



Commission for Energy Regulation

An Coimisiún um Rialáil Fuinnimh

Review of Connection and Grid Access Policy: Initial Thinking & Proposed Transitional Arrangements

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Executive Summary

Under section 34 of the Electricity Regulation Act 1999 (as amended), the CER may give directions to the Transmission System Operator¹ (TSO) and Distribution System Operator² (DSO) for the terms and conditions of access to the distribution and transmission system. Specifically section 34(2)(c) provides that directions given by the CER to the TSO or DSO may outline *“the terms and conditions upon which an offer for connection to the transmission or distribution system is made”*.

Existing CER policy for connection to the electricity network in Ireland is captured under two broad policy approaches: the Group Processing Approach (GPA) and the Non Group Processing Approach. The non GPA approach relates to the processing of connection offers for small, renewable and low carbon generators that fulfil public interest criteria. Under the GPA, offers for connection to the electricity network have been issued in batches called ‘Gates’ by the System Operators, ESB Networks and EirGrid, following connection policy decisions by the CER. Eligibility for inclusion in a Gate has been based on criteria set out by CER in its decisions on each of the three Gates to date, Gate 1 in 2004, Gate 2 in 2006 and Gate 3 in 2008 and 2009. The CER is now reviewing existing connection policy to ensure it is fit for purpose for future requirements.

This Consultation Paper represents the CER’s initial step in the development and implementation of an integrated and enduring connection policy for the electricity system in Ireland (the ‘Enduring Connection Policy’) which will succeed the existing connection policy.

Part 1 of the Paper sets out the CER **initial thinking** on:

- the policy **objective** of the Enduring Connection Policy;
- the **principles** which should underpin the Enduring Connection Policy;
- the **high level approach/process** to connection under the Enduring Connection Policy which best enables the policy objective to be achieved in accordance with identified principles;
- the key strategic issues which may need to be considered when determining the **appropriate connection criteria** under the high level approach/process.

The CER’s policy objective for connection and grid access is to provide a fair opportunity for generation to receive offers of connection to the network taking account of system needs, efficiency, national policy and the consumer interest. Accordingly, the policy will be fair, non-discriminatory and promote efficient use of the existing network. This in turn should reduce the end-user cost of the network and facilitating competition in the wholesale energy market, thereby reducing energy prices.

¹ EirGrid is licenced as TSO under Section 14 of the Electricity Regulation Act, 1999

² ESB Networks is licenced as DSO under Section 14 of the Electricity Regulation Act, 1999

The CER proposes to maintain the GPA for the enduring policy but proposes more frequent batching and processing of applications. This approach will allow for a more flexible policy that enables the achievement of the overall policy objective for connection and grid access and which can be tailored to better reflect the needs and development of the network over time. In particular the CER considers that the approach taken for Gate 3 may no longer be appropriate and that subsequent gates may need to be smaller, more frequent, and not focused on a specific technology type.

This Paper requests views on whether connection policy should:

- Facilitate the mix of generation, technology, and provision of system services required for a safe and secure operation of the system;
- Prioritise projects which make the most efficient use of the existing network;
- Encourage large demand connections to make efficient use of the existing network;
- Include planning permission as a criteria for offer issuance; and
- Include projects currently processed under the non-GPA process in the GPA process.

Stakeholder responses to the initial thinking set out in Part 1 of the Paper will be reviewed and will frame the discussion in a further consultation paper on the Enduring Connection Policy in late Q1/early Q2 2016 which will focus more on proposals for consultation. Setting out, and consulting upon, the CER's initial thinking now will enable stakeholders to have a greater input into that 2016 Consultation Paper.

Part 2 of this Paper proposes a limited number of policy measures in 2016 to assist the transition from the existing connection policy towards the Enduring Connection Policy. The proposed transitional arrangements are:

- The refunding of first stage payments to those projects that will not progress and agree to release their capacity;
- Permitting existing units to increase their capacity, under certain circumstances; and
- Providing offers to providers of system services that take part in the DS3 System Services procurement process.

It is proposed that applications under the transitional arrangements be accepted up to the 30th June 2016, and then processed as a group to ensure an efficient assessment and offer process.

Stakeholder responses to Part 2 of the Paper will be reviewed and considered by the CER prior to the CER making a decision on those matters in early 2016.

Table of Contents

1	Introduction	1
1.1	The Commission for Energy Regulation	1
1.2	Legislative Context	1
1.3	Purpose of this Paper	2
1.4	Structure of this Paper	3
1.5	Related Documents	3
1.6	Responding to this Paper	3

PART 1: INITIAL THINKING ON ENDURING CONNECTION POLICY

2	Review of Existing Connection Policy	5
2.1	Group Processing	5
2.2	Non-Group Processing Approach	8

3	Enduring Connection Policy: Objective, Principles and Approach	10
3.1	Enduring Connection Policy Objective and Underlying Principles	10
3.2	Enduring Connection Policy: High level Approach	11

4	Enduring Connection Policy: Key Policy Drivers to Determining Appropriate Connection Criteria	13
4.1	Renewable Targets	13
4.2	Interconnection, Demand and Generation Forecasts	14
4.3	Treatment of Non-GPA Applications	15
4.4	Connection and Access Considerations	16
4.5	Conclusions	20

PART 2: TRANSITIONAL ARRANGEMENTS

5	Proposed Transitional Arrangements	22
5.1	Release of Existing Capacity	22
5.2	Existing Connections	23
5.3	Units seeking to provide System Services required by the TSO	24

PART 3: SUMMARY AND NEXT STEPS

6	Summary and Next Steps	27
6.1	Summary Overview	27
6.2	Next Steps	28

1 Introduction

1.1 The Commission for Energy Regulation

The Commission for Energy Regulation (CER) is Ireland's independent energy and water regulator. The CER was established in 1999 and now has a wide range of economic, customer protection and safety responsibilities in energy. The CER is also the regulator of Ireland's public water and wastewater system.

The CER's primary economic responsibilities in energy cover electricity generation, electricity and gas networks, and electricity and gas supply activities. The overall aim of the CER's economic role is to protect the interests of energy customers. The CER has an important related function in customer protection by resolving complaints that customers have with energy companies.

The CER's core focus in safety is to protect lives and property across a range of areas in the energy sector. This includes safety regulation of electrical contractors, gas installers and gas pipelines. In addition the CER is the safety regulator of upstream petroleum safety extraction and exploration activities, including on-shore and off-shore gas and oil.

In 2014 the CER was appointed as Ireland's economic regulator of the Irish public water and wastewater sector. The CER's role is to protect the interests of water customers, ensure water services are delivered in a safe, secure and sustainable manner and that Irish Water operates in an economic and efficient manner.

Further information on the CER's role and relevant legislation can be found on the CER's website at www.cer.ie

1.2 Legislative Context

The CER may give directions to the Transmission System Operator³ (TSO) and Distribution System Operator⁴ (DSO) under Section 34 of the Electricity Regulation Act, 1999 (as amended), ("the Act"), for the terms and conditions of access to the distribution and transmission system. Specifically section 34(2)(c) provides that directions given by the CER to the TSO or DSO may outline *"the terms and conditions upon which an offer for connection to the transmission or distribution system is made"*.

