A: ELGIN ENERGY'S OBJECTIONS AND PREFERRED APPROACHES TO PROCESSING APPLICATIONS FOR GRID CONNECTION

1. Introduction

1.1. This is the response submitted by Elgin Energy (respectively "Elgin" and "Elgin's Response"). Elgin is a member of the Irish Solar Energy Association ("ISEA") which is submitting a response to the consultation. Whilst Elgin broadly supports the position set out in ISEA's response, it is important to note that it constitutes the collective views of all the members within the organisation. Where there is a disparity between ISEA's response, on the one hand, and Elgin's Response, on the other, the latter more accurately reflects Elgin's position and takes precedence.

2. Background

2.1. On 30 July 2015, the Northern Ireland Authority for Utility Regulation ("NIAUR") issued a Determination (DET-572) stating that Northern Ireland Electricity Networks ("NIE") was no longer entitled to require the grant of planning permission as a pre-requisite to applying for connection to the grid in respect of offers concerning the distribution of electricity, as had been NIE's settled and consistent policy.

2.2. On 12 August 2015, NIE consequently changed its policy and procedure for grid connection applications, removing the requirement for planning permission before a grid connection application could be made. Further to the significant increase in applications for connection to the distribution network received by NIE, on 17 November 2015, NIE and the Systems Operator Northern Ireland ("SONI") introduced a moratorium on all past (and future) grid connection applications until at least 31 May 2016 ("the Moratorium").

2.3. The introduction of the Moratorium impacts on a number of applications made by Elgin, which were submitted on 13 August 2015.

2.4. The outcome of this consultation will address how the Moratorium will be lifted, and how past and future applications will be dealt with.

3. Moratorium

3.1. At the outset, Elgin maintains that it is opposed to the action taken by NIE in introducing the Moratorium, in particular, in applying the Moratorium to applications made prior to the date of its introduction (i.e. 17 November 2015).

3.2. Elgin considers that all applications received prior to 17 November 2015 should continue to be treated under the sequential individualised procedure which was in

place prior to the imposition of the Moratorium ("Existing Procedure"), and that this should be done at the earliest possible opportunity. Elgin and other operators were, and are, entitled to have their applications dealt with under the Existing Procedure, which applied at the time those applications were made. There is no basis for NIE to seek to apply a new procedure to old applications, and it is acting in breach of its duties by doing so.

3.3. Without prejudice to Elgin's position set out above, if NIE intends to lift the Moratorium and to introduce a new policy for processing grid applications, Elgin sets out below what it considers to be the most proportionate steps NIE should take to progress applications expediently and with minimum impact.

4. Interim process

4.1. Elgin believes that, regardless of the procedure ultimately adopted by NIE/SONI, it is vital for NIE to continue to process grid offers or modifications for connections that will have minimal impact on the transmission and distribution systems. It is Elgin's view that, aside from the Existing Procedure, the proposed interim process outlined below ("the Interim Process") is the fairest and most proportionate way to proceed, and would allow some level of development before the closure of the Northern Ireland Renewables Obligation ("NIRO") on 31 March 2017.

4.2. Elgin believes that the following types of applications submitted prior to 17 November 2015 ought to be processed under the Interim Process:

- New applications or applications for an increase in Maximum Export Capacity ("MEC") where NIE has identified that there is capacity available and where there is a negligible impact on the transmission system.
- Applications for zero export schemes.
- Applications to over-install generation capacity and to cap MEC to the existing MEC of the current connection agreement.
- Applications for a change in technology or additional technologies at an existing site.
- Applications which would result in remaining capacity at existing clusters being allocated.

4.3. Elgin believes that the only fair and reasonable way in which applications should be processed within the Interim Process is on a sequential basis, based on the time at which the grid connection application was received by NIE, coupled with the interactivity process used in Great Britain ("the GB Interactivity Process"). The GB Interactivity Process and its advantages are outlined below:

- all grid offers are issued by the distributed network operator for projects around a given substation/point of connection;

- the process is transparent and is based on the grid application date and time;

- each applicant is given its place in the interactive queue;

- once offers are issued, a 10 working day moratorium period commences where the ability to accept the offer is suspended until 9am at the end of the moratorium period;

- once the moratorium period ends and an offer has been accepted, the remaining applicants then have the opportunity to keep their place in the queue and be provided with a revised grid offer. The above process repeats itself.

