



Gaelectric Holdings Ltd.

Response Paper to:

**Consultation Paper on consenting requirements in advance
of application for offshore generation connections**

Gaelectric Holdings Limited Response

02/05/2014

Public

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Document Details

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1 INTRODUCTION

Gaelectric Holdings Ltd ("Gaelectric") welcomes the opportunity to respond to the consultation paper on consenting requirements in advance of application for offshore generation connections. Gaelectric support the endeavours of both SONI and NIE in this consultation and welcome their clarification on the area of connections and consenting requirements.

Gaelectric Holdings Ltd is responding to this consultation with consideration to the development of the Gaelectric Energy Storage Ltd and Gaelectric Holdings Ltd business units.

Gaelectric Energy Storage is currently developing a Compressed Air Energy Storage project ("Project CAES Larne, NI") in Larne, Northern Ireland. The project has been designated a Project of Common Interest by the European Commission, and will submit a planning application in summer 2014 for the facility. Project CAES Larne, NI has previously been the subject of a consultation led by SONI and NIE with respect to the allocation of FAQ in Northern Ireland & ITC methodology, where the following was determined;

"SONI and NIE believe it is important for CAES to have access to the NI generation listing and ITC model. As this is a unique situation SONI and NIE feel that it is reasonable for CAES to apply for Grid Connection as the Mineral Prospecting Licence provides the required level of assurance that the project will proceed."

Gaelectric Developments Limited, since its establishment in 2004, has demonstrated its ability to create and develop out an extensive portfolio of renewable energy projects in multiple markets. Our interest within the Irish and UK markets includes a portfolio in excess of 120MW of onshore wind. Currently GDL manage approximately 18MW of wind in operation, 45MW in construction and a further 50MW in various stages of permitting and development.

2 CONSULTATION RESPONSE

As indicated, Gaelectric supports the endeavours of SONI and NIE in this consultation. Of utmost importance in the current investment climate is stability in the regulatory framework, and our response is primarily premised on the need to create and maintain a stable and investable framework for development and operation of both onshore and offshore facilities.

In this context we highlight the importance of maintaining the status quo for generators who are in the NI Generation Listing as a result of the SONI and NIE decision in July 2013. We strongly oppose retrospective changes which may impact upon the investment structures being put in place as a result of this decision and the priority subsequently achieved by all facilities in Northern Ireland who have dealt within the confines of said process.

In respect of the requirement/obligation for facilities to have achieved planning permission or appropriate consents in order to have an application to connect accepted by the TSO/DSO, Gaelectric supports the use of appropriate consents and identification by the TSO/DSO of significant commitment by the applicant to deliver its project, thus allowing the applicant to progress its project

with further certainty. We believe that continuing on this basis supports a transparent and stable framework and importantly mitigates against speculative applications for projects which are unlikely to be further developed in the near term or have not proven commitment on the part of the leading developer.

Gaelectric has invested significant resources in the area of site identification and planning expertise in order to identify and develop high performing projects which we are committed to commissioning. Our investments in the development phase of projects up to receipt of planning permission are made on the basis that the path to achieving a grid connection is clear, transparent and non-discriminatory. We believe the process that is in place currently, whilst requiring a considerable financial commitment on behalf of the developer, protects smaller scale developers who may not have the resources to make early speculation on projects in order to secure capacity on the system, ensuring added viability of the project.

Furthermore we believe that moving away from the structure in place presently will potentially result in a further decline of the rate of build-out for projects, given the hoarding of capacity which is highly likely under a revised structure. Given the substantial challenges for Northern Ireland to meet its stated goals of 40% renewables by 2020, this is a move which cannot be supported by the renewables community.

In regard to the specific question posed in the consultation regarding the level of consent required by offshore developments, Gaelectric agree that the level of consent cannot be so high as to become a barrier to entry. Notwithstanding this it is a clear requirement that the relevant consent requires sufficient investment and ensures that future investment into the project will occur under the terms of the consent. This is important with regard to ensuring commitment moving forward.

We believe that in this case an Exclusivity Agreement and an Agreement for Lease from The Crown Estate is sufficient to permit an offshore generator to submit a connection application, provided that the terms of the aforementioned agreements require the demonstration of adequate commitment to the project to that point, and importantly that further commitment is required moving forward to develop the project.

Gaelectric appreciate the opportunity to respond to this consultation on consenting requirements in advance of application for offshore generation connections. Should you have any queries you would like to discuss, please do not hesitate in making contact on the details below.

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