

BY EMAIL ONLY

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Consultation into Enduring Connection Policy Stage 2 (ECP-2): Proposed Decision

Dear Sir / Madam

Thank you for providing us with the opportunity to comment on the above consultation. Innogy Renewables Ireland Ltd (IRIL) was established in 2016 and is owned by innogy SE, a leading European energy company, with revenue of around €36.9 billion (2018), more than 42,900 employees and activities in 15 countries across Europe. innogy has a current renewable generation capacity of over 3.9GW, including over 1.9GW of onshore wind and over 1GW of offshore wind, producing over 9.6 billion kWh per annum, across ten European Countries. innogy has recently expanded into new European and global markets, including the USA, Australia and Asia.

In Ireland, innogy are active in the development of our Onshore and Offshore wind and battery storage project pipeline. innogy operate a 10MW windfarm at Dromadda Beg in Co. Kerry and we are in the process of growing our onshore wind pipeline to include new greenfield developments, consented sites and operational wind farms. In March 2018, innogy acquired an equal share in the ca. 600MW Dublin Array Offshore Wind Farm Project, partnering with another Irish company, Saorgus Energy. Innogy is also involved in the development of 3 storage battery projects in Ireland with a total 110 MW capacity.

We are very supportive of the proposal to hold regular (annual) applications for the ECP 2 batches and the proposal to prioritize the largest 25 connection offers for renewable energy sites (based on generation output). We are broadly supportive of most proposals set out by the CRU in this consultation except for the following areas:

- the target number of connection offers to be issued– the proposed target for 50 connection offers per batch is too low and must be increased given the ambitious 2030 targets set out in the Climate Action Plan 2019 (CAP) and the interim targets.
- the proposal to delay the start date for ECP 2.1 applications until after RESS1 auction results are known - would risk delays to the grid application process due to factors outside of the regulator and SOs control – with knock on impacts on resourcing and could be unfair to any projects seeking a connection offer with an alternative (non-RESS) route to market.
- The continuation of non-firm offers given the issues relating to the treatment of constraint and curtailment in RESS, there must be greater clarity as to when offers will be treated as firm. We

welcome the confirmation that there is work being done in parallel to consider this and we would urge the earliest publication and or industry engagement on the progress of that work.

- The reliance upon the RESS 1 (draft) terms and conditions, for some aspects of the proposals which would be inappropriate for any developers seeking a connection with an alternative route to market (CPPA or DS3) or for applications to the ECP2.2 / 2.3 batches. We are concerned that if the CRU were to set out the definition for the ECP2 batches on the basis of the RESS1 Terms and Conditions, subsequent changes in terms and conditions for RESS 2 and RESS3 would not be covered, leading to inconsistencies and potential barriers to entry
- The lack of a clear definition for “community led renewable energy schemes” must clarified within the CRU’s final decision paper to avoid any ambiguity / unintended outcomes.

We would also note that the successful implementation of these proposals will be reliant upon the timely and accurate processing by the System Operators. We therefore seek clarification from the CRU that there will be sufficient resources in place within EirGrid and ESB Networks to deliver the necessary volumes of offers and associated information within the specified timescales to enable a strong pipeline for new connections for renewable energy projects in order to ensure future RESS auctions, Corporate Power Purchase Agreements can be delivered in line with the objectives set out by the Government in the Climate Change Plan 2019.

Please find attached our response to the consultation questions. If you have any questions regarding our response or would like further information, please contact me or our Policy Manger, kate.garth@innogy.com.

Yours faithfully

Cathal Hennessy
Innogy Renewables Ireland

Question 1) Do stakeholders agree with the CRU's proposals for ECP-2 batch and non-batch processes.

We are generally in favour of most (but not all) of the proposals that are included in the Proposed Decision paper (CRU/19/143). Given the large number of proposals set out for the ECP-2 batch within the consultation document, we have listed our response (and where relevant concerns and or recommendations) separately and have set out our comments accordingly.

2.3 - Regular batch application windows (annually) to take place for 3 years (2020 – 2023 inclusive)

We are very supportive of the proposal to hold regular application windows (annually) to apply for a connection offer. We believe it is critical to ensure there is clarity and future visibility of the size and timing of grid connection application windows and the rules / criteria that will be used for all onshore connection applications (for generation and or storage developments).