4.4. Elgin also believes that stricter acceptance criteria are required for the Interim Process. Elgin believes that these should include:

- the introduction of a mandatory maximum period of 30 days to accept a grid connection offer;
- the introduction of a substantial booking deposit payment to secure a grid offer (e.g. £10k/MW, bond);
- proof of planning permission within 2 months of grid offer acceptance.

It is Elgin's view that, aside from the Existing Procedure, the proposed Interim Process outlined above is the most proportionate and fair way to proceed and would allow some level of development before the closure of the NIRO on 31 March 2017.

4.5. Elgin welcomes the news that NIE and SONI have commenced works in identifying areas with transmission capacity and potential shallow connection methods with respect to applications already submitted. However, for the Interim Process to work and to allow developers time to make commercial decisions on their projects, grid connection offers would need to be issued by June or July 2016, and not by October or November 2016, as suggested by NIE. Time is of the essence as the introduction of contestability in May coupled with the rapid deployment rate of solar farm installations (typically 3 months), means that some projects could be developed before the closure of the NIRO on 31 March 2017.

5. Medium/Longer-term process

5.1. Elgin believes that the requirement to have planning permission in place before a distribution grid connection application can be made should be re-introduced in Northern Ireland. We understand that this would require legislative change and is therefore not a short-term solution. However, Elgin firmly believes that the grid connection application process was at its most transparent and efficient when this system was in place.

5.2. If the requirement for planning permission is re-introduced, Elgin believes that the Existing Procedure, i.e. a sequential processing of grid applications based on the date and time at which they were received, should also be re-introduced.

6. Further proposals

6.1. If the above suggested process was to be adopted by NIE (i.e. the Interim Process and the Medium/Longer-term process), Elgin understands that there may be a period between the end of the Interim Process and the re-introduction of the planning permission requirement, where there is no system in place for dealing with grid connection applications.

6.2. Elgin understands that the Interim Process will end when there is no further capacity available. Elgin believes that applications that have not been completed successfully during the Interim Process, should be processed under the Existing Procedure coupled with the GB Interactivity Process (as outlined below in Section 4.3)

6.3. Elgin does not consider that the batch process ("Batch Process") as set out in NIE and SONI's consultation paper dated 4 March 2016 ("Consultation Paper") is an appropriate solution for the following reasons:

- Any proposed Batch Process could be undermined in the same way as the requirement for planning permission was undermined by NIAUR's Determination (DET-572) if it is not underpinned by the necessary changes to the System Operator Licences.

- All grid applications, excluding those forming part of the Interim Process, received between 12 August 2015 and the future closure date will be treated as if they have been received at the same time. Developers who have acted prudently in submitting their applications at the earliest opportunity will be automatically disadvantaged under the proposed Batch Process.

- Any introduction of a Batch Process (or gate type process) allows speculative or 'ghost' projects into the application system. Many of the 'ghost' projects are unlikely to be developed, however they will be included in distribution and transmission plans and drive the need for inappropriate grid infrastructure and unnecessary grid upgrades. Lessons learned from the gate process adopted in the Republic of Ireland should be reviewed in detail before any decision is made on establishing a similar style Batch Process in Northern Ireland.

- The introduction of a Batch Process creates huge financial risk and uncertainty for each project. Should a project fail to gain planning consent within a proposed shared connection asset, the other parties are automatically at risk for

the non-performing party. This type of scenario erodes investor confidence and creates uncertainty for funders in the market place.

- NIE/SONI have confirmed that the Batch Process will follow the Cluster Charging Methodology, where appropriate, which generates very expensive grid offers, may make projects unfeasible and, in turn, creates a non-performing party scenario as detailed above. Further to this, the charging of shared assets not included under the clustering policy has yet to be developed for consultation as part of NIE Project 40, which creates further industry uncertainty.

