

Response to CRU/17/309: Enduring Connection Policy Stage 1 (ECP-1)

Submission: By email to Electricityconnectionpolicy@cru.ie on 15th December 2017.

With reference to consultation documents issued by CRU at:
https://www.cru.ie/document_group/electricity-connection-policy/

This includes CRU17309 and also CRU 17310

To: Commission for Regulation of Utilities
From: Irish Bioenergy Association (IrBEA)
E-mail: IrBEA CEO - gerdevlin@irbea.org
15th December 2017

Re: Enduring Connection Policy Stage 1 (ECP-1)

About the Irish Bioenergy Association

IrBEA is an industry association with over 200+ members representing the bioenergy industry on the island of Ireland. IrBEA seeks to increase understanding of issues related to biomass supply chains used to generate energy in the form of heat, electricity and transport. The main objectives of the association are to influence policy makers, to promote the development of bioenergy, and to promote the interests of its members. Improving public awareness, networking and information sharing, and liaising with similar interest groups are other key areas of work in promoting biomass as an environmentally, economically and socially sustainable energy resource. Overall direction is provided by the CEO together with the President and Vice President who work closely with the management committee which comprises 15 members from all parts of the bioenergy industry. IrBEA operates a group structure where different parts of the bioenergy industry collaborate on topics such as transport biofuels, wood energy, biogas/AD, domestic biomass fuels, energy crops and biomass power generation. IrBEA is also member of the European Biomass Association (AEBIOM) and the European Biogas Association (EBA).

Summary

The CRU is proposing far-reaching measures which will potentially affect all forms of export generator connection offers > 11kW. The Irish Bioenergy Association (IrBEA) supports and accepts the need to implement changes to the connection offer process and welcomes the proposed revisions.

While the proposed gates under ECP-1 is a welcome and necessary step, IrBEA is of the opinion that the System Operators (SOs) are proposing substantial changes which go beyond the requirement of ECP-1. In particular the dramatic increase in application fees and the shared bonding requirements are very onerous and represent barriers to the further development of renewable energy. The fee increases are over 2000% in some instances and will effectively prohibit many future applications. These matters should not be progressed together with ECP-1 but should rather be the subject of separate consultation processes.

The proposed ECP-1 makes no distinction between generation technology types. National and EU energy policy priorities are supportive of a path towards decarbonisation, and the desire to treat all connection applications on an equal footing without regard to national and EU policy priorities is difficult to understand. Renewable generator should be given priority access for grid connections.

The SOs should not be permitted to retain a €7000 application fee indefinitely for a project that is not progressed under ECP-1. The fee should be retained against future batches, or returned in full.

The potential misalignment between renewable supports (e.g. RESS auction) and grid connectivity has not been sufficiently considered. It is likely that there could be a 2 year gap between auction rounds. It is to be expected (by design) that some projects who present in one auction will fail and participate in subsequent auctions. A connection offer should not be terminated in this circumstance by the SO, rather put the connection on hold and facilitate the applicant to apply for a subsequent RESS auction round.

The capacity of the SOs to process a batch in a timely fashion is very conservative. There should be no need for applicant number caps in addition to MW caps. All projects up to the quota should be processed well within a year, rather than the 16 months suggested, and additional resources or further outsourcing used to meet this need. A shift towards a more customer-focussed strategy is required by the SO's. Rather than focussing on internal limitations, the SO's should be developing processes that respond to customer needs, and the CRU should direct the SO's accordingly.

In the absence of a simplified microgeneration connection path, the small-scale non-GPA path proposed will be very quickly taken up by smaller scale solar PV. IrBEA recommends a minimum application size of 50kW under ECP1 and to restrict the non-GPA path to sites with >50% onsite consumption. Further clarity is required in the definition of autoproduction to ensure priority is given to generators with more onsite consumption than export.

The overall approach to require planning prior to grid connectivity is very positive. IrBEA notes that projects not requiring planning permission have also been considered. IrBEA has not developed an

alternate solution, but the current proposal that projects with the quickest planning expiry are prioritised has negative consequences and does not have any rational basis.

The rationale for allowing DS3 and non-DS3 connections within the same batch is unclear. It may be prudent to run DS3 connections through a standalone batch, to allow RES-E generators to determine the likely impact of DS3 connections on RES-E batch processing. Due to the pressing requirement and clear policy priority attached to DS3, this could be run on a much tighter time frame, with very short deadlines for offer issue and acceptance.

