ELECTRICITY ASSOCIATION OF IRELAND

127 Baggot Street Lower
Dublin, D02 F634

Date: 07/08/2020

EAI Response to Networks Charging for Commercial Storage Paper (CRU20066)

By email to Dylan Ashe (dashe@cru.ie)

Dear Mr Ashe,

EAI welcomes the opportunity to respond to the CRU consultation 'Network Charges for Commercial Storage Units Interim Solution'. Guided by the Climate Action Plan, Irelands will have an electricity system with very high levels of variable renewables and energy storage will be a key complimentary part of that system. Therefore, the consideration of this issue by CRU is welcomed especially since the interim approach will likely be in place at a time when significant numbers of storage projects come forward.

More generally, EAI recognises the need for a full review of the network tariffs structure to support much greater electrification of energy demand. We would welcome clarity from the CRU around the timelines and scope of the comprehensive charging review through the early publication of a project timeline and terms of reference. Significant investment in electrification technologies will be required in the coming decade and the more clarity that can be provided up front the better.

Turning to the matters under consideration in the Consultation Paper, EAI does not believe that a charging approach as preferred in the Consultation paper is the most appropriate of those proposed as a possible interim solution. We have set out our rationale for this position below;

CRU's PSO Charging Decision

In the decision CRU-19-034, it was decided that for the purpose of calculating their PSO levy charge, commercial storage units will be considered a final customer only to the extent that they consume electricity for normal house load (when offline etc). That decision also references Section 39 of the 1999 Electricity Regulation Act, which states that the PSO levy is imposed by CRU on and recovered from "final customers" (defined as "a person being supplied with electricity at a single premise for consumption on those premises"). The EAI does not believe that the proposed way forward in this consultation is consistent CRU-19-034. EAI is also unclear why none of the options presented as a possible interim solution reflected this recent policy decision.

Treatment of Storage to Date by the System Operators

There are marked differences in how generation connections and demand connections are treated in connection charging and ongoing used of system charging.

- Generator connection pay full upfront connection charges but pay lower ongoing network use of system charges (Generator-UoS).
- Demand connections pay 50% of upfront connection charges but pay higher ongoing network use of system charges (Demand-UoS).

Until now, the System Operators have processed applications for commercial storage as a generation technology as per the ECP-1 connection policy decision. Therefore, commercial storage projects have been subject full connection costs. The approach proposed in the Consultation Paper would result in storage contributing on the double for its contribution to network costs (full upfront costs and higher ongoing use of system charges).

Battery Storage Supporting a High RES System

Battery Energy Storage will be a key part of supporting a high RES system and will provide very important system services both when taking electricity from the system and when delivering electricity to the system. EAI is of the view that the CRU (and the TSO) has focused disproportionality on maximising MEC and minimising MIC.

- At times of high levels of wind generation and high interconnector exports, over-frequency response services are an important requirement of the system. If the interconnector trips, a high frequency event will ensue and for this reason the TSO holds sufficient high frequency capability on the system. This over frequency capability tends to be achieved by holding conventional generation above the minimum generation to create "footroom". Battery Energy Storage can provide this high frequency response (with zero carbon emissions) once it has sufficient MIC contracted.
- The EAI contends that storage having a high MIC is different to something like a data centre or factory. The storage business model involves not consuming at times of system stress but rather generating then. Therefore, a higher storage MIC should not add to system stress or the capacity requirement.

Given the above, the EAI suggests that encouraging energy storage to reduce MIC is not the optimum solution to support the high RES system.

Conclusion

Taking the above together, the EAI is of the view that the Interim Solution for Network Charges for Commercial Storage should not be based on the D-TUoS charging approach in the Consultation Paper.

We hope you find the above useful as you finalise the Interim Solution for Network Charges for Commercial Storage. We are available to meet you to discuss any aspect of this response.

Yours sincerely,

Stephen Douglas
Senior Energy Policy Advisor
Electricity Association of Ireland(EAI)