However, we are concerned with the explicit linkage to the publication of the results of the RESS1 auction and the start of the ECP2 process. Given the current level of uncertainty regarding the RESS auction timings; (the recent consultation document published by DCCA suggests the current auction timings are amber - at risk of delay). It would set an entirely unwelcome precedent if the application window for ECP2 is delayed due to the RESS auction, given the need to ensure developers and the SOs have clarity on the timings and length of time available for batch applications, decisions and thereafter processing of those batches.

Whilst we agree that there is a clear need to ensure there is alignment between the batch processing timelines and ability to participate in future RESS auctions, this consultation confirms that RESS will not be the only driver for these batch applications (CPPAs, DS3 opportunities and smaller <1MW applications) and therefore to risk further delay to the opening of the first opportunity to apply for a grid connection offer since the applications closed in May 2018 for the ECP1 batch would be unacceptable.

2.4 - Target 50 connection offers for each batch (i.e. 150 offers over 3 years).

We do not support the proposed target of 50 connection offers per batch (i.e. 150 offers over the 3-year period). We believe the target of 50 offers per batch is too low and insufficient to meet the given the challenging targets for renewable generation as set out in the Climate Action Plan.

We would recommend a target of 125 offers per batch; (375 over the 3 years) be confirmed. This would be a more realistic target, given the need to ensure visibility and certainty for developers to provide sufficient pipeline of projects to ensure competition in future RESS auctions. We remain concerned at the level of resources available within ESB and EirGrid to facilitate the timely production of these offers, given the ongoing delays that have been experienced to date under the ECP-1 process. That said, we believe that with sufficient resource and effective management and leadership, the 125 connection offers per year limit is realistic. Please note also that although we are recommending a higher number of offers per batch annually, we support leaving the number of offers to be prioritised based on size in each batch at 25. Further detail on this aspect is covered in section 2.7 hereunder.

If there are genuine concerns regarding the ability for the SOs to manage an increased target because of a lack of internal resource, the CRU should ensure sufficient resources can be utilised given the im-

importance of ensuring a sufficient grid connection offers within the early 2020s that will facilitate the necessary volumes for Renewable electricity.

We would therefore welcome clarification as to the oversight and regulatory guidance that will be issued by CRU to both EirGrid and ESBN to ensure that the timescales (as set out in Section 2.3 are met) and that the more ambitious batch size will be adequately resourced.

We would also ask for clarification as to what would happen if a batch was undersubscribed, i.e. whether that capacity would be made available for a future batch?

2.5 Early Engagement with Projects in the Batch

We welcome the proposal that SOs will be required to engage with project developers earlier in the batch process than at present to ensure a more efficient process (removing projects for which there is unlikely to be a viable chance or a realistic / cost effective connection offer). However, the text in the consultation document neither provides clarity as to when (or the latest date) the full detailed offer will be available, nor the extent and accuracy of the early indication of information to be provided.

We are concerned that the text set out in the consultation is not sufficiently robust to ensure the timely and accurate engagement between the SOs and developers becomes the standard against which the SOs performance will be judged.

We are concerned that a 2-stage process without clear timescales and accuracy of information to provided will not deliver the intended policy objectives. We are also unsure as to the outcome if projects did exit early on, whether additional offers could be processed to ensure as a minimum the proposed target number of connection offers are produced. It will also be important to ensure that if the early engagement does confirm that a viable connection offer cannot be engineered, that the project is able to exit from the connection offer process and is entitled to a repayment of a proportion of the application fees (as there would be clearly be some avoided costs).

We request the CRU sets clear requirements on the SOs to deliver this approach including but not limited to appropriate incentives etc for the timely and accurate processing of ECP2 connection offers).

2.6 - Planning permission requirement for all applications

We welcome the proposal that all applications for ECP-2 batch (and non-batch) process will require planning permission as a pre-requisite (apart from community led renewable energy projects within the non-batch process, which will require planning permission to receive the grid offer). We agree this requirement for planning permission should help ensure only serious projects with a realistic chance of development are able to apply for and receive a grid connection offer.

2.7 Prioritisation of the ECP-2 Batch process based upon largest renewable energy production for the first 25 grid offers and planning permission grant date for the remaining offers.