Table of Contents

1	Introduction & Background.....	5
1.1	Format of IrBEA Response.....	5
2	Prioritisation of Renewable Energy Connections	5
3	Connection Application Fees.....	6
3.1	Fee Processing Rules	7
4	Link between Renewable Supports and Offer Process.....	8
5	Processing Time and Volume of Applications	8
6	Small Scale /Autoproducer Projects – non GPA quota	9
7	Shared Bonding Requirement	10
8	Planning Permission Criteria	10
9	Allocation for DS3 System Services	11

1 Introduction & Background

The Irish Bioenergy Association (IrBEA) supports and accepts the need to implement changes to the connection offer process and welcomes the proposed revisions. The CRU is proposing far-reaching measures which will potentially affect all forms of export generator connection offers > 11kW.

While the proposed gates under ECP-1 is a welcome and necessary step, IrBEA is of the opinion that the System Operators (SOs) are proposing substantial changes which go beyond the requirement of ECP-1. In particular the dramatic increase in application fees and the shared bonding requirements are very onerous and represent barriers to the further development of renewable energy. These should not be progressed together with ECP-1.

1.1 Format of IrBEA Response

A draft response was prepared and circulated to over 180 members of IrBEA for approval and feedback prior to submission of a final response to the CRU. The consultation process was also advised to IrBEA members via weekly newsletter.

The document presents a coherent view from across the bioenergy industry of the key principles and impact of proposed policy changes on their activities.

2 Prioritisation of Renewable Energy Connections

The proposed ECP-1 makes no distinction between generation technology types (it does however prioritise systems with DS3 capability). This is not in keeping with the current Renewable Energy Directive (Directive 2009/28/EC) which clearly states in Article 16 that: “Member States shall also provide for either priority access or guaranteed access to the grid-system of electricity produced from renewable energy sources”.

The prospect of a single baseload fossil fuel plant (or even a nuclear power plant) dominating the gate is not in keeping with energy policy priorities or the current identified system needs as projected by Eirgrid. To prevent this unintended outcome a 100MW single project cap should be put in place.

All Eirgrid scenarios are planning for increased levels of renewable connection, rather than fossil thermal plant, so why should connection policy give equal priority to fossil-fuel plants?

National and EU energy policy priorities are supportive of a path towards decarbonisation, and the desire to treat all connection applications on an equal footing without regard to national and EU policy priorities is difficult to understand. Renewable generator should be given priority access for grid connections.

3 Connection Application Fees

One of the most concerning aspects of the ECP-1 proposal is the dramatic increase in connection application fees.

IrBEA does not feel that the CRU17309 consultation is the appropriate framework to bring in substantive changes to the application fees and recommends that the existing framework continue. Should the SO's be minded towards changing the application fees this should be subject to a separate CRU consultation due to the very significant impact of fee changes and the negative consumer impact of the proposed dramatic increase.

The CRU has only just approved generator connection fees for the period 1/10/17 to 30/9/18¹ as shown in Table 1. It is worth noting that these fees are approved annually incorporating indexation.

The suggested fees in CRU17310 (Table 2) are dramatically increased over and above present levels. They have an extremely negative financial impact on generation projects.

Some examples of typical DSO projects (with shallow works):

- 500 kW biogas engine, was €1,557, now €33,842 (2000% increase)
- 5MW biomass CHP plant, was €27,276, now €67,557 (148% increase)

The fees bear no relation to the workload of processing them. The rather arbitrary justification put forth in CRU17310 is that the DSO and TSO fees should be aligned.

In the UK, a large part of the connection application assessment is deregulated or 'contestable' – i.e. it is possible for an independent engineering firm to carry out the required studies which might previously be completed exclusively by the SO. At the extreme fee levels proposed this has to be an option worth considering by the CRU. It would also support improved efficiency and decrease the processing time for each application which is excessive at present.

Table 1: CRU-approved connection application charges 2017-2018

MEC	Shallow works required	No shallow works required
0 ≤ 11kW	0	0
> 11kW ≤ 50kW	€763	€763
> 50 kW ≤ 500kW	€1,557	€1,557
> 500kW ≤ 4MW	€8,841	€8,514
> 4MW ≤ 10MW	€27,276	€22,859
> 10MW ≤ 30MW	€52,831	€32,639
> 30MW ≤ 50MW	€61,565	€36,591
> 50MW ≤ 100MW	€73,836	€39,454
> 100MW	€86,426	€42,878

¹ Schedule of Generator Application and Modification Charges https://esbnetworks.ie/docs/default-source/publications/schedule_of-approved_application_and_modification_charges_2017.pdf

