



Gosia Sadowska

Commission for Regulation of Utilities
The Grain House
Belgard Square
North Tallaght
Dublin 24, D24 PXW0

Submitted by email to:

electricityconnectionpolicy@cru.ie

Innogy Renewables Ireland Ltd

Contact: Clíona O'Sullivan

M: +353 87 2884918

E: cliona.osullivan@innogy.com

W: www.innogy.com

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RE: Enduring Connection Policy Stage 1 (ECP-1) Proposed

Decision: innogy response

Innogy Renewables Ireland Ltd welcomes the opportunity to respond to the CRU's consultation on Stage 1 of the Enduring Connections Policy for Ireland. Managing the grid connection process is essential for the next decade of decarbonisation and ensuring that the transition is cost efficient, makes the most of the indigenous energy resources of Ireland and gives the country a strong competitive edge. It is also fundamental to setting the scene for innogy's investment plans in new renewable energy projects in Ireland.

By way of introduction, innogy is Germany's leading energy company, with revenue of around €44 billion (2016), more than 40,000 employees and activities in 16 countries across Europe. With its three business segments Renewables, Grid & Infrastructure and Retail, innogy addresses the requirements of a modern, decarbonised, decentralised and digital energy world.

innogy has considerable experience in developing, constructing and operating renewables assets both independently, and together with project partners and investors. We invest in a broad range of technologies- and have experience with onshore and offshore wind, hydro power, solar, battery storage and R&D phase technologies.

Following the launch of its Initial Public Offering (IPO) in 2016, innogy outlined its intention to increase its renewables footprint by entering new markets and new technologies and took an important strategic decision to develop renewable activities in Ireland by founding its subsidiary Innogy Renewables Ireland Ltd in September 2016.

Starting with the construction of Dromadda Beg onshore wind farm, we have taken our first step in the Irish onshore wind market. We plan to grow our onshore wind business to include greenfield developments, consented sites and operational wind farms. We are also attracted by the outstanding offshore wind resources Ireland boasts and DS3 opportunities. We are excited to play a key role in supporting Ireland transform its energy system.

If you wish to follow up this response please get in touch with innogy's Policy Manager fruzina.kemenes@innogy.com or myself.

Kind Regards,

Clíona O'Sullivan

Head of Development (Ireland)
Innogy Renewables Ireland Limited

Innogy’s Detailed Response:

We have addressed the proposals in the CRU decision paper with a series of questions and answers. We hope this helps structure the feedback.

I) The Treatment of Existing Connection Applications

<p>1) Any comments on the decision to suspend accepting and processing further connection applications?</p>	<p>The backlog of connection applications that has been created by the absence of policy creates high uncertainty for those seeking to invest in generation assets. We welcome the move from CRU to focus on rationalising the outstanding applications and pausing the receipt of applications is a justified policy. Setting the cut-off as a point in the past is effective in preventing a renewed rush of applications.</p> <p>However, we call for a clearer cut off for progressing ‘in process applicants’ to make way for new projects that may well be more viable ready. The drafted policy prioritises 2,400MW of Non-GPA projects without requiring these to hold planning consent. In ‘process non GPA applicants’ should be set a fair and reasonable planning consent cut-off date and strictly face termination unless this is met. In our view these projects are currently allowed to linger in the grid system for too long. Setting the cut off 12 months from the start of the new processing would be reasonable cut-off date for achieving planning consent for these ‘in process non-GPA’ projects. It is inefficient for the network companies to continue dedicating resources to progressing these non-GPA projects beyond this.</p> <p>We welcome the general intent of the ECP1 policy to ensure that the ‘Non-GPA queued applicants’ and ‘other applicants’ that are not viable are removed from the queue. This is necessary given the vast volume of already submitted applications.</p> <p>All those applicants that are not progressed by the 2018 batch need to be placed on a level playing field and have equal opportunity to apply for future connection application rounds.</p>
<p>2) Any comments on the 1000MW/ 50 application cap? (Noting that there will be additional volume from non-GPA in process).</p>	<p>The volume allocation of 600MW capacity for all generation applicants is very low and disappointing. It is at odds with the RESS policy plans. It is reasonable to assume that only a fraction of these projects will be renewable energy generators. Where will the competition come from for the auctions for support?</p> <p>Limiting volume allocation to such an extent is particularly an issue for offshore wind projects – the combination of low allocation volumes and prioritisation in order of consent expiry strongly discriminates against this technology connecting.</p>