Given the need to significantly increase the share of final energy met by renewable energy (electricity), we fully support the proposal to prioritise 25 out of the total connection offers on the basis of largest

renewable energy generation. Please note that for the avoidance of doubt although we would urge the CRU to increase the target number of applications from 50 to 125, we are not advocating a similar pro-rata increase in the number of connection offers that would be prioritised on the basis of the largest RES-E output.

We caveat our response on the basis that the proposals only definitely apply to the first (ECP-2.1) batch (due to take place in 2020) – given that the proposals contained in the CRU’s paper *CRU /19/ 144 – ECP future options*, could radically change the prioritisation for the later application windows (ECP2.2 in 2021 and ECP2.3 in 2022) if grid following funding models were introduced. We would request that this proposed criteria (25 largest sites by generation output) remains in place over the 3 ECP batches to reduce certainty for projects that are being developed now for inclusion in either the ECP 2.2. or ECP2.3.

However, we are concerned at the lack of details regarding of the likely process to be used if there are projects with equal expected volumes of generation in the first ECP 2.1 batch – how would prioritisation be managed? We would urge the CRU to provide clear and definitive guidance to both EirGrid and ESNB as to how offers will be prioritised where there are no material differences in expected generation output if the 25 projects’ limit would be breached.

With regards to the text in section 2.7.1 we note there is a national standard capacity factor to be used in the calculation of the energy production of each application and we would like clarity as to whether:

- i. this will mirror what is proposed to be used for the RESS as published in the recent T&C consultation document,
- ii. generation volumes will be calculated by the SO or the applicant,
- iii. where the capacity factors will be published, and
- iv. how frequently the capacity factors will be revised.

We fully support the proposal that these initial 25 projects per batch will be limited to sites with renewable generation only, but we would welcome clarification as to whether hybrid sites (either 2 or more renewable technologies onsite or a site with renewable technology and storage) would be able to apply and be prioritised based on the volume of generation to be produced. i.e. that the inclusion of a storage asset and or an additional renewable technology would not result in the exclusion of the site from the proposed prioritisation based on the 25 largest sites (by generation volume).

We would welcome clarity and confirmation regarding action 18 as set out in the CAP on the treatment and the development of hybrid connections and whether the work outlined in this action is intended to impact both new and existing connections. We are concerned that if action 18 was designed to apply to new connections, it is unclear how this could work in the context of the timings for the ECP2 batches– given this work is scheduled to be completed by Q3 2020 and the ECP2.1 batch is due to open in Q42020.

Action 18: Facilitate additional hybrid connections (e.g. solar/wind/batteries) operating in the electricity market to increase RES-E penetration

Steps Necessary for Delivery	Timeline by Quarter	Lead	Other Key Stakeholders
Review of hybrid connection requirements and requirements of the market	Q4 2019	CRU	ESBN, EirGrid
Identify required changes to implement more hybrid connections in the market	Q2 2020	CRU	ESBN, EirGrid
Implement required changes	Q3 2020	CRU	ESBN, EirGrid, DCCAE

2.7.2 - Prioritisation of the ECP-2 Batch process – the remaining grid offers on the basis of the earliest granted date for planning permission.

We agree with this proposal, however, we note that unless the batch size for connections is increased (please also see our response to section 2.4), prioritisation on the basis of granted planning permission date will likely remove the opportunity for any new projects (that miss prioritisation on the basis of their forecast generation output) to receive an offer given the size of the queue of projects with existing planning permission.

Similarly, to our response to the prioritisation by output (section 2.7.1), we also seek clarity as to what process would be used for prioritisation in the event of 2 projects having the same date (earliest) date for planning permission [i.e. what other criteria would be used and who would have oversight of this process?]

2.8 Non-batch process under ECP-2

We welcome confirmation that there will be [a maximum] of 30 non-batch offers per year, with up to half (maximum) of those offers being dedicated to community led renewable energy projects.

We request further clarity on whether the current proposals to allocate **up to half** (15) of the non-batch offers (30) to community led renewable projects would in practice mean that if there were fewer than 15 applications received from community led renewables projects, the “shortfall” could be utilised by grid applications from non-community led projects (both renewable generation, and storage sites)?

It will be important to ensure that, whatever the eventual number of connection offers to be provided through in the non-batch process is, the non-batch process will not delay or result in the reallocation of resources from the batch process. As previous mentioned, it will be critical to ensure sufficient ESBN resource is requested and allocated to ensure the efficient and timely delivery of both the batch and non-batch processes.

