An Coimisiún um Rialáil Fóntas
Commission for Regulation of Utilities

Enduring Connection Policy Stage 1 (ECP-1)

Proposed Decision

ECP-1 Proposed Decision

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The Exchange, Belgard Square North, Tallaght, Dublin 24, Ireland
T +353 1 4000 800 | F +353 1 4000 850 | www.cru.ie

Executive Summary

Under section 34 of the Electricity Regulation Act 1999, as amended (the 1999 Act), the Commission for Regulation of Utilities (CRU) may give directions to EirGrid, the transmission system operator (TSO) and ESB Networks, the distribution system operator (DSO), collectively the "system operators", on the terms and conditions of access to the transmission and distribution system (the electricity system). Based on the CRU's policy directions, the system operators issue connection offers to generators.

Existing policy for connection to the electricity system in Ireland is captured under two broad policy approaches: the group processing approach (GPA, also known as the gate system) and the non-group processing approach (non-GPA).

The gate system was designed for larger renewable and conventional generators. Under the gate system, the system operators issued connection offers to these generators in separate lots known as "gates". There have been three gates to date, the last one (gate 3) in 2008 and 2009.[1] The non-GPA process was established in 2009 to enable smaller renewable and low carbon generators as well as experimental technologies to connect to the electricity system outside the gate process.

Under the current connection policy, the system operators have received roughly 36,000 megawatts (MW) of connection applications to date. This volume is significantly beyond what is currently required by the system (approx. 7,000MW).

The CRU is therefore reviewing the existing connection approaches to ensure that they are fit for purpose in the context of this unprecedented number of applicants. In that regard, the CRU consulted in December 2015 on developing a new, enduring connection policy (ECP).

This proposed decision is further to the 2015 consultation and relates to the first stage of this policy (ECP-1). ECP-1 sets out to address the existing volumes of applications in a way that promotes a more optimal use of the existing network taking into account the current system needs, national policy and the consumer interest. In particular, ECP-1 aims to ensure that the projects which receive connection offers are the ones that are most likely to be built.

[1] The CRU's decision on gate 3 was issued in 2008 and was initially designed for connecting renewable projects (CER/08/260). In 2009, the CRU decided that conventional generators seeking connection to the system would also be processed under the GPA and so offers were issued to a number of conventional generators in parallel with gate 3 renewable offers (CER/09/191).

ECP-1 is open to all generating and/or storage technologies, and will be implemented subject to the CRU's final decision based on the outcome of this consultation. The rules proposed here will govern connection offers issuance for the 2018 batch under ECP-1 and may be altered during the later stages of ECP forming a more enduring connection approach.

Key proposals for ECP-1:

- suspend accepting and processing further generation or storage applications under CER/09/099 or otherwise[2]
- offer existing applicants[3] an option to be processed under ECP-1
- process connection offers in recurring batches, the first due to start in 2018
- cap the 2018 batch at 1000MW (or 50 connection offers)
- offer the first 400MW of the 2018 batch to DS3 providers[4]
- require valid planning permission to enter the 2018 batch, but not from DS3 providers
- process small scale generation,[5] autoproducers[6] and qualifying trial projects[7] outside the batch (non-batch process)
- remove the option to relocate capacity
- offer capacity on a non-firm basis

[2] Any generation or storage applications that may be submitted outside the non-GPA process.
[3] See Glossary of Terms.
[4] Providers of qualifying DS3 system services, see Glossary of Terms.
[5] Projects greater than 11kW and less than or equal to 250kW.
[6] An autoproducer is defined in CER/02/37.
[7] See Glossary of Terms.

Alongside the above proposals and to enable timely transition to ECP, the CRU has today issued a direction to the system operators (ref: D/17/19787) whereby it has instructed them, as of today, to:

1.	Suspend accepting new applications[8] under the non-GPA direction (CER/09/099) or otherwise.[9]
2.	Suspend processing further applications under CER/09/099 other than those already in process.[10]
3.	Suspend accepting new capacity relocation requests.[11]
4.	Write to the existing non-GPA applicants in process[12] and applicants with live connection offers[13] to offer them an option to be processed under ECP-1 as per the final CRU decision and without the need to meet the ECP-1 eligibility criteria.

The above directions are to ensure successful and timely implementation of ECP-1, and pending the outcome of this consultation, may be lifted in the CRU's final decision. However, the CRU considers that issuing the directions at this time is necessary and proportionate to meet the above objective.

In particular, the CRU notes that the existing backlog of connection applications amounting to 36,000MW is already significantly in excess of the all-island total electricity requirement. Keeping the non-GPA process open to further applications during the consultation period would only increase this volume. This would potentially add to consumer costs with no discernible benefit.

Further, the CRU sees a substantial risk of a speculative rush to submit an application under CER/09/099 between now and the CRU's final decision unless the non-GPA process is suspended in the interim. In a similar vein, allowing capacity relocation during the consultation phase would likely invite a rush of speculative requests to relocate capacity in expectation of the CRU's final decision in that matter. The CRU notes that offering contracted projects the opportunity to relocate capacity aimed to facilitate their progression but had an unintended consequence of creating a secondary market whereby connection offers are themselves a scarce commodity that has a value and is traded between the developers. Therefore, capacity relocation weakens project commitment

[8] New applications above 11kW. Projects less than or equal to 11kW are classified as micro-generation and subject to the CRU's decisions CER/09/033 - *ESBCS Domestic Micro-generator Export Tariff* and CER/07/208 - *Arrangements for Micro-generation.*

[9] See footnote 2.

[10] See Glossary of Terms.

[11] This does not apply to capacity relocation requests already received by the system operators, i.e. before the date of publication of this proposed decision. Furthermore, requests to relocate capacity up to 100 meters would still be facilitated.

[12] See Glossary of Terms.

[13] See Glossary of Terms.

and encourages speculative approach to connection applications.

By suspending the non-GPA process, the CRU also aims to enable timely transition to ECP. It is of crucial importance that the system operators have sufficient staff resources to engage with the CRU during the consultation phase and take all the necessary preparatory steps for a timely and effective delivery of ECP. Processing of further offers under the non-GPA or further capacity relocation requests would tie up those resources and pose a serious risk to implementing ECP within the indicated timelines.

Finally, the CRU notes that maintaining the non-GPA process is inefficient and costly for the system, and thus for the consumers. Under non-GPA, applicants are studied individually and the network is reinforced gradually to accommodate each individual connection. A batch processing approach, as proposed under ECP-1, is considered a more optimal way of developing a network, whereby several connections can be accommodated within a single (larger) connection. Therefore, keeping the non-GPA process in place may potentially lead to piecemeal and overall suboptimal network development. This is not of benefit to either developers or consumers and should be discontinued as soon as possible.

Lastly, with respect to offering certain applicants an option to be processed under ECP-1, this is to give the applicants with live connection offers and those currently in process for a connection the option to potentially benefit from grouping arrangements should they wish to be processed under ECP-1. Allowing their connection method to be grouped and studied together with the batch 2018 applicants might potentially lower their connection costs. It may also and be more optimal from the system development perspective, and therefore should be facilitated. However, neither the CRU nor the system operators can provide any guidance or assurance in advance as to the likely effect, including impact on connection cost, of batching any individual application with the ECP-1 process and this decision must be taken at the applicant’s own risk.

Public Impact Statement

In the first stage of ECP (ECP-1), the CRU aims to address the existing volumes of applications in a way that promotes a more optimal use of the existing network taking into account the current system needs, national policy and the consumer interest. In particular, ECP-1 aims to facilitate build-ready projects. The proposed decision on ECP-1 also includes a ruleset for providing connection offers to potential DS3 system services providers in line with CER/16/284.

By revising the existing connection approach, the CRU aims to lower system costs and improve competition in the electricity generation market, potentially translating into lower energy bills for consumers. In particular, these cost savings can come from:

- more optimal use of scarce network capacity
- more optimal use of system operator resources
- more optimal electricity system planning and system development

Facilitating connections of DS3 system services providers supports the DS3 programme. The DS3 programme aims to ensure the secure and safe operation of the electricity system while enabling Ireland's transition to the low-carbon economy. In particular, it aims to:

- facilitate the delivery of the 2020 renewable targets and beyond
- further facilitate the existing renewable generators by reducing their curtailment levels and the associated costs, and thus reducing wholesale electricity prices
- encourage entry of new, more flexible units able to provide system services

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Glossary of terms and abbreviations

Abbreviation or Term	Definition or Meaning
1999 Act	Electricity Regulation Act, 1999, as amended
2018 batch	first batch of the ECP-1 batch process (see ECP-1)
ABP	An Bord Pleanála
applicants with live connection offers	Existing applicants who have live connection offers on the date of publication of this proposed decision.
CER	Commission for Energy Regulation (now, Commission for Regulation of Utilities)
CHP	combined heat and power
COPP	Connection Offer Policy and Process
CRU	Commission for Regulation of Utilities (formerly, Commission for Energy Regulation)
DCCAE	Department of Communications, Climate Action and Environment
DSO	distribution system operator (ESB Networks)
DSU	demand side unit
DS3	delivering a secure, sustainable (electricity) system The **DS3 programme** aims to ensure the secure and safe operation of the electricity system with increasing amounts of variable non-synchronous generation, such as wind and solar. To achieve this aim, the transmission system operator needs to obtain specific **DS3 system services** from generators and market participants, i.e. **DS3 providers**.
DUoS	distribution use of system
ECP	enduring connection policy
ECP-1	first stage of the enduring connection policy; includes the batch and the non-batch process
electricity system	transmission and distribution electricity system

existing applicants	Applicants who have an existing grid connection application as of the date of the publication of this proposed decision.
FFR	fast frequency response
GCLG	generator connections liaison group
GPA	group processing approach
interaction studies	Two applications are deemed to be interacting if progressing an application outside the batch results in an additional connection cost being incurred by the batched applicants. Interaction studies relate to the shallow connection.
I-SEM	integrated single electricity market
IWEA	Irish Wind Energy Association
kW	kilowatt
MEC	maximum export capacity
MW	megawatt
new applicants	New applicants are applicants who have no existing grid connection application on the date of publication of this proposed decision.
non-GPA	non-group processing approach
non-GPA applicants in process[14]	Existing applicants, who, as of the date of publication of this proposed decision: • have previously applied for a grid connection under CER/09/099; and • are currently first at the node; and • their application is currently being processed by the system operators i.e. they have paid the balance of application fees; and • have been scheduled to receive a connection offer.