6.4. Elgin considers that the Existing Procedure coupled with the GB Interactivity Process would be the most appropriate solution to allow the process to move forward. NIE/SONI have argued that a sequential process would take too long to process. Elgin considers that a sequential process (coupled with the GB Interactivity Process) would have similar timelines to the Batch Process. We note that NIE/SONI have suggested the Batch Process would take until December 2017 to issue offers.

7. Transmission Applications

7.1. As the requirement for planning permission remains in place for all transmission applications, there is now disparity between distribution and transmission applications. Elgin considers that planning permission should remain as a pre-requisite for transmission applications, as this will enable the transmission grid to be planned and developed in an appropriate manner. It is, however, important that the same rules should apply for transmission and distribution applications, which is why Elgin is strongly in favour of legislative change to re-introduce the requirement for planning permission in relation to applications to the distribution grid.

7.2. In order to ensure fairness and equality of treatment, Elgin believes that projects which NIE/SONI designated as transmission projects prior to 12 August 2015 (therefore meaning a transmission grid connection application could not be made where planning permission was not in place) but which NIE/SONI subsequently designated as distribution projects, and for which a distribution application was subsequently made, should be treated as if that distribution application was made on 12 August 2015. Otherwise, parties who acted in accordance with NIE/SONI's instructions in relation to such projects would find themselves at the bottom of the queue as a result of following directions from NIE/SONI. This would clearly be unfair and amount to an unequal treatment of such projects.

B: RESPONSES TO QUESTIONS ASKED IN NIE/SONI'S CONSULTATION

8. Responses to Questions in Consultation Paper

8.1. Without prejudice to the position outlined above, we set out below our position in response to each of the questions outlined in the Consultation Paper. The responses to the questions should not be seen as support of the Batch Process.

8.2. **Question 1: Do you have any additional suggestions for consideration in relation to continuing to apply the existing connection application and offer process given the recent influx of connection applications received?**

As outlined above, Elgin maintains that NIE should continue to process grid connection applications, particularly those received before the Moratorium was introduced on 17 November 2015, on the basis of the Existing Procedure. However, if NIE decides to lift the Moratorium and introduce a new policy for dealing with grid applications, Elgin considers that the best approach to dealing with connection applications received from 12 August 2015 would be to apply the Interim Process (outlined in the Section 4 above) and, subsequently, the sequential process together with the GB Interactivity Process (outlined in Section 4.3above). Ultimately, Elgin considers that there should be a change in legislation to allow for the re-introduction of the requirement to have planning permission in place before a grid connection application can be made.

8.3. **Question 2 - Do you consider that the underpinning principles of the proposed connection application and offer process at a high level address the approach necessary to deal with the influx of connection applications? Can you suggest any further principles that should be considered?**

Elgin proposes that the following six principles are added:

- Transparency and Certainty - Transparency and certainty in relation to timescales and costs are necessary to enable developers to make informed decisions and allow them to make the necessary assurances to project investors.
- Innovation - We propose that innovation should be added to encourage innovation in connection offer policy and in technical connection methodology to ensure cost effective connection charges.
- Support of national renewable energy/low carbon targets.
- Support of the Strategic Energy Framework.
- Support of programme for governments.
- Support of climate change legislation.

8.4. **Question 3 - Do you agree that the Batch Process is the most pragmatic alternative connection application and offer process to deal with the recent influx of applications? Do you have any other suggestions or specific comments on the proposed approach?**

As outlined above (in particular, at Section 6 above), we do not consider that the Batch Process is the most appropriate method for dealing with past and future grid connection applications.

We consider that that the best approach to dealing with the connection applications received before the Moratorium was introduced on 17 November 2015 would be to apply the Interim Process (outlined in Section 4 above) and subsequently the sequential process together with the GB Interactivity Process (outlined in Section 4.3 above).

