



IWEA Response to the CRU's Proposed Decision on Enduring Connection Policy Stage 2 (ECP-2)

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Contact: Noel Cunniffe (noel@iwea.com)

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1 Introduction

The Irish Wind Energy Association (IWEA) welcomes the opportunity to engage with the CRU and respond to the CRU's proposed decision on ECP-2.

IWEA is the representative body for the Irish wind industry, working to promote wind energy as an essential, economical and environmentally friendly part of the country's low-carbon energy future.

We would like to thank the CRU for its early engagement with stakeholders in advance of the ECP-2 proposed decision. This has been a very positive example of stakeholder engagement on the part of the CRU and we would like to see this continue for future ECP development.

The Climate Action Plan sets out a vision of how we can decarbonise Ireland's energy system. Between now and 2030 we will more than double our onshore wind energy capacity, go from what is practically a standing start to 3.5 GW of offshore wind energy and connect at least 1.5 GW of solar. As such, a robust and efficient connection process that is able to deliver this renewable capacity is essential for achieving the 70% RES-E target and in delivering on Ireland's decarbonisation goals. Our high-level view of the proposed decision is that this is a positive step towards achieving our ambitious RES-E targets and we welcome many of the proposals put forward. In particular, we welcome the proposals for annual batches and prioritisation of 25 offers by largest renewable energy production as together these will greatly increase our ability to achieve our Climate Action Plan targets.

The following sections contain our detailed feedback and suggestions in relation to the CRU's proposals and the questions posed.

2 Section 2.3 – 2.11; CRU's proposals for ECP-2 batch and non-batch processes

2.3 ECP-2 Timeline

IWEA welcomes the proposal to hold annual ECP batch applications and would emphasise the need for efficient processing of these batches in order to enable projects to enter the initial RESS auctions.

However, it is not clear why the application window for ECP-2.1 cannot open until RESS-1 auction results are published and the three-month acceptance period for ECP-1 offers ends. There does not appear to be any evidence of any material benefits of waiting for ECP-1 to close and publishing the results of RESS 1 before ECP-2.1 commences.

As all ECP-1 offers should be issued by the end of May 2020 there is no reason why the window for ECP-2.1 applications cannot open in late Q2/early Q3 2020. The proposed timelines for the three ECP-2 batches allow batch application and processing to run in parallel so why would this be any different for the transition from ECP-1 to ECP-2.1? Furthermore, the application window and administration elements of ECP-2.1 could begin in late Q2/early Q3 2020, rather than the processing of offers themselves, which could begin once ECP-1 concludes.

The emphasis should be on allowing ECP-2.1 to begin as early as possible and it is not clear why this would be linked to the closing of the RESS 1 auction. The Climate Action Plan 2019 outlines that RESS 2 will take place in Q2 2021, along with subsequent RESS auctions in Q3 2022 and Q3 2024¹. In order to ensure there is sufficient volume available to participate in RESS 2, then ECP-2.1 should begin in Q2 this year, and finish in Q2 2021, to allow all the necessary connection offers to be processed on time for bidders to be able to enter this auction. To bid effectively into a RESS auction, developers need to know their connection costs and the proposed ECP-2.1 timelines could lead to an outcome where many projects would be bidding in without full sight of their connection offer. This would create an uneven playing field among auction participants that could potentially lead to speculative bidding and distort auction outcomes. This would not be a good outcome for electricity consumers or for the objectives of RESS.

IWEA are aware of the current proposal in place to provide ECP-1 projects which have not received their connection offer prior to the RESS 1 auction with their connection costs and timelines in advance of the RESS 1 auction in June. If the RESS 2 auction remains fixed for Q2 2021, then the currently proposed timelines for ECP-2.1 to begin in Q4 2020, would mean EirGrid and ESB Networks will need to provide the majority of projects with their connection costs and timelines in advance of the RESS 2 auction, as their grid connection offers would not yet have issued.

The Climate Action Plan 2019 also sets out in Action 19 that ESB Networks and EirGrid will begin processing offers for ECP-2 from Q3 2020 onwards. The proposed timeline in Section 2.3 of the ECP-2 Proposed Decision shows this as beginning in Q1 2021 - two quarters later than the Climate Action Plan timelines. Again, IWEA would strongly encourage the CRU and System Operators to aim to meet the ambitions set out in the Climate Action Plan timelines.