	<p>We fully agree with IWEA that a separate connection policy is warranted for projects above 100MW. In general innogy advocates for “Non-discriminatory treatment” – differences in treatment may be justified to enable a level playing field amongst connection customers. (As per our 2016 response). We agree with IWEA that grid access particularly for very large scale generating plant does not belong in “group processing” policy.</p> <p>The cap on the number of applications must be removed. Such a cap is at complete odds with a move to competitive auction based support- it will thwart competition and the success of the RESS. There is no reasonable justification for this and would appear to be a measure lobbied for by the network system operators. It is arbitrary and a poor policy.</p>
<p>3) Comments on the scope of the decision paper?</p>	<p>While we appreciate the rationale behind a capacity cap to set a manageable flow of connection works and to deal with ‘shovel ready’ projects- it is very disappointing that this decision paper does not present a clear schedule of medium-long term connection application rounds.</p> <p>To create an even flow of project applications and connection work for the network businesses- it is essential that a further connection batch is set for 2019 and thereon on a 6 monthly basis.</p> <p>In our 2016 response to your original consultation on grid connection policy we asked for the grid connection call schedule to be published for a 5 year ahead period. The schedule should be updated on a rolling basis. We repeat this policy ask. This would be a key tool for providing project investors with visibility of connection timelines and limiting the appetite for speculative applications (that surge when only a limited application window is provided).</p>
<p>4) Is the 400MW DS3 carve out appropriate (and justified)?</p>	<p>While we fully support the overarching policy objective of connecting DS3 providers so as to ensure that the system functions well with a high penetration of intermittent generation- we are not convinced that a 40% carve out of 2018 connectees is proportionate.</p> <p>The volume of DS3 carve out should be determined on the basis of the system operator’s need for the specified DS3 services in terms of both the volume and the timing that they need the service provision to commence.</p> <p>Most importantly, more than 600MW of non-DS3 generation needs to be able to apply for connections. At minimum, if the uptake of DS3 applications is lower than the capacity carve out then non-DS3 applications should be enabled in their place.</p>

<p>5) Do we agree that it is acceptable that DS3 providers are exempt from the planning permission requirement?</p>	<p>Exempting DS3 providers from needing planning consent will risk the SO's certainty in seeing these system services delivered.</p> <p>It is poor policy to encourage 40% of 2018 connectees to be added to grouped processing without any planning consent. This can have knock-on impacts for other connections in groups if the DS3 projects fail planning or cannot progress at the same pace as other projects in the group. (E.g. there could be time delays for other projects from the need to redesign connections).</p> <p>The consultation suggests that planning consent expiry would be used to order the queue in the event of oversubscription. In our view the date of grant of planning consent would provide an effective means of ordering the queue regardless of how much DS3 capacity applies. Using planning consent grant date dates is a more technology neutral option – it can be applied fairly to all those in the overall grid queue.</p> <p>In general, grid connection policy should not unduly discriminate in favour or against any particular technologies. Innogy advocates for “Non-discriminatory treatment” – differences in treatment may be justified to enable a level playing field amongst connection customers. If anything battery consenting is less likely to be contested than planning applications for generation technologies therefore this exemption from planning permission makes even less sense.</p>
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II) The Treatment of New applicants

<p>6) What do we think the O’Griana Ruling means for future grid application rounds? Any feedback for CRU?</p>	<p>With regard to inclusion of the requirement for planning consent for future batches (beyond the 2018 batch) under ECP-1 and/or in the next stages of ECP, we note that the CRU consider that this “<i>may largely depend on its implications for the planning and environmental policy, in particular in the context of the O’Grianna ruling⁸⁰ and related case law</i>”. We ask CRU simply let the O’Grianna related process run its course separately. Grid processing policy should not be muddled with planning Law.</p> <p>While we are in full and firm agreement that continued engagement with the relevant authorities is required to ensure that a robust, equitable and fair Legislative solution is put in place for all generating industries (not just wind) to bring clarity to the consenting process for grid connections, we would strongly urge the CRU to simplify and clarify that the requirement for valid planning consent (at grid application stage) to mean planning consent for the windfarm only. This solution would remove a level of unnecessary complexity at grid application stage. A project is not speculative and has a high probability of realisation once it has secured</p>
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	<p>consent for the generation asset itself. It should at this point be able to make an application for a grid connection offer. Any implications of the O’Grianna ruling can be managed as a commercial decision.</p> <p>Note, the required consenting process for the grid connection itself can progress for these non-speculative planning consented projects in parallel (if required) with the grid connection application and offer issue process, accounting for the application of new legislation and best practice (as it emerges) without detrimentally impacting on the roll out of the grid connection application offer issue process for these batches.</p>
<p>7) Are the non-refundable Application fees proposed reasonable and fair?</p>	<p>All grid fees should be cost reflective – providing the correct economic signals to market participants. Costs should be directed to those who trigger the costs to the network businesses.</p> <p>We agree that connection offer applications should not be free – the purpose of having this should be to cover the network company’s costs and to deter speculative applications.</p> <p>On the other hand it is wholly unjustified that the network companies can keep the application fee for a project that has failed to get into the processing round because it is oversubscribed. How can the grid companies justify keeping the money and not doing any work?</p> <p>CRU has to take increased responsibility and ensure rigorous regulation of all grid fees.</p>
<p>8) Key asks on the frequency and volume for post 2018 connection application windows?</p>	<p>The windows for connections must be coordinated with the RESS auction schedule otherwise it will be very difficult to take forward any new renewable energy projects.</p> <p>With a batched approach it would be best to have grid batches procured every 6 months at minimum to ease the flow of connections work while still enabling grid connection design to be optimised between groups of generators.</p> <p>We are also supportive of IWEA’s alternative call for the post 2018 enduring connection system to be based on a conveyor belt approach to processing grid applications. In our view this would not rule out clustered grid connection designs.</p>