We would also ask that more clarity be required on how the non-batch applicants will be prioritised if there are more than 30 applicants per batch?

2.9 Community Led Renewable Energy Projects

We are supportive of the proposal to allocate up to half of the non-batch process to community led renewable energy projects schemes. However, the CRU's consultation states that the definition for community led renewable energy projects will be defined by DCCAE for RESS1.

We have already responded separately to the DCCAE consultation for RESS1 and have highlighted our concerns with the lack of definitions; the lack of a definitions of the terms for "community" and "Renewable Energy Community". We are concerned that if the CRU were to set out the definition for the ECP2 batches on the basis of the RESS1 Terms and Conditions, subsequent changes in terms and conditions for RESS 2 and RESS3 would not be covered, leading to inconsistencies and potential barriers to entry.

We are particularly concerned at the lack of any minimum or maximum Export Capacities for the (to be defined) Community Led Renewable Energy Projects. We note that the RESS1 auction Ts and Cs document only sets out criteria for the minimum and maximum capacities for projects which wish to qualify for the Community Preference Category. However, Community Led Projects are also able to qualify for the [current] Solar Preference Category and the All Projects Preference category, so there are no implicit maximum or minimum criteria. This lack of clarity must be addressed to avoid gaming in future RESS auctions, as well as to ensure the non-batch process does not become unmanageable given the potential deviation in capacity sizes that would be allowed for other applicants in the Non-Batch process.

With regards to the CRU's proposal that Community led renewable energy projects would not require planning permission to have their application accepted by the System Operators and additionally the proposal that *"Once the applications have been accepted, the SOs will endeavour to assist these projects to fully understand their expected connection method, associated connection cost and timelines in advance of further expenditure in the planning process."* This would, place additional burdens on the SOs and therefore the adequate resourcing for the non-batch process will be vital.

Rather than be bound by the [as yet unconfirmed criteria within RESS 1 Terms and Conditions], we would ask the CRU to first set out their explicit rationale / objectives behind the decision to manage community led projects outside of the batch process (to ensure those objectives can and are being met).

CRU should then set clear criteria / definitions as to what community led renewable energy projects are; this should include

- clear criteria on the maximum capacity of the project (given it would be managed outside of the batch process),
- ownership structures and
- safeguards (to ensure that any community led project which has received a connection offer through the non-batch process is not able to "sell on their offer" to commercial / private operators as a means of "beating the queue").

2.10 - Capacity to be offered on a non-firm basis

We do not agree with the proposal set out in section 2.10 for offers to be provided on a non-firm basis given the current lack of certainty and ability to forecast future levels of curtailment and constraint. We believe that the offers under the ECP-2 batch process should be firm.

If it is not possible to provide a firm offer within ECP2 timescales as set out- we believe as a minimum, the grid offer should include a date by when the connection will be treated as firm for the purposes of curtailment (based on proposed new grid assets, reinforcements and or replacement).

We are concerned at the reference to the ongoing policy work required to be developed in parallel to these ECP-2 proposals (as set out in section 2.10), given the timescales, and impacts on future constraints / curtailment. We request that the CRU confirm when the policy work being conducted in parallel to the ECP policy development will be published, as industry requires clarity on the timelines and deliverables of that project to understand what will / won't be considered and when those policy gaps are likely to be "plugged".

We note the lack of certainty (signed off position) regarding the removal of priority access for new renewables under the Clean Energy Package and how this will compare / be managed to ensure a level playing field in terms of likely disruption / constraints / curtailment in comparison to older (REFIT-funded) assets.

Whilst we understand there will be a future [in Q1 2020] consultation to address the issue of future curtailment & constraints and eligibility for compensation – we are unclear how this would be managed, and we would ask that the CRU provides more clarity and guidance before the final decisions on the ECP2 process are set out. We have expressed similar concerns and issues in relation to the RESS1 Terms & Conditions consultation document and it will be critical that there is a consistent approach across policy developments for both consultations.

We note the confirmation that EirGrid will carry out analysis to estimate the likely / possible constraints during the non-firm period, which will be shared with applicants receiving connection offers. We are concerned that the consultation states that the provision of this information will not "*affect the timeframes for issuance or acceptance of those offers*" given the risk of unforeseen delays in the issuance of offers. We believe there should be a minimum period between the provision of the analysis on the likely level of constraint and the timeframes for acceptance of the offers, as there is a risk that those applicants who are last to receive the analysis will have less time to model and assess the likely financial impacts of the estimated constraints. This information is particularly important given the potential impact on revenues in future RESS auctions.