[14] In cases where there is a queue of existing non-GPA applicants at a node and the preceding non-GPA applicant has received and accepted a connection offer (or it has expired or has been formally rejected), the relevant system operator may deem the next applicant in the connection queue to be a "non-GPA applicant in process" provided that the balance of all application fees required is paid within 30 business days of the issuance of the invoice by the relevant system operator.

non-GPA queued applicants	Existing applicants who have previously applied for a connection under CER/09/099 and are in a queue at a node waiting to be processed, i.e. they are not "in process" on the date of publication of this proposed decision.
non-synchronous generation	Synchronous system is a power grid where electricity is generated at a single synchronised alternating current (AC) frequency. Ireland and Northern Ireland form such a system – all of the conventional generators on the island run in synchronism, producing electricity at 50Hz. Wind and solar technologies are non-synchronous and integrating them into a synchronous system in greater volumes poses a number of challenges.
other applicants	Existing applicants, who, as of the date of publication of this proposed decision: • have previously applied for a connection to the system but did not qualify for processing under CER/09/099 and have been added to the system operators' lists of completed applications; or • have previously applied under CER/09/099 as emerging/experimental technology and have not yet been confirmed as non-GPA or otherwise.
PCI	Project of Common Interest; PCIs are key energy infrastructure projects that are considered essential for completing the European internal energy market. For more information, see the European Commission's website.
POR	primary operating reserve
PV	photovoltaics
received complete date	The system operators assign a 'received complete date' to projects which submit application forms with a certain minimum amount of information contained therein. See system operators' *Received Complete Date for Generators* ruleset, June 2012.
RES	renewable energy sources
RES-E	renewable energy sources in electricity generation
RES-H	renewable energy sources in the heating sector
RESS	renewable electricity support scheme
RES-T	renewable energy sources in transport

qualifying trial process	A mechanism where potential DS3 system services providers have the opportunity to demonstrate the capabilities of new unproven technologies.
qualifying trial project	project qualifying under the qualification trial process
SEAI	Sustainable Energy Authority of Ireland
SOR	secondary operating reserve
TSO	transmission system operator
TOR1	tertiary operating reserve
TUoS	transmission use of system

1. Introduction

1.1 Commission for Regulation of Utilities

The Commission for Regulation of Utilities (CRU) is Ireland's independent energy and water regulator.

The CRU was established in 1999 as the Commission for Energy Regulation (CER) and now has a wider range of economic, customer protection and safety responsibilities in electricity, gas, public water and wastewater system. Following the commencement of the Energy Act 2016, the CRU has changed its name from the CER to the Commission for Regulation of Utilities to fully reflect its broadened remit and mission.

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

1.2 Background

The connection policy referred to in this paper covers generation and storage resources, connecting to either the transmission or distribution systems (collectively, the "electricity system").

There are more than 36,000 megawatts (MW) applications for connection to the Irish electricity system at present,[15] approx. 4,500MW of which have either already signed a connection agreement, have an offer or are in process of receiving one.[16] This volume of applications for connection is more than five times the size of system requirements. Current system requirements are approx. 7,000MW.[17]

The CRU is of the view that the current connection policy, in particular the approach to accepting and processing applications for connection,[18] is not fit for purpose in the context of the unprecedented volume of applications received.

The current approach is mainly based on processing connection offers in groups allowing projects to share connection methods. In order to be able to study projects together, the system operators process connection applications not on a rolling basis, but at regular time intervals (gates). This

[15] Based on data provided by the system operators as of October 2017, there are 1,130 applications for connection, amounting to approx. 36,123MW.
[16] As of October 2017, 250 applicants (amounting to approx. 4,440MW) have signed connection agreements (but are not yet connected), have live connection offers or are in process for receiving a connection offer.
[17] See section 2.2 for details.
[18] The group processing approach (GPA, the gate system) and the non-group processing approach (non-GPA). See section 2.1 for details.

gate system is optimal from the network planning and cost perspective, and can yield substantial consumer savings. However, depending on the size of the gate, the grouping and optimisation work can take a considerable amount of time, delaying access to the system for projects awaiting future access policy.

The last group of (mostly) renewable projects selected for connection – gate 3 in 2008-2009[19]– has been particularly large in scale in comparison to the previous gates.[20] Some gate 3 projects are already connected, but the majority is only now progressing into design and development of connections.

Since gate 3, there has been no further gate, and there is now a backlog of applications for connection to the system (currently amounting to approx. 27,400MW) submitted under no specific policy.[21] It is not known how many of these applications remain as currently viable projects, how many might be speculative and how many simply no longer exist. In relation to onshore wind applications, the Irish Wind Energy Association (IWEA) estimates that only 360MW of these have progressed to achieve planning permission.[22]

In 2009, in addition to the gate system described above, the CRU provided small, renewable and low-carbon generators with a route to apply for connection outside the gate on a rolling basis (so called "the non-group processing approach" or "non-GPA").[23] The non-GPA was designed for a relatively small number of projects with no or very limited impact on the system so that they could be processed for connection independently in a timely manner and with no need to adhere to the gate timelines. Their access to the system was based on public interest criteria, but a number of renewable technologies, among them solar photovoltaics (PV) which were relatively new at that time, could receive a connection offer under the non-GPA policy with no further conditions and regardless of their size.

The non-GPA process worked as envisaged until 2015, when there was a sudden upturn in interest in connecting solar PV in Ireland. Since then, the non-GPA process has been dominated by the

[19] The CRU's decision on gate 3 was issued in 2008 and was initially designed for connecting renewable projects (CER/08/260). In 2009, the CRU decided that conventional generators seeking connection to the system would also be processed under the GPA and so offers were issued to a number of conventional generators in parallel with gate 3 renewable offers (CER/09/191).
[20] 400MW of capacity was offered under gate 1, 1300MW under gate 2 and 5,400MW under gate 3. See section 2.1.1 for details.
[21] As of October 2017, there are approx. 440 applications "on hold" amounting to 27,390MW. This excludes non-GPA queued applications.
[22] See IWEA, *Proposed Short Term Reform of Grid Access*, 23 February 2017, report presented at the generator connection liaison group (GCLG) meeting no. 45, available on the CRU's website.
[23] See section 2.1.2 for details.

volumes of solar applications, with more than 6,000MW of solar applications received to date,[24] approx. 2,000MW of which have either already signed a connection agreement, have an offer or are in process of receiving one.[25]

The Irish electricity system is changing, driven by the decarbonisation agenda[26] and economic growth, and is expected to evolve as new technology emerges and old technology retires. An increasing number of applicants seeking connection to the system is generally regarded as a positive sign of system expansion, and this should be facilitated by connection policy. However, the existing connection policy does not optimally allocate connection offers to market participants. More recently, the non-GPA system has become a route for processing large volumes of solar generation which applied for connection possibly in anticipation of a future renewable support scheme.[27] There is no certainty that solar generation provides a cost advantage when compared to other technologies.[28] This means that network capacity, which is a scarce resource, and system operators' staff resources, are inefficiently allocated to projects that may not be delivered. This situation is not in the interest of consumers and needs to change. The CRU's action is required in particular in light of its statutory duties to provide non-discriminatory network access as well as protect the interests of final customers, promote competition, efficiency and the use of renewable energy sources (RES).[29] Accordingly, the proposed connection process under ECP-1 is open to all projects, regardless of technology.

[24] As of October 2017, there are 603 non-GPA applications in the system amounting to 6,059MW.
[25] As of October 2017, 73 solar projects have been contracted for connection (405MW), 23 projects have live connection offers (279MW) and 53 applications are in process (1,400MW).
[26] See the Department of Communications, Climate Action and Environment (DCCAE), White Paper on *Ireland's Transition to a Low Carbon Energy Future 2015-2030*, available on DCCAE website.
[27] In September 2017, DCCAE has opened a consultation on the development and design of a new Renewable Electricity Support Scheme (RESS). Consultation documents are available on DCCAE website.
[28] For a comparison of costs of different renewable technologies, see CEPA*, Economic Analysis to Underpin a New Renewable Electricity Support Scheme*, report commissioned by DCCAE, May 2017, see DCCAE website.
[29] See section 1.4 for the CRU's statutory duties.