III) 2018 ECP-1 Batch Requirements

<p>9) The CRU invites stakeholders’ views as</p>	<p>The date of application to ECP-1 should be the cut-off for acquiring planning consent.</p>
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<p>to which of the cut-offs for planning is the most appropriate.</p>	<p>This is not an arbitrary date (unlike the 1st of January 2018). It is also a policy principle that can be used on an enduring basis – i.e. for post 2018 batches the cut-off for acquiring planning consent is always the start date of application to the corresponding ‘batch’.</p>
<p>10) What improvements can we suggest to make these planning requirements- achieve what CRU want (viable projects only in grid queue) without being unnecessarily onerous?</p>	<p>Offshore connections (3 in Annex I) For offshore developments it would be best to have a non-batched route to connect. Applications should be possible on an ongoing basis – it is unlikely that these connections can be grouped with other generator’s connections. The IWEA proposal for 100MW+ applicants to be processed outside of the ECP-1 batches would be a good solution.</p> <p>The prerequisites for offshore connectees must be reconsidered by the CRU as they do not fully make sense. For example it’s worth noting that foreshore leases may be applied for/obtained with significant flexibility in numbers and size of turbines and overall capacity. That the connection application must fall within that range permitted in the consent is to be expected, but the Annex 1 rules need to reflect this flexibility. Any change from the number/size/overall capacity applied for in the connection application should instead have to comply with the non-material rules we’re proposing below.</p> <p>Lack of Modification Application opportunity (6 in Annex I) The text in Annex I regarding modifications is so onerous that it is unworkable for generators. This should be replaced with rule that explicitly prevents capacity trading and swapping between different projects. Generation capacity should remain within the ‘consented’ project. However developers should be permitted a set amount of flexibility regarding their project design.</p> <p>A planning permission must be relevant and accurately reflect what has been applied for. However, in our view Modification Applications and related amendments to project plans should be permitted where there is no ‘Material Change’ to the network company works. The definition of ‘Material Change’ must be clearly set out in the ECP-1 Rules. Our recommendation is that changes that do not create a change to the main electricity system works and have no negative impact on other</p>

	<p>connections in terms of time delays or costs should be permitted. Applicants may be charged a fair and proportionate fee for Modification Applications.</p> <p>The (2011) Connection Offer Policy and Process Paper evidently was not stringent enough regarding rules on Capacity Relocation, Alternative Connection Method and general changes. Learning from the COPP we feel the CRU could create a set of more robust rules and introduce penalties for non-compliance.</p> <p>In GB the 6 DNOs are working together, facilitated by the Energy Networks Association (ENA), on the issue of Material Change. A consultation is expected in early 2018 which will present the minded-to position of the DNOs with respect to moving the point of connection for a project which is in the queue. Innogy represents renewable energy customers on a Connections Customer Panel. From our close engagement in this work to date we fully expect the DNOs minded-to position on this to be that Modification is permitted where doing so does not have a negative impact on other customers in the queue. We can offer to put CRU/ the grid companies in touch with the ENA to exchange on ideas and experiences regarding material change as we anticipate this could be of mutual interest.</p> <p>Solicitor sign-off (6 & 8 in in Annex I) Unjustified, added complexity – this measure should be removed from the rules (Annex I). This measure will only add to the costs of connections. Other than creating billable hours for solicitors there is no reason to implement this policy.</p> <p>If applications are at the applicants own financial risk and there are long-stop dates for connection it is not necessary to set further rules regarding the expiry of the planning permission.</p>
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IV) More robust commitment model for applicants

- a) **remove the option to relocate capacity for new and existing applicants (4.7)**
New maximum limit for relocation proposed at 100m (Page 29 of the Annex I in full).