The CER has a duty to monitor security of supply under Section 28 of the Statutory Instrument (SI) 60 of 2005. It is also a function under Section 9(4)(b) of the Act to secure that all reasonable demands of final customers for electricity are satisfied. To this end, the CER is empowered under SI 60 of 2005 to "take such measures as necessary to protect security of supply". The CER therefore views its statutory responsibilities in relation to security of supply to be of paramount importance, including in relation to any decision it makes on this subject.

³ EirGrid is licenced as TSO under Section 14 of the Electricity Regulation Act, 1999

⁴ ESB Networks is licenced as DSO under Section 14 of the Electricity Regulation Act, 1999

More generally, pursuant to Section 9 of the Act, the CER has a responsibility not to discriminate unfairly between relevant stakeholders, to protect the interests of final customers, to promote competition, to promote efficiency and to promote the use of renewable, sustainable or alternative forms of energy. The CER also has a duty to take account of protection of the environment in carrying out its functions. The CER is very mindful of these responsibilities in relation to decisions it makes on connection policy issues.

Furthermore, the CER is cognisant of the requirements of European legislation related to the internal market in energy, including Directive 72/2009/EC, Regulation 714/2009, and the EU Network Codes.

1.3 Purpose of this Paper

This Paper has two purposes.

Firstly the Paper represents the initial step in the development and implementation of an integrated and enduring connection policy for the electricity system in Ireland (the 'Enduring Connection Policy'). Part 1 of the Paper sets out the CER **initial thinking** on:

- the policy **objective** of the Enduring Connection Policy;
- the **principles** which should underpin the Enduring Connection Policy;
- the **high level approach/process** to connection under the Enduring Connection Policy which best enables the policy objective to be achieved in accordance with identified principles;
- the key strategic issues which may need to be considered when determining the **appropriate connection criteria** under the high level approach/process.

This initial thinking is based the CER's review and consideration of the evolution and outcome of existing connection policy in Ireland since the introduction of the Group Processing Approach in 2004 (which sets the context for this Paper). Stakeholder responses to the initial thinking set out in Part 1 of the Paper will be reviewed and will frame the discussion in a further consultation paper on the Enduring Connection Policy in Q1 2016 which will focus more on proposals for consultation. Setting out, and consulting upon, the CER's initial thinking now will enable stakeholders to have a greater input into that 2016 Consultation Paper.

Secondly, the Paper sets out CER proposals for a limited number of policy measures in 2016 to assist the transition from the existing connection policy towards the Enduring Connection Policy. This is reflected in Part 2 of the Paper (Transitional Arrangements). Stakeholder responses to Part 2 of the Paper will be reviewed and considered by the CER prior to the CER making a decision on those matters in early 2016. This will be in advance of the development and implementation of the Enduring Connection Policy.

1.4 Structure of this Paper

The Paper is structured into 3 Parts.

Part 1 of the Paper (*Initial Thinking on a new Enduring Connection Policy*) includes the following sections:

- Section 2 outlines the CER review of the existing connection policy;
- Section 3 sets out the CER's initial thinking on the appropriate objective, principles and high level approach for the Enduring Connection Policy;
- Section 4 discusses a range of key issues which may need to be considered when determining the appropriate connection criteria.

Part 2 of the Paper (*Transitional Arrangements*) sets out the CER proposals for consultation on a limited number of policy measures in 2016 to assist the transition from the existing connection policy towards the Enduring Connection Policy (section 5).

Part 3 of the Paper (*Summary and Next Steps*) briefly summarises the key elements of the Paper and the next steps (section 6).

1.5 Related Documents

- [CER/05/049](#) Group Processing Approach for Renewable Generator Connection Applications – Connection and Pricing Rules
- [CER/08/260](#) Criteria for Gate 3 Renewable Generator Offers & Related Matters
- [CER/09/191](#) Direction on Conventional Offer Issuance Criteria and Matters Related to Gate 3
- [CER/09/099](#) Treatment of Small, Renewable and Low Carbon Generators outside the Group Processing Approach

1.6 Responding to this Paper

Responses to the proposals set out in this Paper should be sent by **17.00 Friday 29th January 2016**. Responses should be sent to Electricityconnectionpolicy@cer.ie

Commission for Energy Regulation
The Exchange,
Belgard Square North
Tallaght
Dublin 24

Please note it is the CER's intention to publish all responses, therefore confidential information should be marked clearly as such and where possible placed in a separate annex to the response.

PART 1:

Initial Thinking on Enduring Connection Policy

2 Review of Existing Connection Policy

This section of the Paper discusses the evolution and outcome of existing connection policy in Ireland and sets the context for the CER's initial thinking on the Enduring Connection Policy (as discussed in sections 3 and 4).

Specifically this section examines the two main elements of existing connection policy: the Group Processing Approach in place since 2004 (section 2.1) and the non-Group Processing Approach in place since 2009 (section 2.2).

2.1 Group Processing

2.1.1 Overview

The availability of firm capacity for generation on the network is a scarce resource with the capacity of projects seeking to connect far outweighing the capacity of grid available, or indeed, all reasonable long term generation adequacy requirement and demand scenarios. Therefore, it is important that a clear direction is given by the CER to the SOs on the criteria upon which they can allocate this scarce resource.

A strategic approach to connection offer processing is currently in operation in Ireland called the Group Processing Approach (GPA). The GPA was introduced by the CER in 2004, in the Direction CER/04/381⁵, to assist, in particular, with the connection of renewables to the Irish grid. Under the GPA approach, offers for connection to the electricity network have been issued in batches called 'Gates' by the System Operators (SOs), ESB Networks and EirGrid, following connection policy decisions by the CER. Eligibility for inclusion in a Gate has been based on criteria set out by CER in its decisions on each of the three Gates to date, Gate 1 in 2004, Gate 2 in 2006 and Gate 3 in 2008 and 2009.

Gate 3 was the third round of connection offers under the GPA, established by the Gate 3 Direction (CER/08/260)⁶. Gate 3 was designed to allow for the issuance of offers to an unprecedented number and volume of renewable projects in order to facilitate the achievement of Ireland's national 2020 renewable electricity (RES-E) targets. The Gate 3 offer and acceptance process concluded in late 2013.⁷ Given that Gate 3 is now known and is progressing into design and development of connections, the CER is of the view that it is now appropriate to consider what type of direction is required to be given by the CER to the SOs for the next Gate process. In the absence of such clearly defined policy, there is currently no mechanism for developers (outside of the non-GPA process) to obtain a connection to the electricity networks. This is discussed further in section 2.1.2.

