NIRIG Draft response to NIE-SONI

Alternative Connection and Application and Offer Process Consultation Paper 4th March 2016

5th April 2016

The Northern Ireland Renewables Industry Group (NIRIG) is a joint collaboration between the Irish Wind Energy Association and RenewableUK. NIRIG represents the views of the large and small scale renewable electricity industry in Northern Ireland, providing a conduit for knowledge exchange, policy development support and consensus on best practice between all stakeholders in renewable electricity. Our membership has built, developed or owns the vast majority of renewables development in Northern Ireland.

We believe that the Northern Ireland renewable industry had been reasonably well served by the requirement to have planning for the generation facility before a connection application is processed. It minimised the number of 'speculative' projects entering the connection process, reduces nugatory workload and prevents capacity hoarding. It had some downsides, such as extending the overall time period to develop a renewable project, but in our view these issues were outweighed by the certainty it brings to the development process.

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, would 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 NIRIG's 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 connection policy that required planning consent to make a grid connection application, if it is not underpinned by the necessary changes to the System Operator Licenses.
- 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 are 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.

It is acknowledged that greater work is required on the development of the transmission system to accommodate the existing contracted and future connection applications. We do not believe that undertaking this work as part of a batch process is the appropriate approach. The speculative nature of a large number of the applications underpinning the analysis may lead to what will become incorrect transmission designs.

Regardless of the approach to processing offers there is the requirement to develop the supporting connection policy required to issue connection offers going forward. The majority of these policy changes were being managed in NIE's Project 40 work streams. These include charging for shared connection assets not included under clustering, rebate policy and over-installing capacity.

The NIRIG proposal is to revert to a connection offer process with planning as a requirement, clustering as the approach for developing shallow transmission assets and a transmission network planning process to facilitate the development of the wider transmission system. The necessary policy changes can be provided through the completion of the Project40 work streams.

To facilitate the NIRIG approach there will be the requirement for changes to NIE and SONI licences. It will also provide the opportunity to review other aspects of the NIE licence such as rebating for connection assets. There may also be merit in making changes to the Utility Regulator's licence so as it can have a greater role in reviewing and approving connection policy. We understand that the Utility Regulator already has such a role in approving policy changes in the SEM. There will continue to be the requirement to modify and refine connection policy in the future and providing the Regulator with powers in this area may be more appropriate than having to make regular changes to licences through legislation.

To implement the necessary licence changes NIRIG would propose there is a working group established including DETI, Utility Regulator, NIE, SONI and industry representatives. Whatever approach is decided upon, whether it is the batch approach or reinstating the requirement for planning, a thorough legal review will be required to ensure the new connection policies are robust to challenge and implemented within an agreed timescale.

During the period required to make these legislative changes it is important to continue the development of the connection policies and the transmission development plan to ensure offers can then be issued in a timely manner shortly thereafter. The interim measures outlined below can also be implemented to ensure further connection offers are issued and progress continues to ensure Northern Ireland meets its 2020 renewable targets. NIRIG also suggest

that the RGLG meetings are held on a monthly basis until the material issues within this consultation have been concluded.

NIRIG would also propose that NIE/SONI provide information to industry on the likely timeline of the batch process and canvass the parties with existing connection applications to determine if they would intend to withdrawn their connection application based on the timeline information.

Interim Proposals

In the interim until the SONI/NIE batch proposal or the NIRIG planning proposal is put in place, NIRIG would support the introduction of a number of the proposals in the NIE/SONI consultation paper. We believe that these proposals would possibly allow some generators, although we acknowledge that these may possibly be small in number compared to the overall number of applicants, to receive connection offers and be funded under the ROC regime. These generators will make a material and important contribution to Northern Ireland meeting its 2020 renewable targets. In the manner by which the interim measures are proposed, NIRIG does not believe they will have any materially negative consequences on other connected or, contracted or generators in the application queue.