¹ Climate Action Plan 2019 - Annex of Actions - [https://www.dccae.gov.ie/en-ie/climate-action/publications/Documents/16/Climate %20Action Plan 2019 Annex of Actions.pdf](https://www.dccae.gov.ie/en-ie/climate-action/publications/Documents/16/Climate%20Action%20Plan%202019%20Annex%20of%20Actions.pdf)

Furthermore, IWEA, together with ISEA and the IWFA, wrote a letter to the CRU on the issue of ECP-1 connection offer validity on 2 October 2019². In this we raised the issue of RESS 1 qualification timelines and the fact that many ECP-1 projects would not yet have received their connection offers by the time of auction qualification, thus creating an uneven playing field between projects which have already received their offers, paid the 10% deposit and any shared asset bond, and those who have not. It appears that, under the proposed timelines for ECP-2.1, this would be a similar issue for RESS 2, and we would urge the CRU to consider earlier batch opening and connection offer validity dates in their decision to remove this potential issue.

We would also propose a 12-month timeframe for batch opening and processing rather than the 15 months outlined in the CRU's proposed ECP-2 timeline. With process improvements and proper incentivisation through the Price Review mechanism, IWEA members have confidence that a 12-month batch timeframe could be achieved. Furthermore, we believe this to be vital for achieving 70% renewable electricity by 2030 as it would greatly facilitate the number of projects entering subsequent RESS auctions with connection offers in hand, which for the reasons outlined above, would lead to a more level playing field and better auction outcomes. The aim should be to ensure that ECP does not hinder the RESS process or negatively impact auction outcomes. Quick and efficient batch processing is a means of ensuring this does not occur.

There are many efficiencies that could be brought into the connection offer process. For example, in relation to the management of modifications, at present relatively minor modifications are taking an excessive amount of time to process through the full offer process. Much of this delay could be managed or avoided through engagement between the System Operators' offer process and delivery teams during the design and/or construction period. Changes for connection sections from overhead line to underground cable should not need to be reprocessed, provided it can be checked relatively quickly that it does not impact on other parties and is technically acceptable. We would also propose flexibility for minor modifications such as downward MEC changes should be allowed at any time in the process if expensive connection works can be avoided.

2.4 Batch Size

IWEA welcomes the proposal to process the batch size based on a number of offers rather than a MW threshold and agrees with the rationale put forward by the CRU.

However, we believe that 50 offers per year is too low a target. The proposal would see up to 150 offers issued over a three-year period. The proposed decision outlines some of the reasoning for the small batch size; however, we believe these considerations are undermined by the current capabilities of the System Operators as the ECP-1 batch and non-GPA process have delivered much more connection offers than is proposed under ECP-2.

Under the non-GPA process in 2016 and 2017, ESNB and EirGrid were able to process over 100 offers in parallel. The non-GPA process delivered or partially processed approximately 200 connection offers in a two-year period from late 2015 to the suspension of the non-GPA processing at the beginning of November 2017. During this time many wind farm modifications were also processed. We know also

² IWEA, ISEA and IWFA Letter to CRU regarding ECP-1 Connection Offer Validity Dates - <https://iwea.com/images/files/iwea-isea-and-iwfa-letter-to-cru-on-ecp-1-validity-dates.pdf>

that many nodes were held up in lengthy disputes and the System Operators could have processed many more non-GPA offers in this timeframe without these delays. With effective early engagement, many offers would not have progressed, and much less time could have been spent delivering unviable connection offers.

Furthermore, the total ECP-1 batch volume is approximately 140 offers to be processed in 18 months (December 2018 - June 2020).

Therefore, we propose that ECP-2 should target at least 125 offers per batch. There are a large number of projects currently waiting for a connection offer. For instance, we estimate that there are currently at least 150 generator projects with planning consents without a grid connection. On top of this there are also at least 50 battery projects with planning/in planning as well as the potential for projects with contracted capacity to apply for additional MEC or ECP-1 projects to reapply into ECP-2. There are also over 25 renewable projects in planning that have no grid capacity, with more to enter and achieve planning before the end of the ECP-2 process. The proposed 50 offers per ECP-2 batch will not alleviate this connection queue but processing at least 125 connection offers would greatly help to reduce the number of projects waiting for a connection offer and would increase competition in RESS auctions. This would also allow the processing of storage projects as the proposed prioritisation rules (detailed further in section 2.7) would exclude storage projects from receiving connection offers for the duration of ECP-2 due to their position in a ‘planning date’ merit order.

ESBN and EirGrid need to adequately resource and prioritise their offer processing teams to meet the demand for connections offers and IWEA will fully support increasing these resources through the Price Review 5 process.

The CRU’s proposal for 50 offers per year, based on input from the System Operators, will lead to the demand for low cost renewable energy, and the DCCAE’s demand for RESS auction participants, to be controlled by the Systems Operators’ ability to offer connections.

