea pipelines, cables, site investigation works, dredging works and harvesting of wild seaweed. See Department of Housing, Planning and Local Government, FAQs.
A process to mitigate some of the impacts of an immediate introduction should be introduced, e.g. a time-limited window to relocate capacity for existing applicants.

Concern that immediate implementation of prohibition will hinder otherwise viable and build-ready projects.

In relation to the batch 2018 applications, relocations within the “red line boundary” of the planning permission should be permitted, rather than the more arbitrary threshold of 100m.

Some reasons for having to relocate capacity are outside the control of the developer, and it is unfair not to allow a developer to respond changing circumstances to keep its project viable.

Applications to relocate capacity that were submitted before the date of publication of the proposed decision should continue to be processed.

Relocation to sites with planning permission should be permitted.

Relocations which have “no material impacts” should be permitted.

In addition to the reasoning presented in section 2.4 of this decision, the CRU notes the following:

Some respondents suggested using the “red line planning boundary” as a limit for capacity relocations. This is effectively the geographical boundary where the relevant planning authority has stated it is viable to construct the generating plant. We consider that this is not reasonable to refer to the demarcation of the project’s site in the relevant planning permission as certain project (i.e. existing applicants who decide to fold into ECP-1) are not requested to provide evidence of planning permission and some projects might be even exempted from planning permission in the first place. However, we note that in cases of projects that do require planning permission, the boundary of the site as indicated in the connection application would effectively coincide with the “red line planning boundary” for that project. Therefore, our approach remains to a large extent consistent with the respondents’ proposal.

4.5 Non-batch process

In section 4.6 of the proposed decision, the CRU set out positions relating to whether non-batch processing should continue in parallel with batch processing, and in what form. The following is a summary of the key points and themes raised by respondents in respect of this element of the proposed decision:

A larger threshold than 250kW should be adopted as the non-GPA threshold and the cap of 30 projects to be processed annually is too restrictive.
• More clarity should be provided on the definition of “autoproducers”.

In addition to the reasoning presented in section 2.6 of this decision, the CRU notes the following:

• A definition of autoproducer has been included within the ECP-1 Ruleset.
• The upper size threshold has been increased from 250kW to 500kW following further discussions with the system operators in the light of responses – and this is reflected in the final ruleset (see Annex I – ECP-1 Ruleset). The reasoning for this is set out in section 4.5 of this decision.

4.6 Suspension of the non-GPA process

In section 4.1 of the ECP-1 proposed decision, the CRU set out positions on suspending the processing of non-GPA applications. This was proposed not to affect applicants with live connection offers, or in process. The following is a summary of the key points and themes raised by respondents in respect of this element of the proposed decision:

• Majority who commented accepted or supported the suspension of processing as appropriate in the circumstances.
• Processing should continue until the final decision on ECP-1 has been issued;
• Need further clarity on treatment of “in process” applications.

The reasoning underpinning the CRU’s decision is presented in section 2.7 this decision paper. The CRU does not wish to make any further comments.

4.7 Transition choices for existing applicants

In section 4.2 of the ECP-1 proposed decision, the CRU set out positions on giving existing applicants the different options to be processed under ECP-1, with no additional initial application fee payable. The following is a summary of the key points and themes raised by respondents in respect of this element of the proposed decision:

• A number of respondents did not support the implied outcome that application fees would not be refunded to the existing applicants if they were not eligible under ECP-1 or successful in receiving an offer under the 2018 batch.
• An alternative approach of applicants having the option to withdraw their application, with their application fee being refunded, was proposed – and/or for all unprocessed (under ECP-1) applications to have application fees refunded.
• On a related point, there were concerns about the total value of application fees paid, with the implication that there would be a financial windfall for the system operators if there was not a process for application fees to be refunded in some circumstances, given the projects have been ‘on hold’ pending decision by the CRU.

• Many respondents expressed concern about the significant increases in some application fees proposed under the revised schedule of application fees prepared by the system operators and published as part of the proposed decision. Some respondents expressed a view that the ECP-1 decision process was not the appropriate process for revising the application fees.

• Existing applicants in process and with live connection offers should only be permitted to fold into ECP-1 if they meet all the criteria for ECP-1, so that they do not delay the processing of sub-groups.

• That the process and timeframes for confirming whether or not an existing applicant wanted to be processed under ECP-1 could impact on the timing for processing the 2018 batch.

• Suggest another window for “capacity release” by existing contracted projects should be run.

In addition to the reasoning presented in section 2.7 of this decision, the CRU notes the following:

• That system operators have revised the schedule of application fees following discussions with the CRU and having considered responses to the proposed decision. While the CRU recognises that alternative approaches could be used to make application fees more cost-reflective on an individual project-by-project fees, we remain of the view that average fees banded by size (and non-refundable as a demonstration of user commitment) is appropriate.

4.8 Offering capacity on a non-firm basis

In section 4.8 of the proposed decision, CRU set out positions relating to the nature of the access rights that would be afforded to market participants seeking connection through the ECP-1 process. The following is a summary of the key points and themes raised by respondents in respect of this element of the proposed decision:

• The firmness of rights, and the perceived opaqueness of information on transmission constraints, is a risk for projects – and makes projects more difficult to finance.

• Firm access should be provided by the TSO within fixed, pre-defined timescales – including, for example, through the application of a longstop date for associated transmission reinforcements after which rights are financially firm.
• There should be a role for incentives for the TSO in respect of its delivery of firm rights.
• The TSO should start planning for the delivery of firm access rights soon after the processing of ECP-1 applications.
• Recognition that non-firm rights initially can be useful in providing some form of market access earlier than would otherwise be the case.
• Detailed knowledge of transmission constraints, and when they will be removed, is key information for project business cases.

The reasoning underpinning the CRU’s decision is presented in section 2.8 of this decision. The CRU does not wish to make any further comments.

4.9 Other comments

Some comments were made which did not relate directly to the areas summarised, including some comments relating to the detailed rulesets published with the proposed decision (CRU/17/310 and CRU/17/311). Key themes are summarised below:

• Concerns were expressed about the proposed security for shared assets’ costs for members of sub-groups under ECP-1 batch processing. These included (1) the additional challenge to securing project financing; (2) the risk of “snowballing” if one project dropped out; (3) that it was acceptable for customer to bear this risk given its low materiality and the benefits of new entry; (4) that the higher risk placed on renewable projects will be reflected in higher bids in RESS auctions, and will ultimately be borne by consumers through higher PSO levy.
• The time to accept connection offers should be longer than 3 months, so that processing for grid connection aligns with timings for DS3 and RESS auctions.
• The ECP-1 batch process should be open to generators in Northern Ireland if they are sufficiently close to the border.
• Longstop dates should be longer, e.g. extended to 48 months, to allow projects to have at least two attempts at bidding into the RESS auction. The proposed shorter dates (of 2 years) do not reflect the time it takes to secure planning permission.
• Some concern about the requirement for a solicitor’s letter to validate the planning permission status of a project.

In addition to the reasoning presented in this decision, the CRU notes the following:

• The CRU has reconsidered its position on the requirement for a solicitor’s certification, and whether it is proportionate. The revised position is set out in the ruleset.