1.3 Purpose of this proposed decision

In December 2015, the CRU consulted on the *Review of Connection and Grid Access Policy* (CER/15/284). The purpose of CER/15/284 was twofold. Firstly, the CRU sought comments on the development of a new policy for connection to the electricity system that would replace the existing connection approach – the enduring connection policy (ECP). Secondly, the CRU proposed a number of transitional arrangements to be implemented ahead of ECP, and issued a decision in that respect in October 2016 (CER/16/284).[30]

In relation to ECP, the CER/15/284 consultation was at a rather general level and included a wide range of connection policy considerations.[31] The CRU acknowledges that reviewing the entire connection policy is a complex and time-consuming task, and therefore has embarked on a staged approach.

Stage one (ECP-1) sets out to address the volume of applications, both existing and new, in a way that promotes an optimal use of the existing network taking into account the current system needs, national policy and the consumer interest. It will be implemented in 2018 and refined during the later stages of ECP forming a more enduring connection approach. This process will take into account the evolving European and national energy policy, the latter in particular as it emerges from the Government's consultation on the new renewable electricity support scheme (RESS).[32] It will also take into account the new integrated single electricity market (I-SEM) arrangements. The CRU expects that the outstanding issues raised in CER/15/284 will either be incorporated into the next stages of ECP or progressed in parallel under separate workstreams, as appropriate.

This proposed decision relates to ECP-1 alone. It discusses the key proposals for ECP-1 and reasons behind them, while detailed rules are set out in two annexes:

- Annex I – **ECP-1 proposed ruleset**
- Annex II – **DS3 proposed prioritisation ruleset**

The ECP-1 proposed decision should be read in conjunction with the above rulesets. In the event of inconsistency or conflict, it is proposed that the rulesets in Annex I and II will take precedence over the text of the ECP-1 decision.

[30] CER/16/284 is further discussed in section 3.2.
[31] See section 9.2 for a summary of responses to CER/15/284.
[32] See footnote 27.

1.4 Legal context

Under section 34 of the Electricity Regulation Act 1999, as amended (the 1999 Act), the CRU may give directions to the transmission system operator (TSO) and distribution system operator (DSO), collectively the "system operators", on the terms and conditions of access to the electricity system. Specifically, section 34(2)(c) of the 1999 Act, as amended, provides that the CRU's directions may provide for "the terms and conditions upon which an offer for connection to the transmission or distribution system is made".

The CRU's functions and duties are set out principally in section 9 of the 1999 Act. In particular, according to section 9(4)(a) of the 1999 Act, as amended, the CRU shall carry out its statutory functions in a manner which does not discriminate unfairly between relevant stakeholders, and also have regard, among other things, to the need to:

- protect the interests of final customers and to secure that all their reasonable demands for electricity are satisfied
- promote the continuity, security and quality of supplies of electricity
- promote competition, and
- promote efficiency and the use of renewable, sustainable or alternative energy

The CRU is very mindful of these responsibilities in relation to decisions it makes on connection policy issues. Furthermore, the CRU 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.

1.5 Related policy documents

This ECP-1 proposed decision should be read in conjunction with the CRU's earlier documentation on connection policy, in particular:

CER/17/090	*Connection Policy Transitional Arrangements: Partial Capacity Release*	decision paper
CER/17/018	*Connection Policy Transitional Arrangements Information Note*	information paper
CER/16/284	*Connection Policy Transitional Arrangements*	decision paper
CER/16/247	*Connection Offer Policy and Process (COPP) Clarifications*	information paper
CER/15/284	*Review of Connection and Grid Access Policy: Initial Thinking & Proposed Transitional Arrangements*	consultation paper

CER/11/093	*Connection Offer Policy and Process (COPP)*	decision paper
CER/11/093(y)	*Connection Offer Policy and Process Paper (Appendix A to CER/11/093)*	COPP paper
CER/10/211	*Decision on Relocation of Generation Capacity*	decision paper
CER/09/191	*Direction on Conventional Offer Issuance Criteria and Matters Related to Gate 3*	decision paper
CER/09/099	*Treatment of Small, Renewable and Low Carbon Generators outside the Group Processing Approach*	decision paper
CER/08/260	*Criteria for Gate 3 Renewable Generator Offers & Related Matters*	decision paper

The CRU proposes that, in case of conflict or inconsistency, the ECP-1 ruleset as per the CRU's final decision would take precedence over the above listed decisions.[33]

1.6 Structure of this proposed decision

This proposed decision is structured as follows:

Section 2	outlines the existing policy and developments that warrant its review
Section 3	summarises the review of connection policy to date
Section 4	discusses the key proposals of ECP-1
Section 5	outlines the proposed connection application fees under ECP-1
Section 6	provides a timeline for offer processing under the 2018 batch
Section 7	contains review, exception and conflict of terms clauses
Section 8	concludes and provides the next steps
Section 9	is a supplementary section on CER/15/284 providing context for ECP-1
Annex I	includes the **ECP-1 proposed ruleset**
Annex II	includes the **DS3 proposed prioritisation ruleset**

[33] See section 7.3 for the relevant clause.

1.7 Responding to the CRU

This proposed decision is for the attention of all members of the public and the energy industry. It will be of particular interest to existing and potential generators and storage providers.

The CRU welcomes comments on this proposed decision to be submitted via email by **Friday, 15 December 2017**, close of business, to electricityconnectionpolicy@cru.ie. All responses will be published on the CRU's website unless otherwise marked as confidential.

2. Existing connection policy and the need for its review

The following two sections provide an overview of the existing connection policy and report on the current volume of connection applications.

2.1 Existing connection policy

Existing policy for connection of exporting generators to the electricity network in Ireland is captured under two broad processing approaches: (1) the group processing approach (GPA), also known as the "gate system", and (2) the non-group processing approach (non-GPA).

2.1.1 Group processing approach (GPA) - the gate system

The GPA process was designed for larger renewable[34] and conventional generators. Under GPA, the system operators issued connection offers to these generators in separate lots known as "gates". Eligibility for inclusion in a gate was based on certain qualifying criteria set out by the CRU 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.[35] Generators included in a given gate were processed together and were further divided into specific groups and subgroups based on their level of interaction and geographic location. This allowed the applicants to share planned connection methods and reinforcements, connection charges and shallow connection assets.

In principle, under the GPA, the system operators could process larger volumes of applications in a quicker manner while minimising the overall connection infrastructure and ensuring a more optimal network development. However, this process also created interdependencies between applicants in terms of progressing their projects and could trigger a re-optimisation of connection methods if a project decided not to progress. This created a potential liability for the end consumer to be covered through the transmission and distribution use of system (TUoS and DUoS) charges.

The first two gates of the GPA were relatively small in size (gate 1 was 400MW, gate 2 was 1300MW) and connection offers under those gates were processed in relatively short timeframes in comparison to the last gate, gate 3, which was much larger and therefore took significantly more time than the previous two gates.

[34] Above 500 kilowatt (kW) for wind generation projects.
[35] See footnote 19.

Gate 3 was driven by Ireland's objective to move to a low-carbon economy. Under gate 3, the system operators issued an unprecedented number of offers to renewable projects (149 offers, mostly wind, amounting to 4,147MW) in order to meet the 40% RES-E target.[36] In addition, 10 conventional projects received a connection offer (1,139MW).[37] The uptake of those offers has been high and amounts to 138 renewable projects (3,364MW) and 3 conventional projects (432MW) contracted for connection or already connected to the system.[38] Hence, gate 3 connections took significantly longer to process.

2.1.2 Non-group processing approach (non-GPA)

The non-GPA process was established in 2009 (CER/09/099, non-GPA decision) to enable smaller renewable and low carbon generators as well as experimental technologies to connect to the system outside the gate process. Certain classes of generation were preapproved for non-GPA processing as connecting them was considered to be in public interest. This included:

- Small scale wind (<0.5MW)
- Combined heat and power (CHP)
- Bioenergy
- Hydro
- Solar
- Wave
- Geothermal
- Autoproducers, as well as
- Experimental/emerging technologies[39]

According to CER/09/099, non-wind renewable projects with maximum export capacity (MEC) below 5MW and small scale wind projects (MEC less than 500kW) are processed without

[36] The 2009 Renewable Energy Directive (2009/28/EC) set Ireland a binding target of meeting 16% of the country's energy requirements from RES by 2020. To reach this target, Ireland is committed to meeting 40% of electricity demand by renewable sources (RES-E), 12% renewables in the heating sector (RES-H), and 10% in transport (RES-T). In 2008, the 40% renewable penetration target for 2020 was estimated to be equivalent to about 5,800MW of installed renewable capacity, out of which approx. 2,800MW was assumed to be provided by projects connected and still to be connected under the previous gates (including gate 2 live offers). It was therefore estimated that approx. 3,000MW of renewable capacity still needed to be delivered under gate 3. This volume was raised to 3,900MW to cover for potential demand increases and risks that a portion of the planned projects might not move to construction. See CER/08/260.