Following the RESS 1 auction, it is very likely there will be a relatively small renewable energy volume (GWh) remaining in the renewable generation projects which have both planning permission and connection offer. In the RESS High Level Design paper, the DCCAE outlined that future RESS auctions would increase the volumes of renewable energy being procured in each subsequent auction³. Without a connection offer process in place that can produce offers for 3,000 - 4,000 GWh of renewable project per annum, it will not be possible to meet 2030 targets. From IWEA’s review of the future pipeline of renewable generation in Ireland, the ECP-2 proposal of 50 offers per annum simply will not achieve this.

The limited ambition of the batch sizing also increases the risk that ECP does not address the queue of consented projects seeking a connection offer. The proposed rules could deliver a batch which contains many projects which have already been processed under previous connection batches. For instance, many projects may receive unviable offers in ECP-1 but could reduce or increase their MEC and apply again to a different network landscape in ECP-2. Extensions to existing projects will also come forward for increased MEC when the door is opened for a limited time. It’s not inconceivable that 25 projects previously processed or seeking small MEC increases could qualify under the proposed ruleset. This would represent a huge failure of policy if it came to pass.

³ DCCAE - RESS High Level Design - <https://www.dccae.gov.ie/documents/RESS%20Design%20Paper.pdf>

The proposed batch sizing of 50 per year will not alleviate the queue of known projects which have planning consent and are waiting for an offer. If this connection queue was appropriately addressed, the demand for connections will be controlled by the throughput of the consenting process and the back log could be alleviated for good. For wind generation, consenting timelines are long and the number of projects coming through this process per annum is relatively low. IWEA are working with the relevant planning authorities to speed up this process with the goal of enabling sufficient renewable projects through to meet 2030 targets. It is only through all systems - planning, grid, markets - working together that we can achieve our climate ambitions. Clearing the existing backlog and allowing the planning system to directly feed the offer process system is the most efficient method of meeting these goals.

In summary, the Government's Climate Action Plan is clearly calling on all stakeholders to step up to the challenge of tackling climate change. The proposal to only process 50 offers is actually a backward step. Action 19 in the Climate Action Plan is clearly calling for the CRU to take a leadership role in delivering a fit for purpose connection process, supported by ESB Network and EirGrid. With the removal of speculative applications with the planning permission requirement, it is now time to remove the connection offer process as an unnecessary delay in the delivery of renewable projects. The ambitious 2030 and interim targets requires as many renewable projects as possible to compete in the RESS auctions to ensure there is the scale and competitiveness to make the auctions successful and renewable targets achieved. To achieve this there is the requirement that ECP-2 is resourced and scaled up with the objective of removing the queue for connections and putting in place a connection process whereby renewable projects can receive connection offers within a year of getting planning permission. In other jurisdictions, e.g. Northern Ireland and Great Britain, the System Operators have a statutory responsibility to process connection offers within 90 days from application. They must resource up sufficiently to meet whatever demand for connections materialises, meaning that the connection process does not place limitations on the amount of projects that can receive offers and secure a route to market.

Therefore, we believe that historically the System Operators have shown they are capable of processing large numbers of offers in a relatively short timeframe, and with some process improvements and incentives, 125 offers per annum is implementable.

2.5 Early Engagement

IWEA welcomes the proposals for enhanced early engagement and considers that engagement between the System Operators and developers throughout the connection process should be the rule rather than the exception. The goal should be to allow projects to work with ESBN and EirGrid to engineer cost effective connections together and the objective should be to always try and engineer a viable connection method for all projects processed and not simply to churn out an offer.

We would like to stress the need for a more customer focused mindset on the part of ESBN and EirGrid in their approach to generator connections. It is not apparent that generators wishing to connect to the system, that are paying for a service as well as use of system charges, are treated as customers in the same manner as those on the demand side. For example, ESBN carry out annual customer satisfaction surveys for demand customers with KPIs to measure performance and there are incentives in place against this performance. There does not appear to be any similar process for generation

customers. For example, customer satisfaction, i.e. the delivery of viable connection offers in the required timelines, should be of paramount importance to the System Operators and must make up a significant weighting of any incentive schemes that are put in place for delivery of the next batches in the Price Review 5 process.