8.5. **Question 4 - Do you agree with the proposal to remove all consenting requirements for transmission connection applications?**

No, we do not agree with this. We consider that planning permission should remain as a criterion for transmission grid connection applications and be reintroduced for distribution grid connection applications. This will enable the grid to be planned and developed in an appropriate manner. It is important that the same rules apply for both transmission and distribution applications to ensure equality of treatment of grid applications and to avoid uncertainty over the applicable requirements in circumstances where it is unclear whether a project will connect to the distribution or the transmission system (see also Section 7 above).

8.6. **Question 5 - Do you agree with the types of connection applications that are proposed to be included in the Batch? Please provide reasons for any views expressed.**

As outlined above, we consider that the below subset of applications received before 17 November 2015 should be processed via the Interim Process (outlined in Section 4 above) for the following reasons:

- **New applications or applications for an increase in MEC where NIE has identified there is capacity available and there are negligible impacts on the transmission system:**

  If the existing connection can accommodate the increase in MEC, with minor or minimal works and negligible impact on the transmission system, we believe these applications should be progressed as this allows for the optimal development of the transmission and distribution system. New applications in areas with transmission capacity should also be

progressed. This is in line with the NIE and SONI proposals in section 8.8 of the Consultation Paper.

- **Applications for zero export schemes:**

  In the instances of zero export applications, again these should be processed as generators are not requesting any increase in MEC. Fault level contribution from solar farms is minimal and minimal connection works would be required.

- **Applications to over-install generation capacity and to cap MEC to the existing MEC of the current connection agreement:**

  Changes to installed capacity should be treated as a modification to the existing agreement rather than as a new application. Any impact on short circuits will generally be minimal and NIE/SONI should be able to complete the necessary analysis to determine if there is an impact on existing users. NIE should also be able to identify the sites requesting over-installed capacity that will not impact on existing managed connection applications and allow them to proceed. Not all applications impact on managed connections, for example, projects connecting directly to 110kV substations.

- **Applications for a change in technology or additional technologies at an existing site:**

  Existing generators are bound by the MEC of their connection agreement. In the instances where existing generators are not utilising their full MEC, they should be enabled to do so with additional technology as they have paid for, and are contracted to, the MEC in their connection agreement. Their original connection would have been designed and installed to accommodate the contracted MEC.

- **Applications which would result in remaining capacity at existing clusters to be allocated:**

  It would maximise existing connections' assets and minimise the cost of clusters to the NI consumer to allocate any remaining capacity at existing clusters to new applicants.

We believe that this subset of applications allows for the optimal development of the transmission and distribution system. The above connections would require minimal connection works as the grid connections already exist in some cases. Therefore,

this is strongly aligned with the following underpinning connection principles outlined in the Consultation Paper, given that it:

- allows for optimal development of the transmission and distribution systems;
- allows for efficient network investment by the Northern Ireland customer base;
- allocates scarce network capacity efficiently;
- makes efficient use of TSO and DNO resources.

8.7. **Question 6 - What do you believe would be an adequate length of time between a decision paper from this consultation process being issued and the proposed Closure Date? Do you agree that a 4-week period would be adequate? Please provide reasons for any preference.**

Elgin agrees that 4 weeks is sufficient.

8.8. **Question 7: Is there any information you can provide to describe how it is proposed that the over-installed plant, particularly in the case where there is a mix of generation technologies, is capped to MEC safely and securely?**

This is standard practice in England and in the Republic of Ireland. The generator controller will manage and ensure that the MEC is not exceeded. Additional reverse power protection can be installed on the distribution/transmission switchgear which will switch off the solar farm in the event that the contracted MEC is exceeded.

8.9. **Question 8 - Is there any information you can provide to describe how it is proposed to limit the availability declarations from the generation site to the SEM and the SONI control centre via SCADA?**

It is noted this is really a market issue rather than a connection offer process issue. If required, there is no reason why generators should not be able to provide this information in the format required by SEMO/SONI.