[37] Based on CER/09/191.

[38] Based on figures provided by the system operators as of October 2017.

[39] Experimental and emerging technology is assessed on a case by case basis.

interaction studies.[40]

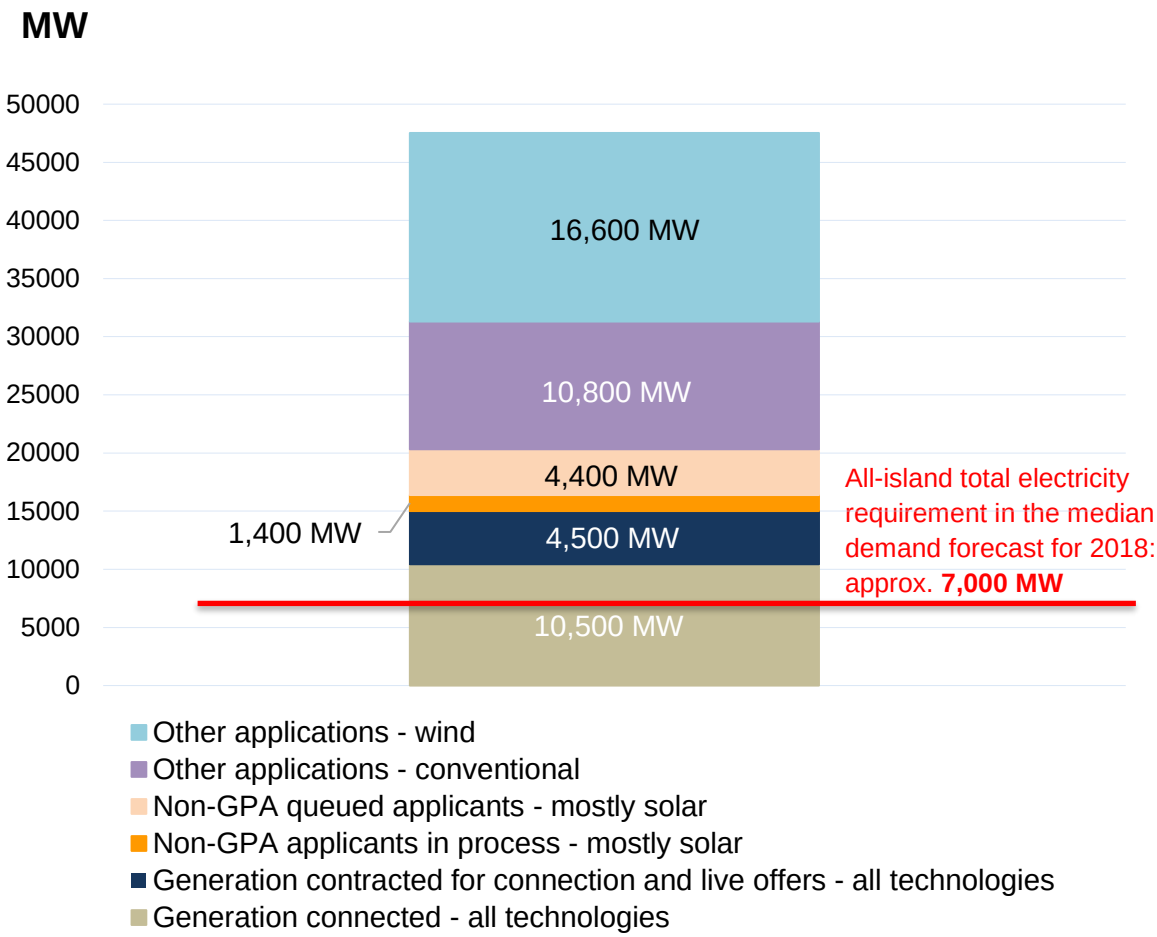
The non-GPA process was based on the assumption that the numbers of applicants and sizes of projects to be processed outside the gate system would be relatively small in both number and MW capacity and therefore could be processed with no significant impact on the system and other connecting parties. Another important assumption was that the individual applicants would be scattered across the network with little or no interaction with each other as well as the gate 3 applicants. The CRU explicitly reserved the right in CER/09/099 to review the non-GPA arrangements should the number of projects or the quantity of MW being processed under non-GPA becomes unmanageable and/or has a material impact on the gate process.

2.2 The volume of applications received by the system operators

There is currently approx. 10,500MW of total generation capacity connected to the system in the Republic of Ireland. This includes mostly conventional technologies and approx. 3,000MW of wind generation.[41] In addition to that, approx. 4,500MW of capacity is contracted for a connection or has live offers,[42] majority of which is the gate 3 uptake. The CRU notes that the volume of generation connected or soon to be connected to the Irish system exceeds by more than half the current total electricity requirement for the all-island market. As forecasted by EirGrid, this requirement would almost reach 7,000MW in 2018 (red horizontal line) raising beyond 7,000MW in 2019.[43]

[40] See Glossary of Terms. According to CER/09/099, interaction studies are required for all non-wind renewable projects with an MEC above 5 MW and for any small conventional projects up to 5 MW.
[41] As of October 2017, 10,517.675MW of generation capacity is connected, out of which 3,031.45MW is wind generation. The figures in the main text have been rounded for presentation purposes.
[42] As of October 2017, 262 projects are contracted for connection (3,745.19MW) and 31 projects have live offers (approx. 700MW).
[43] However, it must be noted that renewable power generators, such as wind or solar, are not dispatchable since their fuel sources are intermittent in nature. Unlike conventional generators, these generators serve less load than their rated value. Therefore, their contribution to meeting the system requirements does not equal the contribution of conventional generation.

Figure 1 Volume of generation connected and seeking connection to the system in the Republic of Ireland in relation to the all-island total electricity requirement.



Source: CRU; based on data provided by the system operators as of October 2017 and the All-Island Generation Capacity Statement 2017-2026 (Appendix 1, Demand Scenarios, table A-1 at p 60). For presentation purposes, all figures have been rounded.

Since the beginning of 2015, there has been a significant increase in non-GPA applications, the vast majority of which are solar PV applications clustered in a number of nodes across the country. The system operators are currently processing approx. 1,400MW of non-GPA applications,[44] and a further 4,400MW have applied to the system operators under CER/09/099.[45]

In addition to that, bigger renewable and conventional developers (who are not eligible for a non-GPA connection) have continued to make applications to the system operators albeit with no

[44] The system operators are currently (i.e. October 2017) processing 55 connection applications amounting to approx. 1,405MW of capacity.
[45] Out of which, approx. 3,730MW are solar applications.

specific direction from the CRU on how to process them. This amounts to approx. 27,400MW of additional applications to connect to the system.[46] This splits into approx. 10,800MW of applications submitted by conventional generators and approx. 16,600MW of applications submitted by wind generators.

The volume of connection applications received by the system operators to date is significantly in excess of the all-island total electricity requirement.

The CRU considers that the new connection policy needs to manage the volume of applications, both existing and new, in a way that promotes optimal use of the existing network taking into account system needs, security of supply, national policy and the consumer interest. It should also be cognisant of providing greater certainty for developers and enabling the system operators to provide system users with the information they need for effective and timely access to the system.

[46] As of October 2017, there are approx. 440 applications "on hold" amounting to 27,390MW. This excludes non-GPA queued applications.

3. Review process to date

3.1 CER/15/284 consultation

In 2015, the CRU began a process of reviewing the GPA and the non-GPA connection approaches and set out its initial thinking in a consultation paper CER/15/284. For the most part, the CRU sought comments on the development and implementation of ECP, a new and integrated policy for connection to the electricity system.

In CER/15/284, the CRU also proposed a number of transitional arrangements to be introduced ahead of ECP. These transitional arrangements are briefly discussed in the following section as they set context for certain proposals under ECP-1.

3.2 CER/16/284 decision

Having considered the stakeholder's feedback on the transitional arrangements, the CRU issued a decision in that regard in October 2016 (CER/16/284). In particular, the CRU decided to:

- incentivise projects which are not progressing to release their capacity back to the electricity system (capacity release)
- facilitate access to the system for providers of DS3 system services (DS3 providers)[47]

The CRU noted that the transitional arrangements would be implemented without prejudice to any decision on ECP.

3.2.1 Capacity release

Under CER/16/284, projects were provided a time-limited opportunity to release their capacity in exchange for 80% of their first stage payments. However, this measure was only available to projects that agreed to release their full MEC contracted under a given gate.

In March 2017, at the request of the system operators, the CRU decided to extend the deadline for capacity release and also allow partial releases of capacity free of an MEC reduction charge. As a result, projects could apply for either a full or a partial capacity release by 30 June 2017 (CER/17/090).

In total, 702.5MW has been released under this measure, out of which 612MW at the transmission level and 90.5MW at the distribution level. A list of applicants for capacity release at the

[47] See Glossary of Terms.

transmission and distribution level is available on the TSO's and the DSO's websites respectively.[48]

3.2.2 DS3 providers

CER/16/284 also aimed to facilitate access to the electricity system for providers of DS3 system services (DS3 providers). DS3 system services are required by the system in order to accommodate increasing volumes of non-synchronous renewable generation.[49] The CRU decided in CER/16/284 that providers of those services will be prioritised for a connection offer under the non-GPA process, and requested the system operators to develop a process for this prioritisation.