Engagement does not require a prescribed ruleset. Instead ESN and EirGrid simply need to engage early with applicants and outline the connection method once known. If a viable connection cannot be engineered to meet the customers' needs, then an option to withdraw must be available along with a return of processing fees not incurred. ESN and EirGrid must be open to detailed questioning and be transparent in the details of connection design and the limitations of the existing network when a binding constraint is reached. This type of customer focused engagement will contribute to significant improvements in connection processing. This efficiency improvement should allow more offers to be processed in each annual batch. Currently, as long as there is no incentive to back out of the very expensive offer processing stage, customers will simply wait for their offer which they then won't accept. IWEA believe that ESN and EirGrid should immediately focus on their engagement processes and allow more flexibility to deliver the volume of viable connections that are required - this is a critical process improvement to achieve 70% renewable electricity by 2030. We would request further engagement with the CRU and the System Operators in relation to the enhanced engagement proposals.

We welcome the proposed early exit plan in the consultation document and agree that this would make the connection process more efficient. From reviewing progress so far in ECP-1, IWEA estimate that there would be at least 10% of projects that could have benefited from an early engagement process and exit mechanism.

2.6 Require planning permission to enter the ECP-2 batches

IWEA agrees that planning permission should be a pre-requisite to enter the ECP-2 process. This removes the risk of speculative projects entering the connection process and provides higher certainty to System Operators that they will be issuing offers to developed projects. We would note that developers are spending considerable time and resources to progress through planning in order to enter the ECP process and, as such, there should be corresponding time and resources applied by the System Operators to process all the applications from these projects.

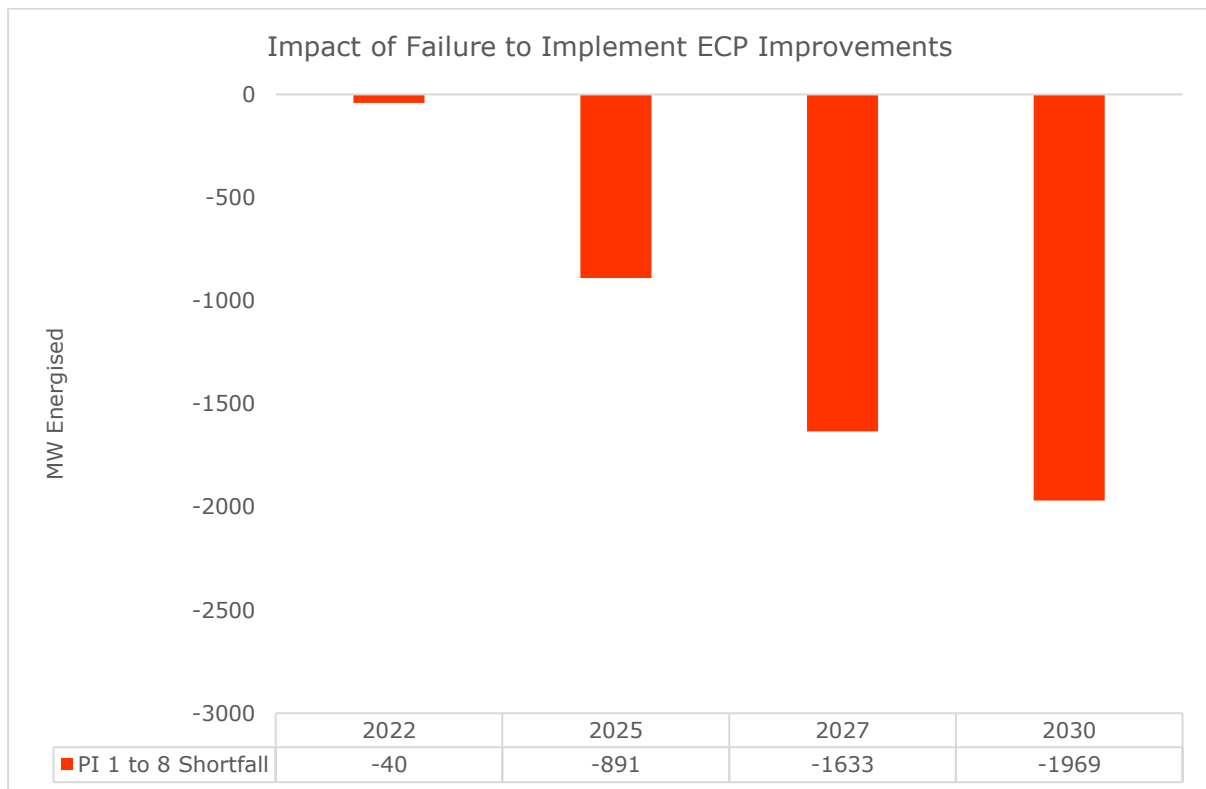
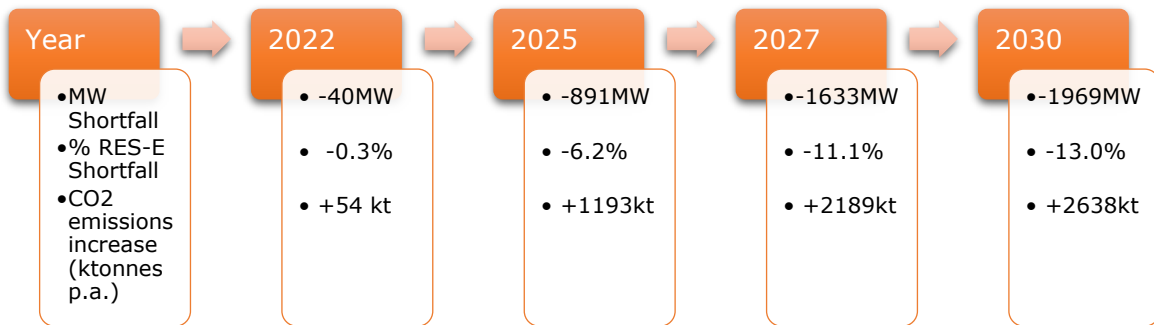
Please see section 2.9 in relation to our comments on planning permission for community-led projects.