8.10. **Question 9 - Please provide any information you feel could explain how, if there is more than one technology type on site, the generation behind the connection point will be reduced in the event of a system constraint or curtailment?**

Generators have the technical capabilities to implement control systems to meet the requirements of SEM tie-break rules on curtailment. For hybrid sites, this may require signals for the resource availability of individual technologies to be passed onto SONI via SCADA. As per question 7, the generator controller can provide the necessary functionality.

8.11. **Question 10 - Are there any further considerations for the TSO and DNO before this type of connection can be facilitated?**

Elgin has no extra comments.

8.12. **Question 11 - Do you agree with the proposal for allocating any remaining Cluster capacity as a priority and issue these offers outside of the Batch Process? Can you suggest any alternatives for consideration?**

Elgin believes this would be a pragmatic proposal and would enable optimisation of the grid. Elgin believes that this should only apply to applications submitted prior to the Moratorium. It would maximise existing connections' assets and minimise the cost of clusters to the NI consumer by allocating any remaining capacity at existing clusters to new applicants. See the above Interim Process.

8.13. **Question 12 - Do you agree that a change may be required to the weighting of projects connecting into Clusters that have not submitted for planning permission and subsequent connection offers have expired or been rejected? Would you consider a weighting of zero for such projects to be acceptable?**

Yes, a weighting of zero for projects not submitted for planning would be appropriate as some projects may never progress.

8.14. **Question 13 - Do you agree that the proposal to order the transmission assessments of the Groups based on the Groups with the earliest individual Valid Connection Application is a practical approach? If not, can you suggest any alternatives?**

Yes and Elgin would propose that a priority or a weighting is introduced for projects submitted for planning.

8.15. **Question 14 - Do you believe it would be a prudent approach in the first instance for the TSO to determine whether there is existing grid capacity and issue offers where there is capacity as a priority, accepting that other applicants not included in this phase 1 would need to wait longer for connection offers?**

Yes, we strongly agree this is a prudent approach as this may enable some developers to meet financial deadlines (see above Interim Process).

For this approach to be successful it is critical that connection offers are issued as soon as possible after this consultation is complete. Elgin believes that this should only apply to applications submitted prior to the Moratorium. To enable this, we request that the decision for progressing the subset of applications discussed in the SONI/NIE consultation and in our response (i.e. the Interim Process) is fast tracked with the more complex decision on the Batch Process and associated policy issues made afterwards.

Elgin welcomes that NIE and SONI have started works to identify areas with transmission capacity and potential shallow connection method for applications

already made. We request that NIE and SONI continue with this work and prioritise the identification of nodes with transmission capacity and the shallow connection methods at these nodes.

The applications from projects that are successful in meeting this criterion should have offers issued as soon as they can be prepared. Where possible, NIE's 90 days process should be shortened, especially if NIE have already started works on these connection applications. There is no requirement for these generators to receive ATR, FAQ and constraint information before they have to accept the offers. This information can follow as soon as it can be made available.

8.16. **Question 15 - In relation to connection offer validity periods, what length of time do you suggest would strike a balance between giving customers enough time to consider the connection offer and not unduly delay starting to process the remainder of the Batch?**

30 days should be sufficient.

8.17. **Question 16 - In order to reduce time, it is proposed to allow a period of 10 days from information on initial nodal assignment being provided for a decision to be made on whether to withdraw from an application from the process. Do you consider that the suggested 10 day period will provide an adequate balance between reducing delays and allowing high level decisions to be made by developers?**

Yes, we agree.

8.18. **Question 17 - Do you believe that high level information on estimated nodal assignment, connection method, potential charges and estimated timeframes for delivery would be of value and enable a decision to withdraw early to be made?**

Should the Batch Process be established, in most cases it would enable developers to make a decision. It would also be appropriate to disclose who the other participants are in the same group, their MEC and location.

8.19. **Question 18 - Can you suggest any alternatives to ensure that customers are committed to their connection application?**

Customers should be made to demonstrate financial spend on projects, such as submitted planning applications and acquisition of land rights.

