Ms. Rosemary Steen  
Director, External Affairs  
EirGrid  
The Oval  
160 Shelbourne Road  
Dublin 4, D04 FW28

13 March 2019

Re: Connection charging mechanism for electricity interconnection projects of common interest

Dear Rosemary,

In this letter, the CRU requests EirGrid in its capacity as licenced transmission system operator (TSO) to apply a connection charging mechanism to electricity interconnection projects of common interest (PCIs), as set out below.

As you are aware, in October 2017 the CRU issued a direction to the TSO (CRU/17/300) to progress grid connection applications of electricity interconnection PCIs. Following our direction, the TSO has engaged with the developers of the relevant PCIs (at present, Greenlink and Celtic) to understand the details of their projects. The TSO has also carried out a grid impact study based on the two projects and presented its findings to the CRU. Separately, we have also engaged with Greenlink and Celtic to better understand the nature of the two projects and their requirements for connection charging.

Subsequently, following our engagement with the TSO, the TSO submitted a proposal to the CRU to apply to the two interconnectors the same connection charging rules which currently apply to the existing generators, with a sliding-scale payment schedule tailored to such large-scale investments. The TSO proposal is published on the CRU website alongside this letter (CRU/19/028b).

The CRU has assessed the TSO proposal regarding its impacts on energy consumers and other relevant stakeholders, as well as its consistency with the CRU’s connection policy objectives.
We broadly agree with the TSO that all parties connecting to the electricity network should be subject to the same general connection policy principles. We also agree with the proposed sliding scale payment mechanism which splits the first stage payment (FSP) into two equal instalments. This is reasonable and appropriate for large-scale projects such as Greenlink and Celtic as it recognises their significant financial commitment and their PCI priority status under the EU law.

However, we do not agree with the proposed due date of the second FSP instalment as set out in the TSO proposal. The first FSP instalment is due at the offer acceptance and the second one, 18 months prior to the Scheduled Consent Issue Date (SCID). We are concerned that given the tight implementation timelines faced by the two projects, they might not have enough clarity over their revenue stream 18 months prior to SCID to commit to their second FSP instalment. We are of the view that moving the due date of this instalment closer to the SCID date, i.e. six months prior to SCID, could resolve this concern.

Given the above, the CRU hereby approves the TSO proposed charging mechanism, however, with the second instalment of the FSP due six months prior to SCID. Pursuant to Section 34(1) of the Electricity Regulation Act, 1999, the CRU requests the TSO to apply the above approved mechanism to Greenlink and Celtic.

The CRU will continue to engage with the TSO and is open to providing any further clarifications as may be required.

Yours sincerely,

Karen Trant
Director, Energy Networks

Cc. Stuart Coleman

1 SCID marks the contractual estimated date when the developer and the TSO will have all the necessary consents for the construction of the project.