2.7 Prioritising of ECP-2 batches

IWEA supports the proposal to split the prioritisation of projects and that at least 25 offers should be ranked by largest size as defined by their GWh capacity per year. The basis for this is that it will allow in large renewable projects which will have a greater ability to contribute towards national RES-E targets and result in a more effective use of the ECP batch process. The Clean Energy Package requires significant progress to be made towards 2030 through check in points in 2022, 2025 and 2027. It will be very difficult to demonstrate progress in 2022 and 2025 in the absence of prioritising large volumes of renewables, especially given increasing volumes of large energy users connecting to the grid over

this timeframe. Additionally, the entry of larger projects into the RESS auctions should allow for greater economies of scale and for a more competitive outcome with lower costs to the consumer.

IWEA has conducted a 70by30 pipeline analysis based on our view of the future pipeline of renewable generation in Ireland and the policy changes required to achieve the 70% RES-E target. We calculate that the impact of failing to adopt this policy, i.e. prioritising all offers by date order of planning grant instead, would result in a shortfall of 2 GW against the CAP onshore wind target by 2030. The figures below summarise the provisional results of this analysis in relation to ECP and demonstrate how not implementing the prioritisation rule for the 25 largest renewable projects impacts the delivery of our CAP targets.



We are hoping to publish the final analysis before the end of Q1 2020, but we are happy to discuss the analysis in more detail in the interim should you require.

We would request the following clarifications regarding the proposed prioritisation ruleset:

- Further clarity is needed on how hybrid projects e.g. wind integrated with storage or projects sharing the same site will be prioritised under this mechanism. We would like to engage further with the CRU on this matter.
- Is there a tie-break mechanism if two or more projects with the same GWh capacity come forward?
- IWEA also assumes that fixed capacity factors for technologies will be used as per the Renewable Capacity Factors set out in Table 2 of the draft RESS 1 Terms and Conditions⁴, but clarification is also needed on this in the final decision paper.

However, we stress that the proposal to process 50 offers per batch, and to prioritise the remaining offers by date of planning grant, will effectively exclude battery storage and other new DS3 technologies from obtaining a connection under ECP-2. We estimate that over three batches, the 75 offers based on planning permission will be heavily over-subscribed by smaller wind and solar projects that have already received planning permission years previously.

IWEA has previously highlighted the need for a connection process, whether through ECP or separately, for potential system support technologies such as battery storage, synchronous condensers, flywheels and other technologies, that will be essential in providing flexible services to help manage the grid with high penetration levels of variable renewable generation, and in meeting our 70% RES-E target by 2030. The DS3 carve out in ECP-1 was intended to support the 2020 RES-E target so it is likely that more consideration will be needed now for the interim and 2030 targets. IWEA is aware that the System Operators are currently assessing future system needs but stresses that there needs to be a process for such technologies to connect. Our proposal to process at least 125 offers per batch would alleviate the connection queue and allow technologies such as battery storage to obtain a connection offer under ECP-2. We would welcome further engagement with the CRU on this matter.

2.8 Non-batch qualifying projects and processing

IWEA generally supports the non-batch proposals and continues to welcome the inclusion of auto-production in the non-batch process.

IWEA believe that over the coming years, small-scale generation, particularly commercial and public rooftop solar, will place further stress on the non-batch system and connection offer process in general. ESNB must be resourced to ensure that a proliferation of small-scale projects does not lock up the overall ECP system. We must learn from the flood of 4-5MW solar projects which hit ESNB from 2015-2018.