8.20. **Question 19 - Do you agree with the proposal to share the costs of common connection assets between applicants on a per MW basis as described?**

Should the Batch Process be established, Elgin would agree in principle to the charging of shared assets. Further consultation is required through NIE Project 40 on the charging of shared assets not included under clustering policy.

8.21. **Question 20 - Do you think Proposal A or Proposal B is preferable for entry into the FAQ list? Do you have any other suggestions for entry into the FAQ list?**

Should the Batch Process be established, Elgin would agree with Proposal A as this will inform the projects that are most likely to be developed.

8.22. **Question 21 - Would a connection offer for generators of 5MW and above without firm access assessment provide sufficient information for that offer to be accepted or for high level decisions on project viability to be made?**

For offers being issued under the proposed Batch Process, it is unlikely that a developer would be able to accept an offer without the firm access assessment information being available, or at least an indication of expected constraint and curtailment levels.

Offers being issued under the proposed Interim Process will not require this information to make a decision to accept the offer, as they will have firm access. However, it should be provided as soon as is practically possible.

8.23. **Question 22 - Would a connection offer which does not contain GOR information provide sufficient information for that offer to be accepted or high level decisions on project viability to be made?**

Should a Batch Process be established, this information should be provided before an offer has to be accepted or at the very least an indication of expected constraint or curtailment levels.

8.24. **Question 23 - Is it essential for GOR information to be issued along with FAQ and ATR information or is GOR information alone sufficient information for an offer to be accepted?**

Should a Batch Process be established, the GOR information would be of some help as it may give an indication of the worst case constraint or curtailment percentage.

8.25. **Question 24 - Do you agree that the offer acceptance criteria outlined above strikes the right balance between ensuring that applicants are committed to their projects, without being too onerous that applicants will not be in a position to accept their offer?**

- **Interim Process**
  As outlined above, Elgin believes that proof of planning permission within 2 months of offer acceptance should be a criterion to ensure committed projects can progress. This will prevent hoarding of capacity and incorrect assumptions being made when NIE and SONI are planning the future distribution and transmission systems. Lessons learnt should be considered from the ROI gate offer process and Renewable Integration Development

Project (RIPD) in Northern Ireland. Significant investment was made in planning transmission projects that may not materialise.

If proof of planning permission within 2 months is not included as an acceptance criterion for the Interim Process, applications within the planning process should get priority in the Interim Process.

- **Existing Procedure (with GB Interactivity Process)**
  Elgin believes that applications that have not been completed successfully during the Interim Process and before the necessary legislative changes for the reintroduction of planning permission as a requirement are introduced, should be processed under the Existing Procedure coupled with the GB Interactivity Process and should provide evidence that planning has been submitted within 2 months of acceptance.

- **Medium/Longer Term**
  As outlined above, Elgin believes that the necessary legislative changes should be made to enable the requirement for planning permission can be reintroduced at application stage.

8.26. **Question 25 - Do you agree that project milestones relating specifically to securing planning permission are required now that the planning permission pre-requisite has been removed for applications to the Distribution System? What do you believe to be an adequate length of time to secure planning permission after a connection offer has been accepted?**

Should the proposed Interim Process outlined above be adopted, Elgin believes that a period of 12 months after acceptance would be too lengthy. This should be reduced to 2 months post acceptance. This will ensure only viable projects are progressed.

Please see 8.25 above for other proposed acceptance criteria.

8.27. **Question 26 - Do you believe that the outcome of the Ofgem milestone consultation in GB should be applied in Northern Ireland without further consultation?**

For the Interim Process, Elgin believes that the stricter acceptance criteria outlined above are needed due to the existing influx of offers in Northern Ireland and the heavily constrained distribution and transmission network. In England, the grid is not as heavily constrained and also the connection offer process is being managed by “Interactivity” by DNO’s and “Statement of Works” by National Grid. This enables developers a level of predictability in the offer process.

As set out above, in the medium/longer term, Elgin would welcome the necessary legislative changes for the requirement for planning permission to be reintroduced at the application stage.