In CER/09/191, the CER decided that conventional generators seeking a connection to the network would also be processed under the GPA and so offers were issued to a number of

⁵ [CER/04/381](#) Direction on Resuming Connection Offers to Wind Generators. See also [CER/05/049](#) Group Processing Approach for Renewable Generator Connection Applications – Connection and Pricing Rules

⁶ Criteria for Gate 3 Renewable Generator Offers - [CER/08/260](#)

⁷ Five connection offers are currently on hold.

conventional generators in 2011 in parallel with Gate 3 renewable connection offers. This is discussed further in section 2.1.3.

2.1.2 Gate 3

The Gate 3 Direction (CER/08/260)⁸ issued in December 2008 provided for the issuance of connection offers by the SOs to approximately 4,000MW of renewable generation. This Direction set out the criteria under which projects which had applied for a connection offer would be eligible for inclusion in Gate 3 and it also outlined the process by which firm network access would be allocated to projects in Gate 3. Gate 3 was the largest Gate to date. Gate 1 saw 370MW of offers issued to renewable generators while Gate 2 saw offers issued to approximately 1,300MW of renewable generators. The approach taken in Gate 3 after significant consultation was a simple date order of application criterion with inclusion of sufficient generation volume (forecast) in the Gate in order to meet the 40% renewable target by 2020 based on demand projections at the time (2008). The CER outlined its view in CER/08/260 that including applicants in Gate 3 by application date order met the objectives of fairness, simplicity, transparency, timeliness, practicality and facilitation of optimal network development. Approximately 140 renewable connection offers were issued under Gate 3.

Table 1: Gate 3 Project Status Update – 1st September, 2015

DSO Renewable Offers Accepted	TSO Renewable Offers Accepted	Total Renewable Offers Accepted
1,705MW	1,558MW	3,263MW

Error! Reference source not found. above outlines the uptake of Gate 3 offers. It indicates that the uptake of Gate 3 has been very high, with approximately 140 renewable offers accepted, circa 3,300 MW of renewable generation. It is difficult to predict if all of the currently contracted generation will proceed to build and become energised. Some developments may encounter issues with securing finance, securing planning permission or concerns around grid development. However, as the majority of contracted parties have paid first stage payments (which typically amounts to 10% of the total connection cost), it signifies that there was a clear intention amongst the majority of Gate 3 developers to proceed to construction and operation. In order to facilitate successful delivery of Gate 3 subgroups, the CER published a decision (CER/15/098A) on the Implementation of Group Processing – Move to Construction Phase⁹, which provides further clarity, transparency and flexibility to the management of projects and subgroups through the construction phase of delivery, in the form of an approved ruleset.

Notwithstanding this however, it is likely that some contracted projects will not proceed to development in their present form and in some cases may never develop. While these projects having signed their connection agreements and paid their First Stage Payment have

⁸ Gate 3 Direction – [CER/08/260](#)

⁹ [Implementation of Group Processing – Move to Construction Phase](#)

contractual rights for the grid capacity allocated to them, the CER is of the view that it would be preferable if capacity which is not going to be developed, can be “released” back to the Grid for re-allocation as soon as possible. This proposal is discussed in Part 2 of this Paper.

2.1.3 Conventional Generation

The Gate 3 direction on renewables was followed by a decision on the treatment of conventional applications in Gate 3 (CER/09/191). Prior to this, conventional applications were not treated as part of the GPA approach but rather were issued offers by the SOs on an individual basis, following direction from the CER. However, in CER/09/191 the CER made a decision to include conventional applications in Gate 3. It was identified that at that time, circa. 3,400MW of additional conventional capacity was needed to maintain Ireland’s security of supply to 2025.

The decision allowed for a ‘small steps’ approach, whereby it provided for connection offers being issued to circa 1,600MW of conventional generation projects in addition to one interconnector project (approximately 350MW), with remaining conventional applications to be considered at a later stage. The decision included offers for five projects which had already received a non-firm connection offer as well two projects connected on a non-firm/partially firm basis. In addition the first 500MW of applicants with the earliest scheduled transmission firm connection date for their full requested Maximum Export Capacity (MEC), as indicated by the Incremental Transfer Capability (ITC) programme, would be eligible to receive an offer.

At the time of CER/09/191 it was expected that a consultation would take place in 2011 to decide on the criteria for the next phase of conventional offers. This consultation did not take place, due to the delay in Gate 3 and the significant and material changes to demand projections brought about by the economic contraction at that time.

Only two conventional plants, which were processed through CER/09/191, have proceeded to development, to date (Great Island CCGT and Edenderry). However, a number of other conventional projects have signed connection offers, while some others have dropped out of the connection process.

Electricity system demand fell by 6.7% between 2008 and end 2014. While current demand projections as per the Generation Capacity Statement¹⁰ indicate a stabilisation of demand levels, there is not expected to be a significant growth in demand between now and 2025. Indeed with the connection of the Great Island CCGT in 2015, there is a significant capacity surplus, both in terms of dispatchable generation (7,487MW¹¹) and total plant (9,598MW) on the system¹². Accordingly the CER is of the view that generation adequacy outlook now, remains significantly different from 2009 when the CER’s most recent direction on conventional plant connection offers was issued and there is currently no direct security of supply driver for the allocation of further capacity to conventional generators.

¹⁰ [Generation Capacity Statement 2015-2024](#)

¹¹ Excluding EWIC

¹² Ibid

However, while capacity margins remain satisfactory, it is important that efficient new plant can enter the Single Electricity Market (SEM) and displace older, less efficient plant in the merit order. In addition to this, it is evident from work carried out by the System Operators (Facilitation of Renewables Studies 2010) and the current DS3 project that the right type of generation capacity, in particular flexible generation capacity, is needed to facilitate an increase in System Non-Synchronous Penetration (SNSP) and to release the benefit of renewable generation for the market. Accordingly, the CER is of the view that connection policy in Ireland now needs to explicitly address the SEM Committee's decisions of DS3 (SEM-13-060 and SEM-14-108) and provide for the issuance of connection offers to plant who meet the appropriate criteria.

In is within the above context that the CER also now considers it appropriate to review the connection policy for conventional generators as part of this overall review in order to facilitate a cohesive process for the allocation of capacity.

2.1.4 GPA Applications Build Up

With connection and access offers closed since 2009 (save for the non-GPA process), a large number¹³ of applications to the SOs for connection to the system has built up. The number of outstanding applications currently results in a total of 25,400MW¹⁴ of capacity seeking to connect to the electricity system. It is not known how many of these applications remain as currently viable projects, how many are speculative and how many simply no longer exist. The CER is of the view that the approach to accepting and processing applications for connection needs to change and it is simply not sustainable to continue to carry and add to the already existing high number of outstanding applications. Accordingly, the CER proposes that only applications received after the date the enduring connection process is established would be processed under the new criteria. While these criteria have not yet been decided upon the CER is not minded to implement a simple date order approach as in the Gate 3 process.

