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NIE & SONI Consultation Paper: Alternative Connection Application and Offer Process Proposal

Dear Sir/Madam

In October 2012 The Crown Estate awarded two separate Agreements for Lease (AfL) for the development of two 100 MW tidal energy parks located on the north coast of County Antrim in Northern Ireland. Both projects are significantly advanced through the environmental impact assessment process with offshore surveys complete or near completion. Due to the close proximity of the projects they may share onshore grid connection assets. As the two projects have similar grid challenges, the developers of the two projects have prepared a joint response to this consultation.

Tidal Ventures Ltd (TVL) is a joint venture between Brookfield Renewable Energy Group and OpenHydro Technology Ltd. TVL proposes to develop a 100MW tidal energy park in the waters offshore of Torr Head.

DP Energy has an interest in a joint venture with Belgium based consortium, Bluepower, under which it proposes to develop a 100 MW tidal energy park in the waters offshore of Fair Head.

A significant risk to the delivery of both projects is associated with access to the grid and the current uncertainty relating to the grid connection process. We therefore welcome this consultation and opportunity to provide a response.

The NIE/SONI consultation does not consider the option of reinstating the planning requirement due to the need for license changes through legislative amendments. We understand that there is a concern that such a change, assuming it can be agreed by DETI and the Northern Ireland Government, will take a number of years to bring forward. However, in reviewing the NIE/SONI proposal for a batch process, there are a number of concerns and risks that in our opinion are more significant than reverting to the process prior to August 2015 when planning permission was a requirement.

These concerns include:

- The proposed batch policy could be undermined in the same way as the previous planning policy if it is not underpinned by the necessary changes to the System Operator Licences.
- Based on the flowchart in Appendix C of the consultation document and the experience of Group Processing in RoI (Gates 1-3), it appears it will take 2-3 years at best to process applications through the proposed batch process. We note that SONI/NIE have estimated 1.5 years but we believe these timelines are optimistic.
- With the current uncertainty on the future funding of renewable projects post ROCs, it could not be a worse time to introduce a new connection offer process with a high degree of uncertainty. The majority of the projects for which connection applications that submitted since August 2015 still do not have planning permission.
- The connection method, cost levels, cost risks and timelines that will eventually result in connection offers from a relatively speculative batch approach will be unviable for many of the renewable projects.
- The charging policy for shared assets, not covered under clustering, needs further discussion and consultation. This was being discussed under the NIE Project40 work stream. The proposal in the current SONI/NIE consultation is unworkable, partly due to the potential speculative nature of the connection offer process.
- It is completely non-viable to ask a generator to accept a connection offer on the basis that the price could vary hugely dependent on other offerees actions. A batch connection offer should be issued on the basis of a firm price, and any shortfall arising from other generators not accepting their offers should be covered by the electricity customer, as is the case under the current cluster connection arrangements.

We are both members of the Northern Ireland Renewable Industries Group (NIRIG) and supportive of their response with the following additions and comments:

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?

Response: The NIRIG response proposes the inclusion in the underpinning principles of the need to support national renewable energy/low carbon targets etc. We note that SONI and NIE Networks are required to develop and maintain an efficient, co-ordinated and economical electricity system. In our opinion, this requires a diverse mix of electricity generation, with different output profiles, predictability and sources of primary energy. We would therefore propose that the introduction of any batch process is accompanied by measures to ensure some diversity, perhaps through the introduction of de minima capacity levels for different types of generation, which would have some priority over capacity which has exceeded its de minima level. Clearly, if no applications were forthcoming from certain types of generation then there would be no obligation on SONI and NIE Networks to prioritise.

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.

We would propose this time period is increased to six weeks, at least for transmission applications, due to the scale, and often greater complexity of these projects.

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?

NIRIG have proposed the validity period could be shortened to eight weeks. We are agreeable with this, except where (i) it is necessary to provide a bond or other form of financial security, or (ii) no GOR information is provided with the offer (see Question 22 below), when the existing twelve week validity period should remain. This is mainly due to the time required, often with third parties such as banks, to put the necessary security in place. For clarity, we are fully supportive of NIRIG's response to Question 24, regarding the viability of accepting connection offers if the bond requirements are increased.

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?

NIRIG have request that options, which allow any bond to be provided at a later date, such as at pre-construction, should be considered. We would expand on this point and note that it is important for the grid risk/payment profile to align with that of the development project as closely as possible, with the definition of "pre-construction" being financial close of the development project.

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?

Similar to NIRIG we are supportive of Proposal A, but for the avoidance of doubt a validly executed Agreement for Lease (AfL, or similar) with The Crown Estate for offshore developments should continue to be the equivalent criteria to full planning permission.

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?

We would propose that the provision of GOR information is linked to the offer acceptance period, such that where no GOR is provided with the offer, a developer is granted the full twelve weeks to accept, so it is has the additional time to consider the potential impacts of its generation output being constrained.

Thank you for the opportunity to provide a response. Please do not hesitate to contact us if you have any queries or wish to discuss our response in more detail.

Yours faithfully,

Kieran O'Malley
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for DP Energy