11) Any comments on	CRU must focus on the ultimate policy objective: preventing the
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<p>the new 'commitment criteria' : 100m relocation limit?</p>	<p>secondary trading of capacity. CRU need to devise measures that prevent this effectively in the simplest manner. Regulatory simplicity is important for industry too.</p> <p>The Annex I conditions on relocation overcomplicate things. The Rules must prevent capacity being bought and sold on a secondary market- the status quo rules allow this, thus encouraging capacity hoarding and adding significant costs to bills (by escalating the costs of connection). This must come to an end.</p> <p>At the same time there may be valid technical justifications for a project owner to move the substation in the site design. This should not be capped by an arbitrary distance – 100 meters is not the same level of lenience for a small solar project vs an offshore wind project spanning tens of square kilometers.</p> <p>Again, the policy should focus on 'Material Change'.</p> <p>Clearly- reassigning capacity to a different generation project altogether needs to be specified as a Material Change and must be prohibited by Annex I Rules. Generation capacity should remain within the 'consented' project. The physical location of the connection is irrelevant and needs to be flexible to avoid giving landowners an uneven hand in negotiations.</p>
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b) Application fees

<p>12) Any comments on the new 'commitment criteria' : application fees for applicants?</p>	<p>We agree with IWEA that it is peculiar to consult on application fees here when there is a standard annual process that focuses on such changes. We would also prefer that application fees are looked at via separate consultation.</p> <p>The scale of these fees will create an undue barrier to applications. Compared to the status quo some applicants face a 2074% increase in their grid connection application fees.</p> <p>All grid fees should aim to be cost reflective – providing the correct economic signals to market participants regarding their impact on the electricity network.</p> <p>ESB and EIRGRID must provide quantitative evidence of the</p>
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	<p>administrative costs of preparing grid offers for different customers. This must be rigorously reviewed and approved by CRU as regulator.</p> <p>Grid charges must provide the correct economic signals – to prevent undue barriers to connect/ participate in the electricity market - this may well be a relative cost signal rather than an absolute one.</p> <p>It is essential that where an offer is not accepted by an applicant – only the costs of preparing the connection offer are charged (non-returnable).</p> <p>The CRU should also consider the option that while the grid companies may have a set fee per application type- they need to reconcile fee against the cost of actually preparing the connection offer.</p>
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c) Introduce shared bonding and interdependent offers under ECP1

<p>13) Any comments on the new ‘commitment criteria’ : shared bonding and interdependency of ECP1 offers?</p>	<p>We support IWEA’s call to abandon this policy proposal.</p> <p>Under ECP-1 all applicants would be required to present evidence of planning consent at the point of application – thereby suggesting a relatively high level of certainty of project delivery compared to the status quo GPA/ non-GPA routes.</p> <p>The bonding and interdependency model being suggested is similar to ‘User Securities and Liabilities’ rules in the GB transmission Connection User System Code. We caution against copying this across to Ireland. There is a key difference for CRU to note though- there is no planning prerequisite for grid application in GB. As the highest risk of termination for generation projects is planning consent – it raises the question as to whether the same system is really needed in light of the stringent ECP-1 requirements. Consumers would be sufficiently protected by the upfront ECP-1 requirements from the risk of paying over the odds. The proposal seems like an over complication.</p> <p>Our other feedback, if the policy goes ahead is that the liabilities paid out by terminating parties should be reflective of the spend to –date incurred by the network company.</p>
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d) Shorten Longstop dates under ECP1

<p>14) Any comments on the new ‘commitment criteria’ regarding long-stop dates for applicants?</p>	<p>Having strict long-stop dates and clear rules for force majeure exemptions is a critical part of grid queue management.</p>
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e) Offer capacity on a non-firm basis (4.8)

<p>15) Any comments on offering capacity on a non-firm basis?</p>	<p>This policy is helpful for timely connection of renewables– however, we ask that the % of curtailment and the number of years for the constraint to be resolved is indicated in all connection offers.</p> <p>In addition, we would also want to see cost-benefit analyses of constraints in order to determine where it is most beneficial to reinforce the network as well as offering short-term non-firm connections. This strategy will get projects which are ready to connect online and also work to prevent a constraints crisis in the medium-long term.</p>
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v) Prioritisation of applications

<p>16) Any improvements you would suggest to the planned prioritisation of projects?</p>	<p>We strongly back IWEA’s proposal that the <u>date of grant of permission</u> is used instead of the <u>planning permission expiry date</u> for prioritising applications.</p>
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