2.2 Non-Group Processing Approach

Under the Group Processing Approach, applicants are grouped under specified criteria. Normally there is a "start and end date" associated with the grouping process e.g. all applicants received between 1st January and 31st March are processed together starting on 1st April. The outcome of GPA is that the shallow connections for individual applicants may be shared with other applicants in what is commonly referred to as Sub Groups. This results in a sharing of connection charges and shallow connection assets between applicants. This approach creates inter-dependencies between applicants in terms of progressing projects and can also feature a re-optimisation of connection methods if a sub group breaks up or changes. The primary advantages of group processing are an overall lower cost of

¹³ Approximately 480

¹⁴ This includes some non-GPA applications currently awaiting processing due to the build-up of non-GPAs at certain nodes

connections and a more efficient network development from a consenting/public interest perspective.

Under a non-GPA approach eligible applications are processed as soon as they are received and connection methods for each non-GPA applicant are designed independently of each other. With a large number of non-GPA applications this can lead to an inefficient network build out however each applicant can proceed independently of other applicants.

In CER/09/099 “Treatment of Small, Renewable and Low Carbon Generators outside the GPA”, (i.e. the non-GPA process), the CER sets out policy for the processing of connection offers for small, renewable and low carbon generators, that fulfil public interest criteria. These generators were specifically processed outside of the GPA due to their characteristics limited impact on the system and the different nature of these projects compared to conventional generation and wind renewable generation. There is approximately 170.89MW of energised non-GPA projects on the distribution system, and a further 210MW of contracted non-GPA. The non-GPA process has been deemed to be largely successful; however a number of issues have arisen around the scale of projects which can be processed through non-GPA and more recently the cumulative impact on the network of a large number of small scale projects, particularly clustering of projects at certain points on the network. The volume of applications received in 2015 is far in excess of that in the previous years, leading to long lead times for non-GPA applicants. Therefore the existing policy may no longer be fit for purpose.

As the non-GPA was developed in 2009, the CER considers it appropriate that a review of the non GPA approach should also be undertaken at this stage in the context of developing an Enduring Connection Policy. While the CER does not wish to restrict network access for smaller scale or innovative projects, it may be appropriate nonetheless to review the type of projects which can be processed outside of the GPA or indeed ensure that greater account is taken of the network impacts (particularly cumulative impacts) of these projects. The non-GPA review will be discussed in further detail in section 4.3.

3 Enduring Connection Policy: Objective, Principles and Approach

Having considered the evolution and outcome of existing connection policy in Ireland set out in section 2, the CER now wishes to begin the process of developing and implementing an integrated and enduring connection policy for the electricity system in Ireland (the 'Enduring Connection Policy').

This section sets out the CER's initial thinking on an appropriate Enduring Connection Policy, specifically:

- the policy **objective** of the Enduring Connection Policy (section 3.1);
- the **principles** which should underpin the Enduring Connection Policy (section 3.2);
- the **high level approach/process** to connection under the Enduring Connection Policy which best enables the policy objective to be achieved in accordance with identified principles (section 3.3).

Stakeholder responses to the initial thinking set out in this section will be reviewed and will frame the discussion in a further consultation paper on the Enduring Connection Policy in late Q1/early Q2 2016 which will focus more on specific proposals for consultation.

3.1 Enduring Connection Policy Objective and Underlying Principles

The CER's policy objective for the Enduring Connection Policy is to provide a fair opportunity for generation to receive offers of connection to the network taking account of system needs, efficiency, national policy and the consumer interest. Accordingly, the policy will be fair, non-discriminatory and promote efficient use of the existing network. This in turn should reduce the end-user cost of the network and facilitating competition in the wholesale energy market, thereby reducing energy prices. The CER considers the following **principles** to be applicable to its considerations in developing an Enduring Connection Policy:

- End User Impact: Ensure that the process minimises the impact on the end-user cost of electricity and delivers services needed by consumers.
- Equity of Treatment: Fair treatment for all those applicants wishing to connect and between different technologies of plant; and
- Compliance: must be compliant with national and European legislation.
- Security, reliability of supply and competition: must maintain (and improve) Ireland's security and reliability of electricity supply and contribute to competition;
- Efficiency in the use of resources and project development: must provide for efficient use of scarce network capacity and system operator resources, thereby favouring viable projects and discouraging 'hoarding' of capacity;

- Transparency: must be transparent and allow all developers seeking a connection to understand the process which must be followed and the reasons why they have been successful or unsuccessful in obtaining an offer;
- Practical, and timely implementation: should not be overly burdensome on system operators to implement or developers to engage with; and
- Optimal Grid Development: allow the grid to develop in an optimal and cost effective manner and facilitate optimal use of the transmission system. This should minimise the need for new infrastructure.

Do you agree with the policy objective for the Enduring Connection Policy? Are there other matters the CER should consider?

Do you agree with the application of the above underlying principles to the development of Enduring Connection Policy? Are there any other principles that the CER should consider?

3.2 Enduring Connection Policy: High level approach

Having considered the issues identified under the review of the existing connection policy (section 2), and mindful of the proposed policy objective and principles for the Enduring Connection Policy outlined above, the CER is of the view that connection policy may need to move away from the current approach of separate large rounds to a more long term, sustainable approach that provides for an enduring set of principles and policies, to the long-term benefit of consumers. This is not to say that the Group Processing Approach itself should be discontinued but rather that within group processing, the approach to issuing offers and processing connections should change from infrequent, relatively large batches to more frequent, smaller rounds of offers, where the connection criteria have been met. Developers who meet the criteria should be eligible for an offer in the relatively near term, rather than having no sight of when an offer will be issued.

The CER also considers that the practice in previous Gates of setting an explicit volume or number of offers to be issued should be examined in this review; however a relatively high bar should be set, which applications must meet, before they will be eligible to receive an offer. In addition to this, it will remain appropriate to process successful applications in groups, at regular intervals. This is because group processing remains the most efficient method of planning and designing connections in a way that facilitates optimal system development and reduces costs for developers and consumers.

The CER proposes that the time is now right to move to this form of steady-state connection policy for the following reasons:

- Facilitating efficient access to the network will provide for market driven generation investment, which in turn will minimise network costs to the consumer.
- Providing clarity now with an enduring set of connection principles will, in the CER's view, facilitate an approach for either conventional or renewable generators to gain

access to the network in a reasonable timeframe, if that project meets the connection criteria.

- Significant grid development has taken place in recent years and grid development is expected to continue, taking account of future generation and demand. Connection policy should facilitate future connections for a mix of generation capacity driving further efficiencies on the system;
- It is expected that the 2020 RES-E targets can be achieved through completion of Gate 3. Connection policy should enable a more sustainable approach which, while allowing for wide ranging policy considerations, will provide for the optimal connection of generation and large demand customers.
- Increasing focus around planning and consenting and the difficulties some Gate 3 projects have experienced means that the planning process is an important consideration;
- A steady regime will facilitate regulatory certainty amongst developers and investors; and
- A process of open, ongoing qualified access to the networks will reduce the need for a secondary market developing for the scarce resource of network capacity.