The aim of this measure is to enable DS3 providers onto the system early to facilitate increased levels of non-synchronous generation, such as wind and solar technologies. Therefore, it is important that this measure does not inadvertently increase potential curtailment levels. In this regard, the CRU decided in CER/16/284 that the DS3 priority status will not apply to wind and solar technologies as increasing the total amount of non-synchronous generation on the system will likely increase curtailment. The CRU clarified in CER/16/284 that if a connected wind or solar generator wishes to install a different type of technology and increase its MEC in order to provide DS3 system services, it will be eligible and prioritised under this measure provided that the additional MEC is assigned to a non-wind and/or non-solar technology type unit.

As directed in CER/16/284, the system operators have submitted a joint proposal on the subset of DS3 system services whose providers would be prioritised as well as the ruleset for prioritising connection offers in the event that there is over-subscription. Having reviewed and carefully considered the system operators' proposal, the CRU sees merit in it and sets it out in **Annex II** for consultation (**DS3 proposed prioritisation ruleset**). Subject to the CRU's final decision on ECP-1, the DS3 proposed prioritisation ruleset will become part of ECP-1. The key proposals of this ruleset are briefly discussed in section 4.4.

The CRU notes that the intention of CER/16/284 was to prioritise the DS3 providers within the existing non-GPA connection process. However, for reasons set out in section 4.1, the CRU proposes that the system operators do not issue further offers under CER/09/099 at this time and give priority to the 2018 batch. Therefore, the CRU proposes to process the DS3 providers as per ECP-1 final decision instead of CER/09/099 which will now no longer be applied to new applications.

For the avoidance of doubt, planning permission requirement would not apply to DS3 providers applying under ECP-1. This is consistent with CER/16/284 and further discussed in section 4.4.3.

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[48] TSO capacity release information; DSO capacity release information.

[49] For instance, wind and solar technologies. See non-synchronous generation in Glossary of Terms.

3.3 Developing the proposals for ECP-1

3.3.1 Responses to CER/15/284

CER/15/284 consulted on a wide range of issues associated with the design and implementation of the connection policy – on both a transitional and an enduring basis. The CRU's decision on transitional arrangements (CER/16/284) includes a summary of responses in that respect.

Section 9.2 of this proposed decision provides an overview of responses on ECP as set out in CER/15/284. This overview should be read in conjunction with CER/15/284 and recognising that the views expressed were those held by parties at the time of responding in January 2016. While the context is now different, these responses have informed the development of ECP-1.

3.3.2 Engagement with the system operators and other stakeholders

The key proposals for ECP-1 have been developed by the CRU consistent with the objectives of ECP outlined in CER/15/284 and taking into consideration stakeholders' responses to that consultation.[50] The practical implementation of these proposals has been developed in conjunction with the system operators. This process has involved a series of workshops with EirGrid and ESB Networks taking place between February and October 2017.

Furthermore, the CRU has extensively engaged with the relevant stakeholders on selected aspects of the rules. This includes consultations with industry representatives through the generator connection liaison group (GCLG) as well as bilateral meetings and workshops with the relevant Government departments, An Bord Pleanála (ABP), local planning authorities, Sustainable Energy Authority of Ireland (SEAI), national regulatory authorities from other EU Member States, academics and the CRU's external consultants.

The objectives of the ECP-1 proposed decision and its high level principles were presented at the last GCLG meeting on 6 June 2017[51] and met with support from the GCLG members.

[50] See section 9.
[51] See minutes from the GCLG Meeting No 46.

4. Key proposals for ECP-1

ECP-1 sets out to address the existing volumes of applications in a way that promotes a more optimal use of the existing network taking into account the current system needs, national policy and the consumer interest. The proposed rulesets are detailed in **Annex I** (the ECP-1 proposed ruleset) and **Annex II** (the DS3 proposed prioritisation ruleset). The following sections provide a high-level overview of the key proposals of ECP-1, and should be read in conjunction with the rulesets set out in Annex I and Annex II.

Key proposals for ECP-1:

- suspend accepting and processing further generation and storage applications under CER/09/099 or otherwise[52]
- offer existing applicants[53] an option to be processed under ECP-1
- process connection offers in recurring batches, the first due to start in 2018
- cap the 2018 batch at 1000MW (or 50 connection offers)
- offer the first 400MW of the 2018 batch to DS3 providers[54]
- require valid planning permission to enter the 2018 batch, but not from DS3 providers
- process small scale generation,[55] autoproducers[56] and qualifying trial projects[57] outside the batch (non-batch process)
- remove the option to relocate capacity
- offer capacity on a non-firm basis

The following sections provide a high-level overview of the key proposals and the reasons behind them. For detailed rules, please refer to the rulesets in Annex I and Annex II.

[52] Any generation or storage applications that may be submitted outside the non-GPA process.
[53] See Glossary of Terms.
[54] Providers of DS3 system services, see Glossary of Terms.
[55] Projects greater than 11kW and less than or equal to 250kW.
[56] An autoproducer is defined in CER/02/37.
[57] See Glossary of Terms.

4.1 Suspend accepting and processing further non-GPA applications

As set out above in section 2.2, the system operators have received an unprecedented volume of connection applications to date. The CRU considers that the new connection policy needs to consider the level of those applications.

In CER/15/284, the CRU noted that CER/09/099 is no longer fit for purpose. In particular, the CRU considered that CER/09/099 did not envisage the pace, clustering or volume of solar PV applications. Processing such a large volume of non-GPA applications can drive a requirement for material network upgrades and may not in some cases meet the objective of optimal network development. This, naturally, also leads to considerable delays in application processing. The non-GPA process provided for in CER/09/099 was explicitly based on an assumed level of applications which, in recent times, has been far exceeded. Consequently, it has not been feasible for the system operators to process non-GPA applications within previously anticipated timeframes, nor were they expected or required by the CRU to do so.

The majority of the respondents to CER/15/284 agreed with the CRU that CER/09/099 is no longer appropriate for processing such a great volume of (solar) applications and needs an urgent review.

The CRU is also conscious that it would not be reasonably practicable for the system operators to continue processing the existing non-GPA queued applicants[58] under CER/09/099 in parallel to the ECP-1 batching process. Parallel processing would work contrary to the very objectives of ECP and could render the ECP policy ineffective.[59] In particular, parallel processing could have significant negative impacts on the 2018 batch applicants and would substantially delay their offer issuance. Further, it would maintain the existing processing inefficiencies associated with individual processing of a large number of clustered projects. This would increase the system costs which would need to be taken up by the end consumer.

Given the above, the CRU proposes to suspend the non-GPA process and give the priority to the 2018 batch. It is proposed that the system operators would not accept any new applications outside ECP-1 and would not commence processing any further applicants in the non-GPA queue until a future CRU direction in that matter.[60] For the avoidance of doubt, applicants with live connection offers and non-GPA applicants in process for connection would continue to be processed, unless they request the system operator that they be folded in and processed under

[58] See Glossary of Terms.
[59] The objectives of ECP are discussed in section 8.
[60] For implications of this proposal for the existing non-GPA queued applicants, see section 4.2.2.

ECP-1, as per final CRU decision.[61]

Pending the final decision, and to enable timely transition to ECP, the CRU has today issued a direction to the system operators (ref: D/17/19787) where it has instructed them, as of today, to:

1. Suspend accepting new applications[62] under the non-GPA direction (CER/09/099) or otherwise.[63]
2. Suspend processing further applications under CER/09/099 other than those already in process.[64]

This is because the CRU sees a substantial risk of a speculative rush to submit an application under CER/09/099 between now and the CRU's final decision unless the non-GPA process is suspended in the interim.

By suspending the non-GPA process, the CRU also aims to enable timely transition to ECP. It is of crucial importance that the system operators' have sufficient staff resources to engage with the CRU during the consultation phase and take all the necessary preparatory steps for a timely and effective delivery of ECP. Processing of further offers under the non-GPA would tie up those resources and pose a serious risk to implementing ECP within the indicated timelines.

Finally, the CRU notes that maintaining the non-GPA process is inefficient and costly for the system, and thus for the consumers. Under non-GPA, applicants are studied individually and the network is reinforced gradually to accommodate each individual connection. A batch processing approach, as proposed under ECP-1, is considered a more optimal way of developing a network, whereby several connections can be accommodated within a single (larger) connection. Therefore, keeping the non-GPA process in place may potentially lead to piecemeal and overall suboptimal network development. This is not of benefit to either developers or consumers and should be discontinued as soon as possible.

[61] See section 4.2.2 below and Annex I for detailed rules.
[62] New applications above 11kW. Projects less than or equal to 11kW are classified as micro-generation and subject to the CRU's relevant policy (CER/09/033 and CER/07/208).
[63] Any generation or storage applications that may be submitted outside the non-GPA process.
[64] See Glossary of Terms.