Table 2: Suggested connection application fees in CRU17310

	A	B	C
MIC & MEC Capacity Ranges	Demand Capacity (MIC)	Generation Capacity (MEC)	Shallow Works (If required)
0 ≤ 11 kW	NA	€0	€0
> 11kW ≤ 50 kW	NA	€763	€763
>50kW ≤250kW	NA	€1,557	€1,557
>250 kW ≤ 4 MW	€12,468	€14,257	€19,585
> 4 MW ≤ 20 MW	€21,558	€33,060	€34,497
> 20 MW ≤ 100MW	€35,438	€47,485	€39,528
> 100MW	€48,527	€50,858	€44,971
Demand only: Fee = A _{MIC} + C _{MIC} – D			
Generation only: Fee = B _{MEC} + C _{MEC} – D			

3.1 Fee Processing Rules

The rulesets indicate that “The initial application fee is non-refundable and will not be used as the application fee for the participation in any future batches”.

An applicant who is not accepted into ECP-1 should have the option of having their application and initial fee (usually €7,000) returned to them, or retaining the application on file with the relevant RCD (Received Complete Date) for participation in future batches.

It is not acceptable that the SO would retain these monies, particularly where applicants are above the ECP-1 threshold and the SO does not even have to check or otherwise further process the application.

4 Link between Renewable Supports and Offer Process

It is a concern that the Renewable Electricity Support Scheme (RESS)² policy being developed by DCCAE is in conflict with the proposed ECP-1 process.

DCCAE are seeking competitive auctions. In order to have competitive auctions there is an expectation that the auctions will be oversubscribed (i.e. there will be winning and losing bids). An auction cover ratio of 1.5X bid volume to awarded volume would not be an unusual requirement based on international experience.

A signed grid connection agreement is a pre-requisite to participate in the proposed auction, and it is practically impossible to achieve the stated objective of only giving “build-ready” projects connection offers under ECP-1.

It is likely that there could be a 2 year gap between auction rounds. It is to be expected (by design) that some projects who present in one auction will fail participate in subsequent auctions.

The treatment of such applicants under ECP-1 needs to be considered. A connection offer should not be terminated in this circumstance by the SO, rather put the connection on hold and facilitate the applicant to apply for a subsequent RESS auction round.

The proposals to reduce the long stop dates (from 36 months to 24 months) are not aligned with the expected multi-year auction scheduling. It would in fact be more appropriate to increase long stop dates from 36 months to 48 months.

5 Processing Time and Volume of Applications

There is a cap of 50 projects suggested for ECP-1 and a cap of 30 projects for the non-GPA small scale projects. To allow a highly conservative processing capacity (80 projects in total) within the SOs to accept applications to effectively determine the outcome of the ECP-1 is not an appropriate way to define a gate. The optimisation of the physical network, rather than the administrative processes of the SO's should be the overriding constraint that all stakeholders are working towards. The SOs should be in a position to accept applications up to the MW quota regardless of whether that comes through 2 applications or 200. To do otherwise would discriminate against smaller scale applications.

The proposed ruleset suggests a minimum 16 month timeline between gates to allow the SOs to process. This is too long, it should take in the worst case scenario 1 year from application for the SOs to issue the last offers under ECP-1.

Experience to-date for non-GPA applicants is that the 90 business day commitment for processing an application has very rarely been met.

The resourcing of the SO teams in relation to processing applications must be reconsidered. Additional outsourcing of tasks, as is already done from ESNB to ESB International should be considered. A shift towards a more customer-focussed strategy is required by the SO's. Rather than

² <https://www.dccae.gov.ie/en-ie/energy/consultations/Pages/Renewable-Electricity-Support-Scheme-Design-Consultation.aspx>

focussing on internal limitations, the SO's should be developing processes that respond to customer needs, and the CRU should direct the SO's accordingly.

6 Small Scale /Autoproducer Projects – non GPA quota

A new category for small-scale, autoproduction or trial projects is proposed which could be processed outside ECP-1 (i.e. non-GPA or non-gate). The proposal is to cap this at 50MW per year, or 30 applications. The proposal is that small scale applications would be up to 250kW, trial projects up to 500kW and no defined size for autoproducers. It can be expected that 30 small scale projects could emerge very rapidly, in particular from rooftop solar installations.

Due to the rapid and flexible potential deployment of rooftop solar, this leaves very limited opportunities for other technologies, particularly autoproduction projects that are tied to a particular resource and site, and inevitably take some time to develop.

The justification that the 250kW size for small projects is based on the non-GPA applications prior to the emergence of solar is not valid. The reality is that solar has emerged as a technology option and the likelihood of solar swamping the non-GPA quota is very high.