What is your view on the high level processing approach outlined above? Are there other processing approaches the CER should consider?

4 Enduring Connection Policy: Key Policy Drivers to Determining Appropriate Connection Criteria

Having set out the CER's initial thinking on appropriate policy objective, underlying principles and high level approach for the Enduring Connection Policy, this section examines the policy drivers which the CER sees as critical in determining appropriate connection criteria within that context. Stakeholders are asked a number of questions with regard to their views of these policy drivers and how these issues should shape the CER's thinking when deciding on criteria and eligibility for issuance of offers for connection to the electricity networks. Specifically this section considers the following policy drivers:

- Renewable targets (section 4.1);
- Interconnection, demand and generation forecasts (section 4.2);
- Treatment of non-GPA applications (section 4.3); and
- Connection and Grid Access Considerations (section 4.4).

4.1 Renewable Targets

The All Island Generation Capacity Statement 2015-2024¹⁵ notes that between 3,200MW and 3,800MW of wind power needs to be installed by 2020 to meet the Ireland's renewable target required by European legislation of 40% of consumption being met by renewable sources, taking into account the electricity demand forecast and other RES. Recent figures provided by the SOs indicate that there is currently 2,380MW of installed wind capacity, and 3,510MW of contracted wind capacity in Gate 3. In addition there is 330MW of non-wind renewable generation connected and a further 475MW of non-wind renewable generation contracted. On the basis of these figures, Ireland is on track to have sufficient renewable generation connected in order to facilitate meeting its RES-E target of 40% of electricity consumption from renewable sources.

There is a risk that some of the contracted wind projects may not proceed to build and energise due to financing or planning issues. However, as previously noted the majority of contracted projects have now paid their first stage payment which indicates that they are planning to proceed. Based on the demand forecast in the All Island Generation Capacity Statement, if 1,700MW proceeds to become installed wind out of the 3,510MW of wind generation that is currently contracted Ireland will be on track to connect the volume of renewables required by the targets.

In this regard, and given that no new or revised targets for member states for post 2020 have been outlined to date, connecting a large number of renewables to the system to achieve the RES-E 40% target may no longer be as significant a driver of policy. Therefore, the CER proposes that connection policy will have to consider a wider range of economic

¹⁵ [Generation Capacity Statement 2015-2024](#)

and policy drivers and there is not likely to be one single driver which dictates the direction that the policy should take.

Table 2: Contracted and Connected Wind Farms, (September 2015)

	Connected Wind (MW)	Contracted/Planned ¹⁶ Wind (MW)	Totals
TSO	1,733	1,007	2,740
DSO	1,728	1,373	3,101
Totals	3,510	2,380	5,890

The European Commission published its proposed 2030 Climate and Energy Goals Policy Framework¹⁷ in January 2014. The Framework proposes an EU-wide binding target for renewable energy of at least 27% in 2030. The target is binding on the EU but not on Member States individually as yet. Therefore connection policy will have to adapt to facilitate any obligations in relation to renewables or low-carbon generation for Ireland that emerge from the 2030 targets currently being considered by Government.

Do respondents agree that the CER should consider the connection of renewables as one of several drivers to be balanced in the development of an enduring connection policy?

4.2 Interconnection, Demand and Generation Forecasts

Gate 3 was developed based on certain demand and generation assumptions developed by the TSO. These assumptions are very important as they determined the detailed transmission capacity assumptions which, via the ITC Programme, ultimately affected when generators in Gate 3 received a scheduled firm transmission connection. The assumptions were also used to determine how many MW of renewable and conventional generation were to be allocated capacity in Gate 3. It is now appropriate to consider the demand and generation assumptions that should be used in the development of the new connection policy. The peak assumptions used in the Grid Development Strategy for 2025 were:

	Peak Demand 2025 Forecast
Republic of Ireland	8,000 MW
Northern Ireland	2,510 MW
All-Island	10,150 MW

The economic recession has led to a drop in electricity demand in recent years. The TSO's All Island Generation Capacity Statement 2015-2024, referencing the ESRI's Medium Term Review, sees a recovery to 2008 electricity demand levels by 2019; however the ERSI's Stagnation Scenario, shows much slower growth rates.¹⁸

¹⁶ Planned refers to wind farms that have signed a connection agreement in Ireland, or that have received planning approval in Northern Ireland.

¹⁷ [A policy framework for climate and energy in the period from 2020 to 2030](#)

¹⁸ All Island Generation Capacity Statement 2015-2024, pg16

The All Island Generation Capacity Statement found that for the majority of the time period (2015-2024), there is a surplus of generation of approximately 1,000MW, however, this begins to fall off in the later years particularly after 2021.¹⁹

The margin between generation and demand remains a key influencer of connection policy. However interconnection across Europe is increasingly playing an important role in security of supply. Indeed European policy explicitly favours further interconnection between Member States, providing for increased market efficiency, enhanced trading, improved security of supply and reduced curtailment. Since the last round of connection policy, the East West Interconnector (EWIC) has been connected to the Irish system providing for an import capacity of up to 500MW. Other interconnector projects are also being studied both by EirGrid and by merchant developers. The CER proposes that the Enduring Connection Policy should provide for new interconnection, should viable projects emerge.

It is noted that interconnection is treated differently from generation and demand connections. The provisions of the Third Package and the EU Network Codes require preferential treatment for interconnectors and such projects are explicitly facilitated under the Projects of Common Interest (“PCI”) Regulations. Therefore it may be appropriate to consider the connection of interconnectors separately to the wider connection policy that pertains to generation and demand. Alternatively the connection of interconnectors could be considered within the enduring connection policy albeit with different criteria as required by the applicable legislation.

Should connection policy make explicit provision for interconnectors? If so, what issues should the CER take into consideration?

4.3 Treatment of Non-GPA Applications

There are currently a large number of non-GPA applications for solar connections. Given the volume and geographical clustering of these applications the CER considers that the non-GPA process, and the sequential processing of applications, may no longer be appropriate for projects where there are a large number of projects clustering in specific areas of the network and that a form of group processing is now required. It is also noted that the volume and clustering of these projects seen in 2015 is on a scale significantly in excess of any previous year that the non-GPA process has been in existence and that this is leading to considerable lead times for the processing of each new application. Therefore it is proposed that all applications under the non-GPA process will be processed in line with the policy decided upon as a result of this consultation process. In advance of new policy being put in place applications will continue to be processed under the existing non-GPA process – any applications still outstanding would then be processed under the new policy, where applicable.

The CER considers that, given the objectives of the proposed new connection policy, a non-GPA process for specific technologies may no longer be appropriate. However the CER

¹⁹ All Island Generation Capacity Statement 2015-2024, pg45

requests views on whether certain categories of generators, such as those under a set MW threshold or R&D projects, should be processed outside the GPA process.

Should the technologies and projects currently covered under the non-GPA process be processed under the GPA process when the new connection policy is implemented?

Should some categories of project be processed outside the GPA process when the new connection policy is implemented?