4.2 Offer existing applicants an option to be processed under ECP-1

In CER/15/284, the CRU noted that CER/09/099, and the sequential processing of applications, may no longer be appropriate for the volume of solar projects clustering in specific areas of the network, and that a form of group processing is now required for those applicants. Accordingly, the CRU proposed that all the outstanding applications under CER/09/099 would be processed in line with the new ECP policy.[65] The majority of the respondents supported this proposal.[66] Furthermore, the majority of respondents argued that all technologies (in particular, solar and onshore wind) should be treated equally and processed according to the same rules.

In light of the above, it is proposed that ECP-1 would be open to any technology, and any applicant, whether existing or new, as long as it meets the requirement of a given batch or the non-batch process.

4.2.1 New applicants

New applicants are applicants who have no existing grid connection application as of the date of publication of this proposed decision. It is proposed that any new applicants applying under ECP-1 would be required to pay a non-refundable application fee of 7,000 EUR (incl. VAT), and would need to comply with all the eligibility criteria listed in Annex I and/or Annex II, as appropriate.

For the avoidance of doubt, as per the CRU's direction to the system operators issued today (ref: D/17/19787) the system operators will not accept any new applications until after the final decision on ECP-1.

4.2.2 Existing applicants

Existing applicants are applicants who have an existing grid connection application as of the date of the publication of this proposed decision. The CRU considers that the existing applicants fall, in principle, under one of the following categories:[67]

- Applicants with live connection offers
- Non-GPA applicants in process
- Non-GPA queued applicants
- Other applicants

[65] CER/15/284, p 15.
[66] See also section 4.1 for a summary of comments on the proposal to review the non-GPA process.
[67] These categories are defined in Glossary of Terms. For detailed rules, see Annex I.

The existing applicants are at varying stages of connection processing and/or have different status under the current policy, and therefore the CRU proposes to treat each category differently. The system operators will write to all existing applicants, regardless of their category, and provide them with different options as set out below.

Please note that the letters will be sent to the address disclosed in the lists of generation applications published on the relevant operator's website.

The below paragraphs outline the key proposals only. For specific rules and definitions, please refer to Annex I.

- Applicants with live connection offers and non-GPA applicants in process

It is proposed that applicants with live connection offers and non-GPA applicants in process for connection will continue to be processed as per CER/09/099 unless they decide to be folded in and processed under ECP-1 without the need to apply for or meet the 2018 batch criteria.

This approach has been recommended by the system operators as having potential benefits for the system and the applicants alike. Allowing those applicants to have their connection methods grouped and studied together with the batch 2018 applicants might potentially lower their connection costs and be more optimal from the system development perspective, and therefore should be facilitated. However, neither the CRU nor the system operators can provide any guidance or assurance in advance as to the likely effect, including impact on connection cost, of batching any individual application with the ECP-1 process and this decision must be taken at the applicant's own risk.

It is proposed that capacity of these applicants would be added to the 2018 batch's total capacity (i.e. it would be processed in addition to the 1000MW capacity offered to the 2018 batch applicants). In that regard, it should be noted that the capacity of applicants currently in process and with live connection offers amounts to approx. 2,100MW and is more than twice the size of the 2018 batch.[68] If, on that account, all those applicants choose to be folded into the 2018 batch, this might have a material impact on the batch's processing timelines[69] in that it may delay offer issuance under the 2018 batch by a number of months.

[68] Based on system operators' figures as of October 2017.
[69] See section 6, Table 3.

In order to ensure that the proposed option outlined above (or such option as is adopted in the final decision) will be available to applicants with current live offers or whose applications are in process on the date of publication of this proposed decision, the CRU has, as of today, directed the system operators to write to those applicants setting out this option (ref: D/17/19787).

The system operators will write to applicants at the address specified in the system operators' lists of generation applications published at the relevant operators' website. Applicants will have 20 business days to respond to the system operator's letter.

More specifically,

- **Applicants with live connection offers** will have an option to suspend acceptance of connection offers until no earlier than one month following the publication of the final decision on ECP-1.
- **Non-GPA applicants in process** will have an option to suspend processing of their non-GPA applications until no earlier than one month following the publication of the final decision on ECP-1.

Following the adoption of the CRU's final decision on ECP-1, the system operators will **again** write to those applicants who decided to suspend their processing or their offers, setting out their options under the ECP-1 final ruleset. The applicants will then be requested to exercise one of those options within a timeframe specified in that **second letter**. That timeframe cannot be shorter than one month following the CRU's final decision.

The CRU considers that the above period of minimum one month is sufficient to provide the applicants with an opportunity to familiarise themselves with the final ECP-1 ruleset once it is adopted so that they can make an informed decision whether or not they want to join ECP-1.

The CRU notes that the default option under this proposed approach is to remain in process for connection under CER/09/099. **Therefore, applicants who do not respond to the system operator's first letter within 20 business days will be assumed to have chosen the option to remain in process for connection under CER/09/099.**

- Non-GPA queued applicants

Non-GPA queued applicants are applicants who previously applied for a connection under CER/09/099 and are in a queue at a node waiting to be processed (they are not yet "in process").[70] It is proposed that the system operators write to those applicants **following the CRU's final decision on ECP-1** and provide them with the following options. The applicant would have **20 business days** to respond to the system operator's letter and would be able to choose one of the following options only.

(1) Apply for ECP-1, with no new initial application fee.

Please note that for their application to be successful, the non-GPA queued applicants would need to meet **all the remaining ECP-1 eligibility criteria**. For the 2018 batch, this would include a planning permission requirement (except for DS3 providers).

(2) Request the system operator to keep their application on file retaining their received complete date.[71]

However, the CRU notes that, as proposed in section 4.1, no further offers would be issued to the non-GPA queued applicants under CER/09/099 at this time, and the process would only recommence if and when directed by the CRU in the future. Accordingly, the implication of a queued applicant requesting to remain in the existing non-GPA queue as per option (2) would be that in effect their application would be suspended until recalled by the CRU.

(3) Take no action.

In this case, following the 20 business day period, the system operator would write a second letter providing the applicant with **additional 20 business days** to respond. **Please note that no response to the system operator's second letter by the deadline indicated by the system operator would be taken as withdrawal of the existing application.**

[70] See Glossary of Terms.
[71] See Glossary of Terms.

- Other applicants

Other applicants include:

(1) Applicants who have previously applied for a connection to the system but did not qualify for processing under CER/09/099 and have been added to the system operators' lists of completed applications; and

(2) Applicants who have previously applied under CER/09/099 as emerging/experimental technology and have not yet been confirmed as non-GPA or otherwise.

It is proposed that the system operators write to those applicants **following the CRU's final decision on ECP-1** and provide them with the following options. The applicant would have 20 business days to respond to the system operator's letter and would be able to choose one of the following options only.

(1) Apply for ECP-1, with no new initial application fee.

Please note that for their application to be successful, those applicants would need to meet **all the remaining ECP-1 eligibility criteria**. For the 2018 batch, this would include a planning permission requirement (except for DS3 providers).

(2) Request the system operator to keep their application on file retaining their received complete date.[72]

Please note, however, that any further processing of the applications remaining on file would only occur upon direction from the CRU and based on criteria set therein.

(3) Take no action.

In this case, following the 20 business day period, the system operator would write a second letter providing the applicant with **additional 20 business days** to respond. **Please note that no response to the system operator's second letter by the deadline indicated by the system operator would be taken as withdrawal of the existing application.**

[72] See Glossary of Terms.

4.3 Process connection offers in batches and offer 1000MW under the 2018 batch

In its 2015 consultation (CER/15/284), the CRU has set out, at a high level, its proposed approach to connection under ECP. In particular, the CRU proposed to maintain group processing but with smaller, more frequent batches open to all technologies. As noted in the CER/15/284 consultation, group processing remains the most optimal method of planning and designing connections in a way that facilitates optimal system development and reduces costs for developers and consumers.[73]

The majority of respondents supported the proposal to move to more frequent and smaller batch processing. The respondents called for annual batches or at most, every two years. Furthermore, a number of respondents were in favour of stricter eligibility criteria to have batches manageable in size. Providing developers with clear timelines for receiving a connection offer in near term was important for many respondents.

Having considered all the comments received, the CRU proposes to process connection offers in batches, the first due to commence in 2018 – the "2018 batch". It is intended to accommodate further batches under ECP in quicker succession than the gates have previously been held. In order to accommodate this, there are practical and sensible limitations to the number of offers and scale of MW that can and should be issued per batch. It is prudent to ensure that the scale of MW offered is not excessive so that the system can accommodate such an increase without significant reinforcements above what is currently planned. The CRU and the system operators have also been guided by past experience for what is considered to be a reasonable number of offers to process as part of this first batch in order to meet the objective of a timely issuance of offers.

Therefore, it is proposed to set the thresholds for the 2018 batch to:

- 1000 MW capacity (total MW threshold); or
- 50 connection offers (total offers threshold)[74]

[73] CER/15/284, p 11.

[74] Note that in case the existing applicants with live connection offers or in process decide to be folded into and processed together with the 2018 batch applicants, their capacity would be added to the 2018 batch's total capacity (i.e. it would be processed in addition to the 1000MW capacity offered to the 2018 batch applicants).

