



An Coimisiún
um Rialáil Fóntas
Commission for
Regulation of Utilities

CRU Response to Industry Regarding ECP-1 Impacts on Contracted Projects

7 June 2018

Ref: D/18/9213

Dear Stakeholders,

In December 2015, the CRU commenced a consultation process on the development and implementation of an integrated and enduring policy for connection to the electricity system in Ireland (CRU/15/284). This process examined the enduring connection policy (ECP) along with the transitional arrangements. ECP-1 is the first step in the enduring arrangements.

The ECP-1 decision (CRU/18/058) published on 27 March 2018 stated that existing rules on capacity relocation will no longer apply to any project. The ECP-1 decision did, however, provide one last opportunity for contracted projects to request a relocation of capacity to a site with planning permission within three months of the decision (March to June 2018).

The industry has raised concerns with the CRU that a number of projects which have accepted grid connection offers at sites where they cannot progress, and paid their first stage payments, cannot avail of this last opportunity to relocate as they have not secured planning permission at their new locations. The industry requested the CRU to consider possible alternative solutions for those projects, such as:

- (1) Restore capacity relocation rules for those projects; or
- (2) Allow them to relocate to a new site “in planning” or “in development” within the three-month grace period; or
- (3) Extend the above grace period for those projects, allowing them to relocate once they secure planning permission at a new site; or
- (4) Allow them to release capacity for a partial refund of their first stage payments.

The CRU notes that removing the option to relocate capacity aims to strengthen project commitment and put an end to an undesirable practice of speculative applications. This is fully reasoned in the relevant sections of the CRU consultation paper (CRU/17/309) and the CRU decision paper (CRU/18/058).

Recognising the situation of already contracted projects which cannot progress at their current locations, the ECP-1 decision provided one last opportunity for projects to relocate to a consented site within three months from the decision. This was further clarified in CRU/18/094. In the CRU's view, projects which cannot progress in their current format and have currently no other consented site to relocate to, are simply not yet build-ready. Those projects can reapply for the next batch rather than trade capacity outside of the connection process which could delay or otherwise negatively affect the ECP-1 batch.

In relation to the alternative solutions proposed by the industry, the CRU notes that obtaining planning permission can take up to several years, and the outcome of this process is uncertain. The CRU considers it is neither appropriate, nor practical, to provide for special rules for some projects and condition them on future and uncertain processes.

The CRU carefully considered all responses and feedback to the consultation (CRU/17/309). Capacity release, as suggested by respondents was considered as part of this process. CRU/18/058 did not allow for capacity release at this time.

Capacity release was provided for in 2017 as part of the transitional arrangements (CRU/16/284). It did offer projects an opportunity to release their capacity in exchange for 80% of their first stage payments and the return of any securities provided in relation to that capacity.

In advance of the 2020 batch, the CRU will consider the merits of a further opportunity allowing for capacity release for projects that cannot progress. The CRU considers this appropriate and timely as it will coincide with the capacity, DS3, expected RESS auctions as well as the uptake of the first ECP-1 batch offers.

Notwithstanding the above, the CRU recognises the concerns about already incurred costs in form of application fees and first stage payments. The CRU will consider the merits of partially crediting these fees and payments towards any new application and subsequent connection costs. The CRU will engage with industry and the systems operators in advance of developing the rules for the next batch expected to start in 2020.