4.4 Connection and Access Considerations

In developing a new connection policy it will be necessary to consider and take into account other relevant policy issues which may shape the direction of connection policy. The CER has identified a range of such policy issues below:

- I-SEM design;
- DS3;
- Network issues;
- Demand;
- Government commitments and European policy;
- Community based schemes; and
- Planning and consenting considerations

4.4.1 I-SEM Design

The SEM Committee published its decision paper on the high level design of I-SEM on 17th September 2014.²⁰ This paper describes the SEM Committee decisions on the features of the new energy trading arrangements, the need for a Capacity Remuneration Mechanism (CRM) in the new market, and indicated that two years of detailed design are required in order to implement the I-SEM market. Since then, significant work has been ongoing on the I-SEM energy trading arrangements, CRM and market power.

Accordingly, the CER recognises that while the I-SEM high level design provides a significant amount of certainty for investors, with regard to the shape of the future market, there remains a lot of work to be completed before all aspects of the new market are known. The purpose of connection policy is ultimately to facilitate entry by efficient new generators to the market. By facilitating the entry of efficient generation into the market connection policy plays an important role in ensuring the market signals drive efficient entry and exit in the market. Therefore the CER considers that more a more frequent GPA process would complement the market signals in the wholesale market. However, the CER does not consider that there are any direct interactions between connection policy and I-SEM that would require the development of the Enduring Connection Policy to wait until the full implementation of I-SEM was completed.

²⁰ [SEM-14-085a Integrated Single Electricity Market \(I-SEM\) SEM Committee Decision on High Level Design](#)

Do respondents agree that the CER should progress the development of the Enduring Connection Policy in advance of I-SEM go-live?

4.4.2 DS3

The DS3 programme which is being implemented by the TSOs, EirGrid and SONI, aims to develop solutions to the technical challenges associated with increasing the levels of renewable generation on the electricity system.²¹ The DS3 programme formally commenced in September 2011, following from a review by the CER and NIAUR of EirGrid and SONI's Report on Ensuring a Secure, Reliable and Efficient Power System²². The ongoing deliberations on the detailed design of DS3 System Services, and whether there is a requirement to provide for additional flexible plants in order to support the achievement of the 2020 targets, will be important in the development of a new connection policy. Therefore, connection policy may need to be more focused on facilitating a mix of generation on the system, as opposed to a focus on a particular type of generation, such as renewables. A final decision on the DS3 system services procurement framework was published by the SEM Committee in December 2014 (SEM-14-108) and the SEM Committee is currently working with the TSOs to develop the detailed design for system services. The CER considers that connection policy should facilitate generators that can provide system services needed by the system. Please refer to Section 5.3 for the CER's proposals for transitional arrangements regarding System Services.

Should connection policy facilitate a mix of generation and in particular facilitate providers of system services? Should connection policy focus on certain technology types or rely entirely on market signals?

4.4.3 Network Issues

Significant levels of network investment have occurred in Ireland since 2010. Over €1.1 billion has been spent by EirGrid and ESB Networks in upgrading and expanding the transmission system between 2010 and 2015, with further significant investment to be made between now and 2020. With such significant levels of investment by consumers in the electricity system, it is important that the most efficient use of this network capacity is made and that connection policy incentivises efficient use of the existing infrastructure.

EirGrid's revised grid development strategy (Your Grid, Your Views) sets out the strategy for further transmission system development in the medium to longer term, while the most recent ten year network development plan (TYNDP 2014)²³ provides further detail on network investments. The Grid25 programme, which was EirGrid's previous grid development strategy was developed in tandem with Gate 3, and it aimed to plan and develop the grid to meet long term anticipated generation and demand needs. Generators who received offers under Gate 3 were to be connected optimally and efficiently to the network through this approach and the group processing regime for network connection. It is important to ensure that any additional projects (wind or conventional), connected under

²¹ For more information on DS3 please see [SONI](#) and [EirGrid's](#) websites

²² [Ensuring a Secure, Reliable and Efficient Power System in a Changing Environment](#)

²³ [TYNDP 2014](#)

the new connection policy, do not impose unnecessary additional deep reinforcement costs on consumers and indeed maximise the efficient use of the deep system already provided for by the TUoS (Transmission Use of System) customer. In particular, with network capacity coming onto the transmission network in recent years (and more to come in the next 5 – 10 years), it is appropriate that the CER considers the most optimal and efficient use of that capacity, given that end users (the Use of System – UoS – Customer) has invested in the deep network to make this capacity available. Making the best use of existing and planned network capacity, suggests that those proposed developments that make the most efficient use of the existing network should be prioritised. Indeed some generation developments may off-set the need for network investment, depending on location and system characteristics; these connections should be favoured. This may mean that existing generation sites should have access to further network capacity, where that capacity is available, at no additional cost to the consumer.

Should projects which make the most efficient use of the existing network be prioritised over projects driving more deep reinforcements?

4.4.4 Demand

Existing connection policy makes no differentiation between demand connections – all are facilitated as and when demand connection applications are received. As the economy grows it is possible that there will be an increase in the type and number of demand connections requested (especially large demand loads). Indeed in recent years there has been a positive and significant influx of large data centres onto the system. In certain circumstances where a very large demand load seeks to connect to the system wider network issues may arise. These could include system operation issues such as voltage control, local congestion etc. Such issues may be resolved with sufficient local generation or network reinforcements or the use of flexible local resources (e.g. using storage, demand side or other flexible solutions). Therefore it may be in the interest of the long term development of the system that demand connections above a certain size should be encouraged to connect in locations which make the most efficient use of the existing network.

Should large demand connection which make the most efficient use of the existing network be encouraged through the Enduring Connection Policy?

4.4.5 Government Commitments and European Policy

As Ireland's independent energy regulator, one of the CER's primary economic responsibilities is to regulate the Irish electricity sector. This covers electricity generation, electricity networks, and electricity supply activities. In exercising its statutory functions, the CER has due regard to the Government's Energy Policy and wider EU policy. Accordingly the CER will be cognisant of the Government's Energy policy when developing its connection policy. In particular the CER will consider the implications of the Government's forthcoming White Paper when developing its policy.

Relevant European legislative requirements will remain important considerations for the next round of connection policy. These include the following:

- The European Commission’s proposals for the Energy Union;
- Climate change policies;
- Directive 2009/28/EC (the RES-E Directive) and its successor;
- The extent to which the requirements of the Habitats and Birds Directive and Natura 2000 sites be considered in the development of a new connection policy²⁴
- Interconnection; and
- Any other new European or national legislation relevant to electrical connections..

4.4.6 Community Based Schemes

The CER notes local initiatives to establish and develop generation projects advanced under a community based scheme. The CER considers that such schemes may be beneficial for the communities involved and promote the sustainable development and connection of new generation. That being said, it is noted that the CER and the SOs have legal obligations of non-discrimination between users seeking to connect to the system.

Are there any specific issues the CER should take into consideration regarding community based schemes?