- NIRIG has strongly proposed over the past 12 months that generators should be allowed to over-install renewable generation on their site above the generator MEC. This includes sites with the same technology and hybrid generation sites. We do not believe this issue should have been included in this consultation and request that the System Operators make a separate decision on this issue. Connection applications and modification applications which do not increase MEC are, as a matter of law, fundamentally different and accordingly must be treated differently. Over-installing capacity is an efficient use of system and connection assets and will allow additional renewable capacity to be installed and contribute to the 2020 renewable targets. We understand that NIE have some concerns around the need for fault level studies and the potential interaction between over-installing capacity and the introduction of managed connections. We agree that fault level studies should be completed before this additional generation is allowed to connect but that in the majority of cases there would not be fault level issues. Generators connecting directly onto 33kV busbars in 110kV substation or 110kV connections will not in our opinion impact on managed connections for SSG. Managed connections only relate to constraint issues on the demand 33kV network and not at 33kV busbars in 110kV substation or in 110kV cluster substations. Allowing over-installation for distribution connected embedded generation needs to be considered and policy provided as part of the managed connections consultation process.
- NIRIG support the proposal for managed connections to be processed outside of the batch process.
- NIRIG support the proposal for offers to be issued for any spare capacity at cluster substations, subject to the legal capacity rights of existing generators.
- NIRIG support the proposal for applications to be processed in areas with available transmission and distribution capacity. These applications should be processed in date order and interactive offers issued where there are multiple applications that could avail of the same spare capacity.
- For the interim measures, to ensure offers are issued in a timely manner and general fairness, these generators should not be issued with FAQ or Output Reduction information. Firm access for all applications should be allocated using the same rules regardless of whether they are made offer through the interim process or the new connection offer process.

It is important that any decisions on the interim measures are made in a timely manner. It is also clear that an enduring longer term solution is substantially more complex and will take longer to come to a full conclusion, possibly through further consultation. We therefore strongly propose that NIE & SONI split the consultation into two and focus immediately on making a decision on the interim measures to allow the successful projects to have their applications processed.

NIRIG also request that interim offers are issued as early as possible rather than wait for all to be complete.

NIRIG propose that there should not be an open-ended extension to the current derogation from NIE/SONI processing applications but that it should be extended and reviewed regularly based on progress made on establishing the new connection offer process.

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NIRIG Responses to Questions in the Consultation Document

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?

NIRIG proposed approach is outlined in detail earlier in our response. The process requires change due to the forced change of NIE's connection application process. The option of re-establishing the requirement for planning has not been discussed in the consultation paper but it is the strongly preferred approach of NIRIG. We do provide feedback to the questions on the proposed batch process but these responses should not be construed as support for this approach.

The likely timeline for the batch process is critical information to assessing the suitability of this approach to processing connection offers. 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. NIRIG would propose that NIE/SONI provide information to industry on the likely timeline of the batch process and canvass the parties with existing connection applications to determine if they would intend to withdrawn their connection application based on the timeline information.

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?

We propose the inclusion in the underpinning principles of the need to support national renewable energy/low carbon targets, support the Strategic Energy Framework, support programme for governments and climate change legislation.

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?

NIRIG's proposed approach is outlined in detail earlier in our response as well as our concerns with the proposed batch process.

Additional concerns with the proposed batch process are as follows:

- More detail is required on how NIE propose to allocate initial node and final node project assignments.
- In relation to 7.2.5, are the System Operators (SOs) proposing that if an applicant is moved from DNO to TSO that valid connection application date is reset, based on when TSO fees and information is supplied? We believe the valid application date should be set at the earlier application date.
- Batch Process should issue groups when completed and not wait to issue all in one go.

- SO should identify the minimum threshold required to allow shallow works to progress without re-study, this will allow for some certainty in relation to group member non acceptance of offers.
- Revised offer received following restudy due to significant number of group members not accepting offers, if significantly different to previous offer, will change connection costs and refund of payments made to date should be offered to the applicant if they choose not to progress with the revised offer. This also raises an additional concern of the possibility of further offer revisions should some applicants chose not to accept the first revised offer.
- Need greater clarity on the interaction between SSG and LSG if they are to be included in the same groups.

Question 4: Do you agree with the proposal to remove all consenting requirements for transmission connection applications?