As a proposal, Grid Following Funding (GFF) on a trial basis could be offered to projects through the non-batch process. For instance, if a project has a path to market outside RESS, e.g. corporate PPA or

⁴ DCCAE - RESS 1 Terms and Conditions Consultation - <https://www.dccae.gov.ie/en-ie/energy/consultations/Documents/47/consultations/RESS%201%20Draft%20Terms%20and%20Conditions.pdf>

merchant, and can post a bond as security, then inclusion in non-GPA could be allowed. Projects can be queued at node if mid-batch or added to the batch if beneficial to all applicants.

To avoid gaming, a significant bond would be required on connection offer acceptance (and processing to stop any gaming ahead of offer acceptance).

Further details of this proposal will be provided in IWEA’s response to the ECP Future Options consultation paper.

2.9 Community-led renewable energy projects

IWEA welcomes the initiative from DCCAE to ensure that RESS 1, and future RESS auctions, can provide an opportunity for communities to help lead the energy transition in their local areas. As such, IWEA welcome the principle of supporting community-led projects through the connection process and acknowledge that these projects may require additional levels of engagement from the CRU and System Operators which developer-led projects may not require.

IWEA would like the CRU to provide more clarity on how projects will be categorised as ‘community-led’ in order to avoid gaming of the process by non-community led projects. In the draft RESS 1 Terms and Conditions⁵, there is a clear ‘Milestone’ which a project must demonstrate in June 2021 to prove they have met the requirements of a ‘community-led’ project. This is shown in Milestone 3 below:

#	Milestone	Interim Milestone Date and consequences for failure to meet Interim Milestone Date	Final Milestone Date and consequences for failure to meet Final Milestone Date
1	The Generator shall issue two original executed copies of the Implementation Agreement to the Minister.	N/A	If not complete within thirty (30) Working Days after the date of the Notice of Award, the Notice of Award will be revoked.
2	The Generator shall issue to the Minister a Performance Bond in accordance with the terms of the Implementation Agreement.	N/A	If not complete within thirty (30) Working Days after the date of the Notice of Award, the Notice of Award will be revoked.
3	For Community Led Projects, the Generator shall submit evidence, satisfactory to the Minister, that the Generator has established a company structure that complies with the definition of Community-Led Projects.	N/A	If not complete by 30 June 2021, the Letter of Offer will be revoked.

⁵ DCCAE - RESS 1 Terms and Conditions Consultation - <https://www.dccae.gov.ie/en-ie/energy/consultations/Documents/47/consultations/RESS%201%20Draft%20Terms%20and%20Conditions.pdf>

As the 'Milestone' for a project to demonstrate it is community-led occurs one year after the RESS 1 auction, IWEA would like to better understand the criteria which the CRU will set for a community-led project to be included in the non-batch process.

IWEA would also need clarity at the stage that a community project secures grid capacity. There would be concerns that a project secures grid capacity at an early stage and then indefinitely holds that capacity regardless of progress in the planning consenting process.

IWEA would welcome more information and engagement with the CRU on the proposals for community-led projects prior to the final ECP-2 decision. More detailed proposals on how and at what cost community projects can have early engagement and secure grid capacity with ESB Networks would also be welcome.

2.10 Offer capacity on a non-firm basis

The proposals for ECP-2 are a continuation of the ECP-1 policy of only issuing non-firm offers with no commitment given to projects of being made firm. This is a major concern for the industry and undermines the provisions of the, now in force, *EU Regulation 2019/943 – The Internal Market for Electricity*⁶ in relation to compensation for dispatch down. While this might be seen as protecting the PSO customer, ultimately if a RESS project is given a non-firm offer with no commitment given to the project of being made firm, and as a result no compensation for dispatch down, then the bids that will be submitted into a RESS auction will be much higher in order to counter this risk.

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. IWEA would like to express concern 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. IWEA is also in receipt of correspondence from the European Commission's Directorate-General for Energy (DG ENER), received via Wind Europe, which indicates that non-firm access should be the exception rather than the expectation.

We note that the CRU is actively considering this policy work in parallel to the ECP policy development. IWEA wishes to engage with the CRU on this parallel path immediately and would request that clarity be provided on the timelines for a review of firm access policy. The continuation of an indefinite non-firm access policy is not sustainable and has a material impact on projects in the development pipeline. This should not absolve the System Operators of their responsibility to develop the grid in line with the renewable development pipeline and our RES-E targets. We note that a shallow connection policy with information of deep reinforcement works and timelines is a principle of the SEM high level design decision paper (AIP/SEM/42/05).