4.4.7 Planning and Consenting Considerations

Existing and previous connection and access policy has considered planning and consenting issues to be separate considerations outside the remit of connection policy. The CER has no role in making planning or consenting decisions for either generation projects or the network to connect these projects. Accordingly the CER has previously considered that connection policy should not be dependent upon or linked to planning matters. However, in recent years, since the Gate 3 decisions were issued, there have been three main developments which may warrant a change in position on this approach:

- It is becoming more difficult for both generators and network developments to receive planning permission, with long delays, objections and appeals now a common feature. In particular, proposed developments in Natura 2000²⁵ areas have faced difficulties in receiving planning permission, while public opposition to generation and network infrastructure has grown considerably since 2008 and 2009, when the CER issued its Gate 3 decisions.
- As a result of some of these planning or locational difficulties, the CER’s 2010 policy on relocation of generation capacity (CER/10/211), which was designed in principle to facilitate minor relocations has come under significant pressure. This has meant an increasing number of Gate 3 modifications and a significant mismatch between applications and the projects which will eventually be built. This mismatch can

²⁴ i.e. should locational issues such as this be considered as part of the criteria for receiving an offer, as these issues are likely to heavily influence the chances of a successful planning application.

²⁵ Natura 2000 is the centrepiece of EU nature & biodiversity policy. It is an EU wide network of nature protection areas established under the 1992 [Habitats Directive](#). Further details [here](#).

potentially impact on network planning and development. It is the CER's view that it is preferable that this mismatch is addressed.

- The CER notes the Court ruling (*O'Grianna & Ors v An Bord Pleanala*) on 12th December 2014. The Court held that for the purposes of environmental impact assessment the construction of wind turbines and the connection to the grid should be considered together. While the implications of this remain unclear, the ruling may require greater interaction between connection policy and generator and network planning consents.

Considering these three recent material changes in background, the CER is considering whether planning permission (or a level of certainty around the ability for a project to receive planning permission) should now be considered as important criteria when deciding on the next round of connection policy. A scenario where connection policy remains blind to planning issues, places a higher risk around network planning and greater uncertainty over which generators will actually proceed to build. Greater certainty regarding planning would have the advantage of ensuring that those generators who receive connection offers are likely to proceed to construct and that there will no longer be a need for significant modifications (including re-locations) post offer acceptance. However, the level of certainty regarding the connection that is required to secure planning must also be taken into consideration.

Should the CER include planning permission in the criteria for receiving a connection offer?

4.5 Conclusions

This section has outlined a number of policy issues which need to be considered as part of determining appropriate connection criteria under the Enduring Connection Policy. In reviewing these issues however, it is apparent that the new connection criteria will need to be different from Gate 3. The legal framework, policy and system requirements are now different to those pertaining at the time Gate 3 was developed. Accordingly taking the drivers identified above, it is the CER's view that a targeted set of connection policy initiatives will be necessary to address the wide ranging policy considerations. In addition to this, the CER is of the view that connection policy should now transition to a more enduring, steady state arrangement, compared to the current approach of separate large rounds of offer issuance.

Have we identified the correct policy issues? Are there policy issues which we have not accounted for?

Should the GPA process be retained? And should there be more frequent rounds of offer processing?

Should the non-GPA approach be revised?

PART 2:

Transitional Arrangements

5 Proposed Transitional Arrangements

The development and implementation of the Enduring Connection Policy discussed in Part 1 on this Paper will require significant consultation and engagement with stakeholders throughout 2016. The CER considers that it is important to develop a robust policy for the enduring arrangements and that appropriate time be spent in order to do this.

To support a timely transition to the new Enduring Connection Policy, the CER considers that there are benefits to implementing a limited number of policy measures and arrangements for connection to the grid more quickly where this supports the proposed connection policy objective, principles and approach outlined in this Paper and will assist the transition from the existing connection policy towards the Enduring Connection Policy.

In developing these transitional proposals, the CER has focused on making efficient use of existing connections and infrastructure which can be quickly delivered, and the needs of system security with high penetration of renewables identified under the DS3 Programme and the release of capacity which is held by project unlikely to use it. Therefore this Part of the Paper sets out the CER's proposal to implement a number of inter-related transitional arrangements in the following areas:

- (1) Release of existing capacity;
- (2) Existing connections seeking to increase capacity; and
- (3) Units seeking to provide System Services required by the TSO.

The proposed transitional measures, described in Sections 5.1 to 5.3, are inter-related. It is proposed that policy measures (1) and (2) would be implemented in advance of 30th June 2016, thereby providing clarity at that time on the capacity of the existing fleet to supply system services. Policy measure (3) provides the mechanism for the SOs to provide connection offers to other generators and other providers of system services which fulfil certain criteria.

Stakeholder responses to this Part of Paper will be reviewed and considered by the CER prior to the CER making a decision on those matters in early 2016. The CER Decision Paper on Transitional Arrangements under Part 2 will be published in advance of the development and implementation of the Enduring Connection Policy discussed under Part 1 of the Paper.

5.1 Release of Existing Capacity

In order to facilitate the connection of new generation to the system it is necessary to have a clear view of the spare capacity on the network. This can be difficult if there is some uncertainty regarding projects which, despite having signed their connection offers, may not complete construction. These projects' connection agreements can only be terminated where they have failed to meet the longstop dates specified in the connection agreements. This could result in capacity not being released back to the system for several years. Therefore the CER proposes to incentivise projects which are unlikely to become operational to release their capacity before the termination of their Connection Agreement. The CER

proposes to direct the SOs, where a project has applied to terminate its Connection Agreement in advance of the next applicable longstop date, to refund 100% of a project's first stage payment, net of monies spent by the SOs, until 30th June 2016.

It is proposed the refund would only be payable after the completion of the termination process, not the date the process commenced.

5.2 Existing Connections

The CER proposes that the SOs would issue a modification to the connection offer/agreement to generators fulfilling the following criteria:

- The generator applies for the modification before the 30th June 2016;
- The generator is already connected to the network or will be connected before 30th June 2016;
- The increase in capacity is no more than 10% of the current MEC firm capacity allocation to that generator;
- The increase in capacity will not drive any new deep reinforcements;
- The increase in capacity will not require a change to the connection assets;
- The generator is not required to issue Directed Contracts in the SEM; and
- The increase in capacity will not have any interactions²⁶ with currently contracted generators.

The CER proposes allowing existing generators to increase their capacity on the grounds that these units will be able to bring their capacity onto the system considerably faster than a generator that does not have an existing connection and that it is an efficient use of the existing network (with an ensuing benefit to the final customer). However, this must be balanced against the impact on other generators seeking to connect to the system. Therefore the CER proposes to limit the allocation of available capacity to existing units to 10% of their current firm capacity allocation on a non-firm basis. While the offer would be on a non-firm basis, applicants would be required to accept a firm offer for this capacity at a later date, potentially under the enduring regime. Furthermore, as the rationale for this proposed transitional policy is the efficient use of the existing network, any applications that would drive new deep reinforcements or changes to the connection assets should be excluded. Lastly, the connection of generators with live connection agreements should not be negatively impacted and therefore where increasing an existing generator's capacity would cause interactions, aside from constraints and curtailment levels, the capacity should not be allocated. However, where the total capacity in a part of the network is less than the capacity requested under this proposal, it is proposed that, capacity would be allocated on a pro-rata basis at that node. The closing date of 30th June 2016 will facilitate a GPA-type approach to the processing of the applications.