NIRIG is proposing that planning permission is a requirement for applying for a grid connection for all on-shore generation projects. Regardless of the offer process adopted, we feel that it is important that the requirement is the same for transmission and distribution generation. NIRIG is concerned that SONI will not currently accept applications to be put in the application queue. We feel that it appears discriminatory that only distribution applications can join the current queue for applications.

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. NIRIG does not agree the inclusion of "Applications to over-install generation and cap at MEC" to a Batch process unless fault level analysis indicates that it is necessary to replace/install additional infrastructure. The connection offer process should be for the allocation of new MEC capacity and any change to installed capacity should be managed through modifications to the existing connection offer and/or agreement. Connection applications and modification applications which do not increase MEC are, as a matter of law, fundamentally different and accordingly must be treated differently.

If NIE have concerns with the interaction of managed connections policy and over-installing MEC for embedded generation, this is unlikely to apply to all generation, for example generators connecting with dedicated 33kV connections to 110kV substations or transmission connected generation. Allowing over-installation for distribution connected embedded generation needs to be considered and policy provided as part of the managed connections consultation process.

NIRIG is also concerned that a batch approach to processing offers locks generators out from applying for a grid connection for an excessively long periods of time.

If a batch process is being used it is probably appropriate to introduce a cut-off kW level below which the batch approach would not apply, for example 100kW.

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.

Four weeks is adequate.

NIRIG would also propose that NIE provide greater information in their final decision on the connection applications in the queue, for example the numbers of MWs and technology type in each Local Council area. We feel that would assist developers in assessing potential grid issues if they proceed with their existing application or submit a new application.

Going forward, as part of any licence changes it is proposed that NIE & SONI are required to regularly publish project information on connected generators, contracted generation projects and new connection applications.

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?

The generator controller will manage and ensure that the MEC is not exceeded. For windfarm installations it is now common practice for the windfarm controllers to control the MW output of the windfarm. This is required as part of the grid code to allow the system operators to constrain or curtail windfarms for system reasons. Capping the export from the facility at the MEC is another function of the windfarm controller. There are multiple windfarm sites in RoI with over-installed capacity that have been operating in a safe and secure manner for a number of years. For hybrid technologies, the same principle of a generator controller managing the MW output and MEC of the overall facility will also apply (we would note that this level of control is already a requirement of the grid code for windfarm sites with MEC greater than 5MW).

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?

We feel that this is 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.

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 on to SONI via SCADA. As per question 7, the generator controller can provide the necessary functionality. A number of sites in ROI have also implemented a standalone/independent controller when 2 different turbine technologies exist on the same site and it is more appropriate to have a standalone master controller implemented.

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

It is acknowledged that there may be additional technical and/or market issues to be addressed for hybrid connections. NIRIG believe that these issues are really outside the scope of this consultation and are not relevant to decisions in principle that need to be made following this consultation. Resolving all these issues should not delay NIE/SONI permitting generators to over-stall capacity as part of the connection offer process.

EirGrid recently presented on a number of these issues at the ROI Liaison group meeting, NIRIG suggest that NIE and SONI liaise with EirGrid to benefit from work done to date on this.

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?

NIRIG agrees with this proposal. This is one of a number of interim proposals that NIRIG support.
FAQ should continue to be allocated on basis of the current date-order rules for allocating firm capacity.
In relation to offering part capacity to applicants if available this should be discussed with applicant before offer is made, as it may not be viable for applicant to accept part capacity

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?
NIRIG continue to support the Clustering connection policy and would like to see it continued to be rolled out for the connection of new renewable projects. NIRIG would agree that any projects that are not in planning should still have a weighting of zero for the implementation of the cluster policy, but only if such projects have not accepted a connection offer. Any changes to cluster ratings should not impact any existing cluster with approval.

We note that there appears to be an error within this statement in the consultation document. "A weighting of 0.8 is currently assigned to projects that have submitted a grid application but have not submitted a planning application for the project." **We feel the weighting for these projects should be zero.**

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?
NIRIG would suggest that the transmission project assessments within the Groups should be based on the MW capacity-weighted average, ordered by date of the connection application.
More information required on how interacting groups will be assessed. It does not seem appropriate that all groups would be processed separately. NIRIG is concerned that there could be significant impacts on connection and costs for groups in the same geographical area based on this order approach.
Also more detail is required on the nodal analysis to be used.