⁶ EU Regulation 2019/943 – The Internal Market for Electricity - <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32019R0943&from=EN>

2.11 Other requirements on ECP-2 applicants

2.11.1 Application Fees

We believe that the application fees are too high for the level of service that is provided. There was a substantial increase in application fees in ECP-1, however, when compared with Gate 3 there has been a substantial decrease in customer interaction/service from ESBN under ECP-1. Considering the level of fees and the fact that projects are paying for a service, ESBN should properly resource the offer process team as, at present, the engagement, meetings and response to developer queries can only be described as inadequate.

2.11.2 Security for shared assets

As per our response to the ECP-1 consultation, and our pre ECP-2 consultation letter, IWEA maintains its strong objection to the policy of shared bonding of connection assets which adds to the cost of renewable development and unfairly discriminates against smaller projects in particular.

IWEA supports the policy of planning permission as a pre-qualification for entering the ECP process as this will reduce the risk of speculative projects entering the process and hoarding capacity. However, securing planning is a significant investment in terms of time and resources and the risk of grid offers terminating in a system where planning permission is a requirement is much lower. Shared bonding is disproportionately impacting smaller developers and smaller projects as the increased burden on these projects, having already gone through the planning process, is impossible to sustain while there is still much development risk and uncertainty. This is particularly relevant as many of these projects will depend on success in the RESS auctions for their commercial viability. For those projects which may be able to meet the additional bond burden, increasing their upfront costs only adds to the risks and uncertainty that projects will face in entering RESS auctions, which will likely be reflected in their bids and will drive up costs for the consumer unnecessarily.

IWEA maintains that there is no solid basis for the introduction of this policy by CRU. We have yet to see any evidence that the underwriting of shared assets led to any suboptimal system development or significant exposure to the Use of System customer. Through our collective experience with Gate 1, Gate 2 and Gate 3 generation projects, IWEA is not aware of a material issue with subgroups where ESBN or EirGrid have been left with stranded assets. To the contrary, we believe that the infrastructure provided for Gates 1-3, and underwritten by the Use of System customer, has supported the decisions for the development of more renewable projects in these areas, contributing positively towards our renewable targets. The development of new renewable projects in these areas will reduce any Use of System customer contributions as these projects connect and pay connection costs for the shared assets.

IWEA asks that the CRU fully review the shared asset bonding policy only when ECP-1 is concluded. ESBN and EirGrid should provide regular updates on ECP-1 progress and offer acceptance and withdrawal. If the shared asset bonding policy is resulting in projects not accepting offers and dropping out, then the CRU must address this issue.

The impact of projects falling away due to the shared asset bond requirement that places further funds at risk not only limits competition in auctions but puts further pressure on grid processing as projects will apply again for inclusion in future ECP batches to avoid shared works.

2.11.3 Longstop dates

In a RESS auction world, projects that are unsuccessful in auctions will have to make a decision 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. As noted, projects that have made it this far would have already sunk considerable costs into the process 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 three RESS auctions. IWEA recommends that the proposals surrounding longstop dates are adjusted to reflect a minimum longstop date of the later of 2 years or the completion of three RESS auctions. For projects such as storage, the two-year longstop date could remain. This proposal needs to be considered in the context of the capacity release mechanism proposals discussed in Section 2.12.

2.11.4 Distribution System Security and Planning Standards Review

It is IWEA’s position that the new arrangements if adopted must be open for all contracted generators as well as new projects. Existing generators must not be disadvantaged by these changes and clarity is needed on how existing generators can transition to these new standards. We note that in previous successful changes to standards, for example Embedded Generator Interface Protection (EGIP), there was a clear protocol on the transition arrangement for existing and new generators. The new standards should apply to modifications of ECP-1 connections and not just to ECP-2 applications, otherwise there will be ECP-1 projects reapplying through ECP-2.

3 Section 2.12 - Final Opportunity for Capacity Release

IWEA welcomes the proposal to allow a capacity release mechanism for projects contracted pre ECP-1 under the terms and conditions outlined in CER/16/284. As we have continually set out, the full benefits of the original policy were undermined by the subsequent direction in ECP-1 not to allow capacity relocation. We believe there is a volume of capacity across all technologies which did not avail of the original capacity release as potential development at nearby locations was still a possibility and ECP policy was not yet developed.