²⁶ Excluding any impact on constraint or curtailment levels. It is noted that in SEM designated Constraint Areas the 10% increase would be treated as Gate 3 non-firm for dispatch order.

The CER proposes that generators wishing to over-install in accordance with the COPP rules would do so with reference to their MEC prior to the application of a modification under the proposal in this section. As the purpose of this proposal is to make capacity available in a timely manner it is considered that an ITC re-run, with the associated complexity and time required to carry it out, would not be appropriate. Therefore the CER proposes to direct the SOs carry out a study which would make an assessment of the available (non-firm) capacity. To ensure that this transitional arrangement does not negatively impact on competition in the SEM, the CER considers that generators required by the SEM Committee to offer Directed Contracts should not be permitted to avail of this provision to increase their capacity – and increase their market share further.

5.3 Units seeking to provide System Services required by the TSO

The CER proposes that the SOs would provide connection offers to generators and other providers of system services fulfilling the following criteria:

- The unit can provide system services identified by the TSO as being in insufficient supply from the current fleet;²⁷
- The capability of the unit, in relation to those system services, is in excess of that required by Grid Code;
- The generator is not required to issue Directed Contracts in the SEM
- The unit will be operational within 12 months of offer issuance or the unit commits to taking part in the system services auction (and is awarded a contract)²⁸ ; and
- The unit can demonstrate that it can deliver the DS3 System Services in the timeframe required by the DS3 procurement process.

The purpose of this proposal is to facilitate the connection of units which will benefit the security of the system, consumers and are complementary to the connection of variable renewable generation. Units that can provide system services needed by the TSO will help increase the SNSP²⁹ limit and this will lower curtailment levels; facilitating variable renewables and lowering the wholesale cost of electricity. The TSO will identify and publish the system services to which this policy applies, the methodology used for this assessment should be consistent with that used to determine the volumes to be procured through the enduring system services procurement mechanism set out in SEM-14-108. It is therefore envisaged that the volumes analysis being undertaken by the TSOs as part of the DS3 Programme would inform this process. The offer issuance programme will align with the DS3 System Services project. The CER proposes that the TSOs should issue its intention to issue an offer, and the basis of that offer, to developers in advance of the qualification process proposed in SEM-14-108. However the CER proposes that the offer itself would only be issued to a developer that was to be awarded a system services contract, i.e. if the

²⁷ It is anticipated that the TSO will consider the outcome of the Volumes workstream under the DS3 System Services project when making its assessment of the system services to be included in this criterion.

²⁸ For the avoidance of doubt, projects that participate but are not successful in the DS3 System Services competition will not receive a connection offer.

²⁹ System Non-Synchronous Penetration

project was successful in the auction. Projects that were unsuccessful in the auction would not be issued an offer. The intent of this policy is to ensure that potential providers, and new entrants in particular, can participate in the competitive process for the provision of system services. It is noted that the system services process itself will apply criteria to ensure that the projects permitted to participate in the auction will proceed to construction. Therefore it is considered that the criteria proposed in this section are sufficient to ensure the CER's objectives are met. Please refer to Section 4.4.2 for the CER's proposals in relation to the enduring arrangements for System Services.

Comments are requested on the above proposed transitional arrangements, specifically:

Whether these transitional measures should be implemented ahead of the development and implementation of the Enduring Connection Policy;

The timing of such arrangements (30th June 2016 for policy measure (1) and (2));

The appropriate level of increase in capacity under policy measure (2) to deliver most final customer benefit.

PART 3:

SUMMARY AND NEXT STEPS

6 Summary and Next Steps

6.1 Summary

On the basis of the CER's review and consideration of the evolution and outcome of existing connection policy in Ireland since the introduction of the Group Processing Approach in 2004,

This Paper represents the initial step in the development and implementation of an integrated and enduring connection policy for the electricity system in Ireland. Part 1 of the Paper sets out the CER **initial thinking** on:

- the policy **objective** of the Enduring Connection Policy;
- the **principles** which should underpin the Enduring Connection Policy;
- the **high level approach/process** to connection under the Enduring Connection Policy which best enables the policy objective to be achieved in accordance with identified principles;
- the key strategic issues which may need to be considered when determining the **appropriate connection criteria** under the high level approach/process.

The CER's policy objective for this process is to provide a fair opportunity for generation to receive offers of connection to the network taking account of system needs, efficiency, national policy and the consumer interest. Accordingly, the Enduring Connection Policy must be fair, non-discriminatory and promote efficient use of the existing network. It should therefore reduce the end-user cost of the network and facilitating competition in the wholesale energy market, reducing energy prices.

The CER has set out its initial thinking on a number of matters including:

- The application and frequency of the GPA process;
- The approach to issuing connection offers to renewable and conventional generation;
- The non-GPA process; and
- The application process for GPA applications and the treatment of legacy applications.

Part 1 of this Paper is intended to commence the debate on the Enduring Connection Policy. It is not intended to be an exhaustive list of options and approaches which could be taken to connection policy in Ireland. However the CER would like the views of stakeholders with regard to the conceptual approach outlined in this paper; the retention of the GPA process but movement away from large one-off gates towards a more regular, iterative connection process and the movement towards the requirement for a higher threshold to be met before offers are issued.

Stakeholder responses to the Part 1 of this Paper will be reviewed and will input into the CER's development of a further consultation paper toward the end of Q1 / early Q2 2016.

Part 2 of the Paper the CER proposes to put in place transitional arrangements which will be decided upon in early 2016 and will apply in advance of the development and implementation of the enduring arrangements.

The CER proposes to put in place transitional arrangements which would:

- facilitate the release of existing capacity held by contracted projects which will not proceed to operation.
- allow existing generators to increase their capacity; and
- provide for the connection of units seeking to provide System Services required by the TSO.

Having carefully considered stakeholder responses to the proposed transitional arrangements, the CER intends to publish a decision paper in Q1 2016 on these transitional arrangements (Part 2 of the Paper). This will be advance of the further consultation paper on Enduring Connection Policy discussed earlier.

6.2 Next Steps

Having considered the responses to this Paper, the CER intends to carry out the following next steps:

- The CER will publish a decision paper in relation to the proposed transitional arrangements in early 2016;
- The CER will separately publish a further consultation paper on the CER's proposals for the Enduring Connection Policy in late Q1/early Q2 2016;
- The CER will publish a draft decision paper on the Enduring Connection Policy in Q4 2016.