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?
NIRIG agrees with this proposal. This is one of a number of interim proposals that NIRIG support.
FAQ should continue to be allocated on basis of the date-order rules for allocating firm capacity.
NIRIG welcome that the transmission studies and request that they are completed as soon as possible.

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?
In order to speed up the process the offer validity period could be reduced to eight weeks. Interim offers should issue as soon as possible to ensure minimal delay to enduring process

and to ensure offers are accepted or lapsed in advance of enduring process analysis commencing.

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?

NIRIG agree that ten working days is reasonable.

Also an agreed level of refund for all applicants who withdraw after initial node assignment is completed should be agreed in advance to save SO time to determine case by case refund to apply.

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?

NIRIG agree with this statement.

Question 18: Can you suggest any alternatives to ensure that customers are committed to their connection application?

NIRIG has proposed to revert back to requiring planning permission to apply for a grid connection following the necessary licence changes are put in place. This has been successfully proven to ensure customers are committed to their connection application. The current 10% first stage payment to accept offers is also a significant commitment.

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?

The charging of shared assets not included under the clustering policy were being developed under the NIE Project 40 project. NIRIG understood that options were being developed for consultation. This consultation proposes only the per MW option. NIRIG also request that rebate policy is developed as part of an overall review of charging policy.

In principle NIRIG would support the per MW approach for allocating shared asset costs but strongly disagree with the requirement to fully bond shared asset costs at offer execution. NIRIG would request that options, which allow the bond to be provided at a later date, such as at pre-construction, should be considered, commensurate with NIE/SONI's commitment to provide the network infrastructure.

Fundamentally a generator cannot be asked to sign up to a commitment to an entire nodal cost. The proposed approach of requiring a generator to accept a connection offer with a liability capped at the entire nodal cost is a showstopper for generation connection, and is not viable for a generator to accept an offer on that basis, or provide bonding to that level. 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

NIRIG also request that information on other subgroup members should be made available. If required, all subgroup members can be polled for agreement before information is shared (on the connection application form for example). We feel that our members would agree to such a request.

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?

NIRIG would support proposal A. Compared with proposal B. Proposal A is consistent with the previous decision on the allocation of FAQ. This is on the basis that the bonding

requirements proposed on offer acceptance are removed. Without FAQ information available, applicants will struggle to accept offers because of difficulty securing the finance.

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 any offers to be issued under one of the interim arrangements, considering the time constraints, it is reasonable that these offers will be issued without FAQ information. If offers are issued under the batch process then FAQ and ATR information should be provided along with the connection offer, subject to the decision on Question 20.

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?

As per Question 21, for the interim arrangements GOR information would not be expected to be provided due to time constraints. Considering the potential for increased constraints, GOR information should be provided for all offers issued under the batch process.

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?

Depending on the decision on Question 20, it may be the case that an application will not automatically be provided with FAQ and ATR information. As per Question 22 GOR information should be provided for all offer issued under the batch process.

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?

Deposit payment upon acceptance of offer and staged payments required to keep NIE/SONI cash positive to continue connection works are normally sufficient to test developer commitment. NIRIG is very concerned that the additional requirement for a Connection Charge Bond and Capacity Bond will make it unviable for any developer to accept connection offers. The requirements of these bonds later in the connection process should be considered. The capacity bond should only be required after the project's associated ATRs have achieved regulatory approval.

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?

NIRIG proposed approach is to have planning permission required prior to applying for a grid connection. It is understood this would require a licence change to implement. It is unclear why the proposals being considered for post offer acceptance milestones would not also require licence changes. Timeline for securing planning permission is outside the control of developers and therefore this would need to be carefully considered. If a timeframe is required post offer acceptance to have planning permission one year is probably reasonable, assuming this has been flagged early in the connection offer process, also extensions of this should be possible on application if project is appealed / delayed in the planning process.

Question 26: Do you believe that the outcome of the OFGEM milestone consultation in GB should be applied in Northern Ireland without further consultation?

No, that would not be appropriate as the factors that affect projects in Northern Ireland, including system operator policies and the regulatory regime, are different.

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