4.3.1 Total MW threshold

This threshold is to ensure that the MW offered can reasonably be accommodated on the system without the need for significant reinforcements in advance of clarity regarding the next stages of the enduring connection policy. It is therefore considered a reasonable guideline to consider the MW (i.e. offers) lapsed or released from the renewable capacity assigned to gate 3 as a guide for assessing how much capacity is available on the network and indicate what the maximum threshold should be for processing offers in the event that a large number of applications are large scale in nature. The number of renewable MW lapsed from gate 3 and renewable capacity released is 967MW. Breakdown of the MW is set out in Table 1 below. Based on these numbers the total MW threshold is rounded out at 1,000.

Table 1 Total MW threshold calculation.

Reference	Facility Name	MEC released	Reason
DG258	Ashford Wind Farm	13.8	Gate 3 Offer Lapsed
DG107	Askeaton Wind Farm	20	Capacity Release
DG199, TG74, 77, 78	Athea Wind Farm	48	Capacity Release
TG90	Cluddaun (1) Wind Farm	52	Gate 3 Offer Lapsed
TG91	Cluddaun (2) Wind Farm	64	Gate 3 Offer Lapsed
TG92	Cluddaun (3) Wind Farm	34	Gate 3 Offer Lapsed
DG273	Cordal Wind Farm	11	Capacity Release
TG57	Dooghbeg Wind Farm	45	Gate 3 Offer Lapsed
DG168	Dooleeg More Wind Farm	2	Gate 3 Offer Lapsed
TG82	Glanlee Wind Farm	6	Capacity Release
DG412	Glentanemacelligot Wind Farm	34	Gate 3 Offer Lapsed
TG69	Kill Hill Wind Farm	22.5	Capacity Release
DG109	Kish 1, 2, 3 and 4 Merge Wind Farm	208	Gate 3 Offer Lapsed
DG277	Kish 5 & 6 and 7 Merge Wind Farm	156	Gate 3 Offer Lapsed
DG425	Knockawarriga 3 Windfarm	26.5	Gate 3 Offer Lapsed
DG56	Knocknacaheragh Wind Farm	4	Capacity Release
DG302	Knocknagornagh Wind Farm	43.7	Capacity Release
DG236	Knockraha Wind Farm	21.6	Capacity Release
TG15	Moneypoint	4.65	Capacity Release

DG881	Nancy Falls Hydro	1.25	Capacity Release
TG71	Oweninny Wind Farm 5	148.9	Capacity Release
	Total capacity	966.9	

4.3.2 Total offers threshold

This threshold considers how many offers can and should be processed in the 2018 batch. The proposal to limit the 2018 batch to 50 offers is based on the system operators' assessment taking into account:

- the timeframe available to process and issue offers once the initial checks have been completed;
- past experience in delivering new connection offers;
- system operators' other offer work progressed in parallel such as existing offer modifications, new demand connections, non-batch processed offers, etc.

4.3.3 Threshold review

The CRU is satisfied that the proposed thresholds for the 2018 batch are reasonable based on the information currently available. However, the CRU proposes to review the thresholds once the nature, size and location of projects applying for the 2018 batch is known. According to the proposed ruleset, the relevant system operator would advise the CRU of any proposed amendment to the thresholds if warranted.[75]

[75] See section 7.1.

4.4 Offer the first 400MW of the 2018 batch to DS3 providers

The CRU proposes that connection offers of DS3 providers would be prioritised as part of the 2018 batch. This is to implement the CRU's decision in CER/16/284 (see section 3.2.2).

The primary aim of facilitating connection offers of DS3 providers is to support the delivery of the DS3 programme.[76] As discussed in detail in CER/16/284, in addition to increased renewable projects connecting to the system, additional reserves or new types of ancillary services are also required in order to help Ireland achieve its RES-E target. These system services will allow the running of the transmission system with larger volumes of non-synchronous generation and are therefore being sought as part of the 2018 batch.

Detailed rules for DS3 prioritisation are set out in Annex II, and the key proposals are briefly discussed below.

4.4.1 DS3 system services to be prioritised as part of the 2018 batch

It is proposed that priority in the 2018 batch will be given to the providers of the following two services:

- Fast frequency response (FFR)
- Primary operating reserve (POR)

The proposal to prioritise providers of FFR is based on EirGrid's recent studies that highlight the need for increased fast-acting reserve in the short term to ensure safe and secure operation as the inertia level reduces. Further details on those studies are set out in the DS3 prioritisation ruleset in Annex II.

The proposal to prioritise providers of POR in addition to FFR providers is based on EirGrid's operational experience. POR remains a regular binding constraint on the system and is therefore a significant driver of dispatch balancing costs. As such, an increase in potential providers at this time might provide potential benefits. It is also anticipated that those providers which are able to provide POR will also be able to provide secondary operating reserve (SOR) and tertiary operating reserve 1 (TOR1), providing an increase in potential providers across the suite of reserve system services.

[76] See Glossary of Terms.

4.4.2 Thresholds for DS3 qualified applicants

In order to avoid the unintended consequence of gaming this new process, the CRU considers it prudent to also set specific DS3 related thresholds in terms of MEC offered. It is therefore proposed to:

- limit the 2018 batch to 400MW for all the DS3-prioritised applicants which is 40% of total MW threshold (DS3 MW threshold)
- limit the 2018 to 20 connection offers for DS3-prioritised applicants which is 40% of total offers threshold (DS3 offers threshold)
- cap individual DS3 connection offers at 100MW (DS3 individual project threshold)

The basis for the above DS3-specific thresholds is set out in Appendix II. For the avoidance of doubt, the 400 MW threshold is a subset of the total MW threshold (1000MW) and not in addition to it.

Annex II also contains detailed information on how the system operators propose to prioritise DS3 applicants for offer processing in the event of over-subscription.

4.4.3 Exemption from planning permission requirement for DS3 providers

As detailed in 4.5 below, the CRU proposes that planning permission is a requirement to enter the 2018 batch. The CRU considers that DS3 providers should be exempted from this requirement. However, as per the DS3 proposed prioritisation ruleset in Annex II, evidence of a valid planning permission is one of the prioritisation criteria used by the system operators to select DS3 projects for the 2018 batch in case of oversubscription.

This approach is consistent with CER/16/284, where the CRU decided that DS3 providers would be eligible and prioritised under the non-GPA process with no additional requirements. As DS3 providers would not be required to provide evidence of planning permission in order to enter the non-GPA process, the CRU considers that they should also be exempted from this requirement under the 2018 batch. The CRU also notes that requiring planning permission for the 2018 batch is meant to identify ready-build projects among the surplus of existing connection applications. At present, it is not considered that there is any significant surplus of applications from potential DS3 providers, and therefore this filtering of projects is not considered necessary. However, should the DS3 thresholds for the 2018 batch be exceeded, the system operators would prioritise projects as per the DS3 prioritisation ruleset in Annex II, in which case, having a valid planning permission, among other criteria, is relevant.

4.5 Require planning permission to enter the 2018 batch (but not from DS3 providers)

In CER/15/284, the CRU sought stakeholders' views on whether planning permission should be a requirement for receiving a connection offer under ECP.

Among respondents, there was a broad support for greater co-ordination between the planning regime and connection policy, while noting that the interactions were legally and operationally challenging. A number of respondents cited the *O'Grianna* ruling[77] and what it might imply for what is possible in managing interactions between the planning and connection regimes.

Nevertheless, there was a broad support from respondents for prioritising projects which have planning permission such that connection can be progressed in a timely manner. Some respondents noted the risk of planning consent lapsing if connection is delayed.

A number of respondents were of the view that planning permission is a strong indication of project commitment, and hence an effective way of deterring speculative connection applications and strategic behaviour associated with capacity hoarding by projects if date-of-application is used as a criterion to prioritise projects. However, it was noted that other ways of strengthening project commitment should also be explored.

The CRU notes that the level of connection applications received by the system operators to date is significantly in excess of the all-island total electricity requirement. Furthermore, the projects that have applied for a connection are in various stages in terms of their delivery plan, and it is difficult to predict how many of the applications received by the system operators are going to be built in the short term. However, it can be assumed that, in principle, projects with valid planning permission are more advanced in their development and more likely to progress to construction in the short term than projects which have not yet obtained such a permission. The CRU considers that requiring projects to have planning permission in order to apply for the 2018 batch would be a useful and prudent tool to provide access to the electricity system to build-ready projects.

The CRU notes that the majority of 5,800MW of applications received under CER/09/099 currently being processed for connection or awaiting processing are solar PV projects. Most of those projects do not yet have planning permission. In that regard, the CRU estimates that at present, there are 101 utility scale solar PV projects with a valid planning permission.[78] This amounts to approx. 700MW of consented capacity. According to the estimates, 81 solar planning applications

[77] *O'Grianna & Ors v An Bord Pleanála* [2014] IEHC 632 23.

[78] Based on the Utility Scale Solar Photovoltaic planning application tracker provided by Panacea Health Research (PHR). More information is available at www.phr.ie.

with a corresponding capacity of approx. 950MW are still awaiting a planning decision either by ABP or a local authority. In total, this corresponds to approx. 1,650MW of solar applications that either have already obtained planning permission or might soon obtain it, and roughly constitutes 30% of all the non-GPA solar applications. Table 2 below shows the status of the solar PV planning applications.