IWEA asks that CRU expand the policy to allow for partial capacity release as well (as per the CER/17/090 direction⁷). We also request that there is no floor on the minimum capacity that can be released. In the previous direction, projects could only request a release of at least 3 MW. Capacity less than 3 MW will impact on the available network capacity in an area, particularly with planned increases in small/community projects.

There are projects currently receiving ECP-1 offers which include extensive network upgrades at prohibitive costs due to the presence of contracted capacity from projects which do not have planning consent, e.g. via Gate 3 or non-GPA. There is no incentive for these ECP-1 projects to release this unused capacity.

There must be a long-term mechanism to allow projects to withdraw and return capacity to the system if the project is unsuccessful in reaching construction and commissioning. Regulators and System Operators must not develop policy which further punishes those who have not reached their desired outcome of project realisation. With no incentive to withdraw, MWs remain contracted and increase costs for future projects. A potential solution is to seek an additional deposit (e.g. €10k per MW) for projects that have reached their longstop dates but wish to remain contracted and offer an incentive of €5k per MW to projects which opt to release capacity before reaching longstop dates.

As we move to RESS auctions, IWEA recommends a principle that allows the recycling of capacity, and more effective use of the grid, without penalising those who wish to remain to enter subsequent auctions (via more appropriate longstop dates as outlined in section 2.11.3). A capacity release mechanism would help prevent hoarding of capacity which could then be used to allow other projects to connect. This should be open to all technologies.

⁷ <https://mk0cruiefjep6wj7niq.kinstacdn.com/wp-content/uploads/2017/07/CER17090-CER-decision-on-Partial-Capacity-Release.pdf>

4 Other Considerations

4.1 Site Boundaries

The ECP-1 direction introduced a new rule that any relocation of generation equipment would be limited to 100m from the original site boundary as delineated in the initial connection application. IWEA continues to support the decision to end the relocation of grid capacity; however, since the ECP-1 ruleset was published, thus limiting any movement, there have been some concerns raised that legitimate site optimisation or re-engineering could be prohibited by the 100m rule.

It should be noted that site boundary is not a defined term in either of the System Operators' connection application forms. Some developers with contracted capacity have never provided a site boundary and have provided turbine locations only. Others have provided larger boundaries based on complete folios for landowners involved in a development. Other have provided a layout based on detailed construction drawings showing a boundary which is limited to the actual construction works on roads and turbine hard standings to be built. In each case the ECP-1 100m limit has a profoundly different impact.

We ask that the 100m rule be increased to a maximum of 1km from site boundary. That boundary should be the total land holding associated with the development. IWEA believes such flexibility does not pose any risk in terms of reopening grid capacity relocation and trading, rather it merely allows projects to engineer best possible renewable generation production over time.

Not all projects will find a route to market immediately after receiving a grid offer. And some projects may need to wait 5-10 years for grid reinforcements before they can construct. These projects must be able to update their technology if required. Repowering of older projects wishing to use the existing site MEC will need this flexibility to update their technology and incorporate onto older sites. Ensuring the latest and most efficient technology is delivered can only reduce the price for consumers and could also increase our renewable energy production.

4.2 Node Assignment

ESB Networks and EirGrid have been continuing to use the Gate 3 node assignment rules to determine connection methods during the processing of ECP-1 and non-GPA applications. We believe that it is necessary to review the use of these node assignment rules for future ECP batches. Since Gate 3, the transmission network has become saturated in some areas. There is also increasing environmental and planning requirements on wind farm developers for connection assets. Gate 3 node assignment rules could assign a project to be connected to a saturated part of the transmission network. The connection offer process, including the node assignment rule, also need to be improved to provide developers with earlier and greater certainty on the connection assets that need to be considered as part of the windfarm planning permission. We request that in Q1/Q2 2020 the System Operators review and consult on the node assignment approach and rule set.

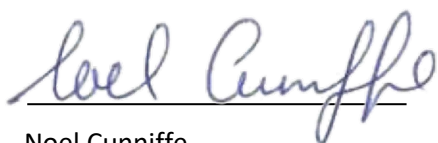
5 Conclusion

Finally, we would like to thank the CRU on its engagement thus far and the opportunity to respond to the ECP-2 proposed decision. We are available to discuss any of the points raised above in more detail.

As the largest association in the Irish energy sector, IWEA would consider ourselves a proactive partner, willing to step out in explaining the benefits of an effective, modern and climate friendly Irish electricity system, and we look forward to continuing our work alongside the CRU in this regard.

Please feel free to contact us should you have any questions.

Best Regards,

A handwritten signature in blue ink that reads "Noel Cunniffe". The signature is written in a cursive style and is positioned above a horizontal line.

Noel Cunniffe

Head of Policy, IWEA