



ESB Generation & Wholesale Markets

Response to:

Generator Connection Process: Allocation of Transmission FAQ in N Ireland &
ITC Methodology to determine FAQs

April 12th 2013

Introduction

ESB Generation and Wholesale Markets (ESB) welcome the opportunity to respond to this joint SONI/NIE consultation. Part One of our response below details our comments on the application queue and process for allocating firm capacity within it. Comments on the assumptions used in the ITC analysis are given in Part Two.

We note that Generator Output Reductions have not been included in this consultation. This issue is of critical importance to developers. We ask that a timetable for the publication of the associated constraint reports is agreed as soon as possible.

Part One: Proposed decision regarding NI generator listing and the allocation of transmission FAQ

3.1 Starting point of allocating FAQs

ESB welcomes and supports the proposals regarding the starting point for the allocation of FAQs.

3.2 Entry to the NI generation listing, 3.3 Order in which applications are assessed in the ITC model

ESB are of the strong view that all applicants, offshore and onshore, should be treated on the same basis in terms of their entry to the connection application process and FAQ allocation queue. It would be entirely inequitable to have different, non equivalent, eligibility criteria for different technology groupings. Such an approach, in itself will select technology winners on the basis of skewed rules rather than economic or environmental merit.

Currently since connection applications for all generator types cannot be made until after planning permission is approved, the use of connection application date would be a fair means by which new projects are assessed under the new ITC and FAQ allocation process. However, were the rules to change so that some technologies were allowed to apply for connection without having achieved planning permission, then the use of connection application date would no longer be a suitable means to determine the order by which applications sit in the queue.

Allowing the 800MW of offshore renewable energy projects entry to the queue for firm access on the basis of the first development rights awarded by The Crown Estate in October 2012, will mean that all other projects in development, but which had not received planning permission as of October 2012 will effectively be leap-frogged by this sizeable amount of capacity. For projects sitting behind this tranche of generation in the queue the prospects of achieving firm access in a reasonable time frame have been entirely diminished. This will stifle development of all further development of onshore generation in NI.

It should be recognised that many of these onshore projects have already spent a number of years in the development phase with investment decisions being taken on the basis that once planning permission is received a grid connection application can be submitted. Submission of a planning application in itself has required significant financial commitment by developers. In addition these projects would reasonably have expected that once they had received their grid connection offers they had a route to market in a reasonable timeframe. This current proposal would dramatically alter this reasonable expectation and seems demonstrably unfair.

As well as having a significant impact on investment incentives for onshore generation, having separate connection application rules and eligibility criteria for firm access for offshore generation, may also lead to single reliance on the offshore generation being realised to meet the systems security and emissions targets. As previously stated this approach selects technology winners. While DETI's "Strategic Energy Framework for Northern Ireland" sets a 40% target for renewable electricity by 2020, it does not introduce specific technology targets. By ensuring a level playing field for both onshore and offshore generation, the market can determine and inform which projects get completed and connected first and this is likely to give the most favourable and competitive outcome in terms of meeting the 2020 renewable targets for Northern Ireland.

The process as suggested, to have different connection application rules for different types of generation, is also at odds with the current arrangements in both Ireland and the rest of the UK. In Ireland onshore and offshore generators are treated the same in the Gate application process and allocation of firm capacity. In GB the "Connect and Manage" principle is applied equally to all generation applications.

The rules regarding "Connection Application Date" should be clear so that projects delayed in terms of their connection application because their connection has moved from original LCTA application to a cluster, are not disadvantaged as a result. The "Connection Application Date" should refer to the first application submission date. Similarly, the date of first application should also stand for projects that submit modifications to their application, or projects that are required to resubmit applications as a result of reassignment of the connection from DSO to TSO or vice versa.

3.4 Same Date Applications

ESB support the proposal to allocate any available capacity on a pro-rata basis when more than one application has been received by the SOs on the same date and that capacity is interchangeable.

3.5 Off-shore generation and CAES generation connection applications

As per previous comments, ESB would not support a process whereby all generators regardless of technology are not treated on a like for like basis.

Notwithstanding this we ask that a process is put in place to allow for small scale (typically <5MW) pre-commercial, demonstration projects, to connect to the grid on a fast track basic, in similar type arrangements as are in place in Ireland (as per CER/09/099).

Part Two: Assumptions of ITC analysis

4.1 Time Horizon

ESB accept that current industry arrangements mean that the required network planning data is only available for a future span of seven years and that this limits the ITC analysis time horizon to this seven year period. However, projects that do not receive a full FAQ within this timeline will have no insight into when they will achieve full firm capacity rights. We request that efforts are made to extend this timeline.

4.2 Transmission Reinforcements, 4.8 Provision of data on FAQ

ESB support the proposals to provide developers details of the deep works required for firm access to be awarded and the timelines associated with these works. Developers should also be informed as a matter of course if there are any changes to the transmission works required, e.g. due to network re-optimisation. Once the works have been completed and the generator has been awarded firm access the Market Operator should also be notified automatically.

4.3 All Island ITC model

ESB support the development of a harmonised all-island approach to connection processes and ITC analysis. We note that the introduction of separate rules regarding the connection process for different generation technologies in Northern Ireland would increase the differences between the process in Ireland.

4.5 Threshold for assessing FAQs

ESB support the proposal to undertake an impact analysis on the threshold level for assessing and allocating FAQs to distribution connections.

4.6 Temporary Firm Access

ESB does not support the proposal not to allow temporary access on the basis that it would be difficult to implement. Temporary access to the network is allowed in Ireland and a similar process could be put in place for NI. Facilitation of temporary connections allows the network to be used as optimally as possible.

4.7 Special Protection Schemes

ESB support the use of any appropriate methods which can allow increased access to the network.