Ultimately, placing a risk on a project which is outside of its control, i.e. transmission grid delivery, will likely result in an inefficient outcome of the RESS auction process. we would echo IWEAs concerns expressed that there doesn't appear to be a consistency between the developing connection policy, the implementation of EU Regulation 2019/943 and the ambition in the Climate Action Plan in this area.

Furthermore, we would welcome confirmation that the CRU will assess and monitor this analysis provided by EirGrid throughout the ECP2 batches - to ensure that developers are receiving timely, accurate,

consistent (and up to date) data which will be important in their future decision-making (for both the grid offer and any subsequent RESS auction viability). We believe that this oversight will provide greater accountability and will also provide early evidence as to the viability (or not) of the likely level of information that may be provided to applicants by EirGrid in any future Grid Following Funding Model (as per the details set out in CRU document CRU/19/144).

2.11 Other requirements on ECP2- applicants:

Application Fees to remain as per ECP1

We support the proposal that the application fees should be set at the same level as those used in ECP1 (we do not see any justification for a further increase) and we note the intention to allow those sites who paid an application fee deposit in ECP1 but not progress to offer stage under ECP1 will not be required to pay an additional fee deposit for ECP2 – if the costs were different, this would likely cause additional difficulties.

Longstop Dates

We are concerned at the language used within the consultation document, which states “*for the avoidance of doubt extensions to long stop dates would only be granted by the system operators in exceptional circumstances*”.

In a RESS auction world, projects that are unsuccessful in auctions will have to decide whether to terminate or wait to enter subsequent auctions. The proposal to continue the reduced long-stop periods for ECP-2 adds additional risk to the pipeline of projects eligible to bid into auctions as it may not allow projects to try and improve their price for a subsequent auction.

In terms of ensuring a competitive RESS outcome and delivering the renewable capacity needed for 70% RES-E by 2030, it is important that appropriate long-stop dates are set that allow projects the flexibility to enter multiple auctions or find an alternative path to market within a reasonable timeframe, without the threat of connection offer termination. Projects which have reached this point will have already incurred significant development costs and are likely to have obtained consents for projects which should be taken as a statement of their intent to deliver. Longstop dates should be designed that allow projects the opportunity to enter at least two RESS auctions.

We support IWEA’s recommendation that the proposals surrounding longstop dates are adjusted to reflect a minimum longstop date of the later of 2 years or the completion of two RESS auctions.

Security for shared Connections (shared assets’ costs and interdependent offers)

With regards to the proposals as set out in the consultation, which replicate the process established during the ECP1 batch process for the security for shared connections, we remain concerned that the process, as currently proposed would reduce the flexibility for developers connecting in the same part of the network to establish the most cost effective way forward to manage the new connections This is particu-

larly important in the event that the combined connections would trigger the need for reinforcements (and therefore potentially significantly higher costs). This could be avoided if the applicants were given an opportunity to revise (reduce) their requested level of MEC to avoid the need for reinforcement, and therefore the likelihood that many realistic projects are unable to proceed.

Such a degree of flexibility; which could be managed within the formal ECP2 process would likely reduce both the complexity and timescales associated with the process by enabling applicants within a shared connection area to either reduce their MEC or cancel their applications. There have been previous “informal” subgroups established to manage the optimum connections requirement within a shared connection and we do not understand the regulator’s decision not to allow and/or encourage their use within future ECP2 batches.

We would also note our previous response to section 2.5 and the importance of ensuring effective pre-engagement by the SOs with the developer. This could provide an excellent opportunity to enable more capacity to be utilised efficiently.

Question 2 – Do stakeholders agree with the proposed final opportunity for capacity release and the terms on which it will be available?

We agree with the proposal which would enable any projects that were contracted pre-ECP1 to terminate their connection agreement and release their full contracted MEC on the same terms and conditions as issued previously. In addition, we believe the opportunity for capacity release (and the terms of its release) should be expanded to enable both a partial capacity release and allow equivalent opportunities for ECP1 connection agreements if it is clear there is no realistic likelihood of the project proceeding.