By the same token the 250kW threshold for small projects, while it may be too high for solar, it would not reflect the typical commercial biogas engine installation. This has historically been 500kW or higher and the viable commercial scale of operation is not likely to reduce over the coming years.

A compromise here is perhaps to restrict the non-GPA route to autoproduction sites, and to have a minimum scale of application, pending a fit-for-purpose solution for larger volumes of microgeneration to access the grid. This should be defined by the emerging microgeneration threshold, but an initial restriction to 50 kW and above may be appropriate.

An autoproducer is defined as follows in CER/02/37³:

“For the purpose of this direction, an Autoproducer shall be a natural or legal person who consumes and generates electricity in a Single Premises, where such generation is essentially for its own use in that Single Premises.”

Where “Single Premises” is: As defined in the Electricity Regulation Act, 1999 means one or more buildings or structures, occupied and used by a person, where each building or structure is adjacent to, or contiguous with, the other building or structure.

The definition of “essentially” is unclear. Presumably if all of the electricity is consumed onsite then no export connection is required and the simplified connection process to synchronise with the grid would apply.

The definition of autoproduction is ambiguous and further guidance is required to ensure the priority is given to generators that consume more onsite than they export. In this regard, IrBEA recommends that a ceiling of 49.9% of annual export be applied to allow a unit to be classed as an

³ <https://www.cru.ie/wp-content/uploads/2002/07/cer0237-1.pdf> :

autoproducer, to ensure that a premises is consuming the majority of power on-site (note this may already be defined in separate SO rulesets or CRU directions).

In the absence of a simplified microgeneration connection path, the small-scale non-GPA path proposed will be very quickly taken up by smaller scale solar PV. IrBEA recommends a minimum application size of 50kW under ECP1 and to restrict this path to sites with >50% onsite consumption.

7 Shared Bonding Requirement

The proposed shared bonding measure has the potential to place penal bond requirements on projects at an early stage of delivery. There is an existing ruleset in place for processing Gate3, and it is not necessary at this time to bring in this additional measure under ECP-1.

IrBEA does not feel that the CRU17309 consultation is the appropriate framework to bring in shared bonding and recommends that the existing framework continue. Should the SO's be minded to review the matter this should be subject to a separate CRU consultation due to the very significant impact of the proposed change.

The uncertainty around shared bonding costs and reconfiguration of grouped connections makes costs unpredictable and will ultimately prevent renewable electricity projects from bidding efficiently into a RES-E auction.

8 Planning Permission Criteria

The overall approach to require planning prior to grid connectivity is very positive. IrBEA is pleased to note that projects not requiring planning permission have also been considered.

The proposed approach is to group projects by quarter of expiry of planning, and provided there is minimum one year left to planning expiry, the projects with soonest planning expiry will be prioritised.

This in most instances favours projects that are out-dated and does not necessarily give grid to the most 'build-ready' or lowest cost projects. The technical and commercial assumptions made are more likely to be out of date than a more recent planning-consented project.

IrBEA suggests that an alternate approach for prioritisation needs to be developed. IrBEA has not developed an alternate solution, but the current proposal that projects with the quickest planning expiry are prioritised has negative consequences and does not have any rational basis.

There are many uncertainties surrounding this, which include:

- Variation among applicants as to whether they apply for 5 or 10 years
- Variation (and ambiguity) among local authorities as to whether grant is for 5 or 10 years
- Uncertainty around extensions of duration

If the proposal is implemented, it is unclear why the quarter of planning expiry is used rather than the actual date.

Concerning the cut-off point, IrBEA recommends that all projects meeting the planning criteria within the application window should be allowed apply, and to apply different retrospective dates would be an unnecessary restriction to new applicants.

9 Allocation for DS3 System Services

From a bioenergy perspective, there is no great justification or need to provide favourable connection conditions to DS3 projects although IrBEA recognise that DS3 projects will be required to support the achievement of the 2020 RES-E targets and longer-term growth of renewable electricity generation capacity.

It would however be prejudicial to the development of rural, decentralised bioenergy projects if DS3 projects are given capacity on the DSO system to the exclusion of bioenergy projects.

The justification for 400 MW of DS3 projects has not been sufficiently set out within the consultation documents. To allow DS3 projects then also to compete for the remaining 600MW is unjustified and unwarranted.

The rationale for allowing DS3 and non-DS3 connections within the same batch is unclear. It may be prudent to run DS3 connections through a standalone batch, to allow RES-E generators to determine the likely impact of DS3 connections on RES-E batch processing. Due to the pressing requirement and clear policy priority attached to DS3, this could be run on a much tighter time frame, with very short deadlines for offer issue and acceptance.