Table 2 Utility scale (≤5MW) solar PV planning application status – estimations for Ireland as of 1 September 2017.

Status	Number of applications	Capacity (MW)
Granted (local authority)	86	
Granted (ABP)	15	
Total no of planning permissions	101	705.4
Decision pending	19	
Further information	28	
On appeal	34	
TOTAL valid applications	182	1,659.5
Refused (local authority)	5	
Refused (ABP)	3	
Invalidated	40	
Deemed withdrawn	8	
TOTAL applications	238	

Source: CRU; based on data provided by PHR as of 1 September 2017.[79] For presentation purposes, all figures have been rounded.

In relation to connection applications submitted by (onshore) wind generators post gate 3 closure, IWEA estimates that only 360 MW of those projects have progressed to achieve planning permission.

The CRU considers that requiring confirmation of a valid planning permission along with supporting evidence might be a relatively straightforward tool to identify, among the existing volume of connection applications, those that are more likely to be realised in the short term. However, applying this criterion to any future batches under ECP-1 and/or in the next stages of ECP (including the non-batch process) may largely depend on its implications for the planning and environmental policy, in particular in the context of the *O'Grianna* ruling[80] and related case law. The CRU will further engage with the relevant authorities on the applicability of the planning permission

[79] See footnote 78.
[80] See footnote 77.

requirement in the future batches and the non-batch process.

Given the circumstances set out above, and in line with the stakeholders' views, the CRU proposes that in order to apply for the 2018 batch or the non-batch process,[81] applicants must have obtained planning permission.

To this aim, it is proposed that planning permission should be obtained **no later than** as of one of the following cut-off dates. The CRU invites stakeholders' views as to which of them is the most appropriate:

- The date of publication of this proposed decision
- The date of publication of the final decision on ECP-1
- 1 January 2018
- The date of application for connection under ECP-1

Similar concerns around a rush may arise with regard to planning however the planning process takes time and the requirement is for an obtained planning permission therefore the effect of a later date may not be material. Additionally, regardless of whether or not planning permission is a requirement for receiving a connection offer, planning permission is and will remain a requirement for the development itself, and the CRU is changing nothing in this regard. Notwithstanding the final decision in that matter, the CRU notes that batches will be smaller and more frequent than the gates were previously held. This would provide further opportunities for the applicants in process of receiving planning permission to be processed for connection in a timely manner.

[81] Non-batch process is set out in section 4.6.

4.6 Process certain projects outside the batch

A number of respondents to CER/15/284 saw merit in maintaining the non-GPA type process for certain categories of projects like small scale dispersed generation, autoproducers, trial and innovation projects as well as community-based projects. A range of thresholds was suggested (10MW, 2.5MW, 1 MW, 500kW, 250kW), with the majority of respondents suggesting projects less than 1MW.

In ECP-1, the CRU proposes to process certain categories of projects outside the batch (non-batch applicants). This non-batch process would apply to:

- projects greater than **11kW** and less than or equal to **250kW**
- qualifying trial projects[82] less than or equal to **500kW**
- autoproducers[83]

The above projects would be processed according to the non-batch ruleset out in Annex I, section 12, and subject to the eligibility criteria set therein.

Projects less than or equal to **11kW** are classified as micro-generation and subject to the CRU's relevant policy.[84]

The 250kW threshold is based on the system operators' analysis of applications received in previous years. This analysis indicates that capping the non-batch process at 250kW would allow for a reasonable number of applications to be processed in parallel to, and with no negative impacts on the 2018 batch and any future batches. Projects less than or equal to 250kW represent just under one quarter of the total number of non-GPA applications received between 2009 and 2014, prior to the significant increase in applications received in 2015 and 2016.

The 500kW threshold for qualifying trial projects is also based on a figure that should not pose any significant negative impacts on the processing of the 2018 batch while allowing for a reasonable number of offers to be studied in parallel.

In addition, the CRU proposes to cap the combined capacity of applicants (at 50MW) or the number of offers (at 30) accepted outside the batch under this process in any given calendar year,

[82] See Glossary of Terms.
[83] An autoproducer is defined in CER/02/37.
[84] CER/09/033 - *ESBCS Domestic Micro-generator Export Tariff* – decision; CER/07/208 - *Arrangements for Micro-generation* – decision.

whichever threshold is reached first. This is based on the average project size and the number of non-GPA offers issued in the first six years of CER/09/099, before the increase in solar non-GPA applications. The above caps allow for a reasonable mix of non-batch applicants to access capacity in parallel to the batched projects.

4.6.1 The CRU's response to comments on community-based schemes

The CRU notes that both the 2018 batch as well as the non-batch process are open to all types of projects irrespective of their ownership structure.[85] Regarding the proposal to retain the non-GPA process for community-based projects, the CRU notes that the Department of Communications, Climate Action and Environment (DCCAE) is currently consulting on various options to facilitate community renewable electricity projects within the new RESS.[86] The CRU will engage with DCCAE on this issue and consider grid access arrangements for community-based projects in the later stages of ECP in the light of the Government's policy informed by the RESS consultation outcomes.

[85] Subject to compliance with legislation and the requirements of the Connection Agreement.
[86] See footnote 27.

4.7 Remove the option to relocate capacity

In order to make more optimal use of scarce network capacity and facilitate the progression of build ready projects, ECP-1 requires a more robust commitment model for new applicants. The CRU believes that a strong upfront commitment expressed by applicants ensures a greater certainty for projects completion and helps to identify real projects among connection applications. To this aim, and along with planning permission requirement for the 2018 batch, the CRU proposes to:

- Remove the option to relocate capacity for all applicants, both existing and new
- Introduce appropriate application fees for ECP-1 applicants
- Introduce shared bonding and interdependent offers under ECP-1
- Shorten longstop dates under ECP-1

The CRU considers that the TUoS and DUoS tariffs should not cover any shortfall in connection charges if a member of a subgroup does not progress as is currently the case.[87] The proposed process, in particular through group processing, interdependent offers, shorter longstop dates and shared bonding arrangements, ensures that the impact on the TUoS and DUoS tariffs and therefore, the end-user cost of electricity, is minimal.

Implementation of ECP-1 would require a number of amendments to the COPP ruleset and these are set out in detail in Annex I. In order not to further delay the implementation of the ECP-1 proposed decision, the CRU proposes to introduce the amendments set out in Annex I and carry out a more comprehensive review of COPP at a later date, as appropriate.

The most significant among the amendments to COPP is removing the opportunity to request capacity relocation. The CRU proposes that it would apply to all projects, whether already contracted or not, and regardless of applicable policy.

For the avoidance of doubt:

- Certain small capacity relocations (up to 100 meters from the original site specified in the relevant application) would still be facilitated.
- Capacity relocation applications which have been received before the date of publication of this proposed decision would not be affected and would continue to be processed.

The CRU notes that capacity relocation rules were introduced in 2010 (CER/10/211) in order to offer gate 3 projects greater flexibility in cases where they had difficulties in progressing at a given location. The primary aim of those rules was to increase the uptake of gate 3 offers and thus avoid

[87] See section 2.1.1.

underutilisation or stranding of transmission assets.

At the same time, capacity relocation resulted in the emergence of a secondary capacity market whereby connection capacity is traded between applicants outside of the regulated connection process. The possibility to relocate capacity thus weakens project commitment and facilitates applications which might be more speculative in nature.

The CRU considers that ceasing capacity relocation going forward is key in strengthening the project commitment model and supporting the delivery of build-ready projects under ECP-1. The underlying consideration is that if a project cannot progress in its current format it can reapply for the next batch under ECP-1 or next stages of ECP rather than trading capacity outside of the connection process. Having certainty that there is a mechanism under ECP by which a project can get a connection offer should be sufficient to mitigate the need for capacity relocation.

Pending the final decision, and to enable timely transition to ECP, the CRU has today issued a direction to the system operators (ref: D/17/19787) where it has instructed them, as of today, to:

Suspend accepting new capacity relocation requests.[88]

The CRU considers that giving the option to relocate while consulting on possibly removing it in the future might create a rush of speculative capacity relocation requests in expectation of the CRU's final decision. Again, this might tie up the system operators' resources and have an undesirable knock-on effect on the delivery of ECP.

[88] This does not apply to capacity relocation requests already received by the system operators, i.e. before the day of publication of this proposed decision. Furthermore, requests to relocate capacity up to 100 meters would still be facilitated.

4.8 Offer capacity on a non-firm basis

The CRU proposes that connection offers under ECP-1 would be issued on a non-firm basis for connection to the transmission system.

A non-firm offer allows a project to connect and subsequently export onto the system once its associated shallow works, distribution deep reinforcements, short circuit works and other necessary works, including control systems, have been completed in full, but before the load flow transmission deep reinforcements are completed.

Offering non-firm access is guided by the objective for ECP-1 to be implemented on a practical and timely basis. The nature and range of studies which are necessary to assess deep reinforcement needs do require significant consideration and time to complete. Carrying out these assessments might involve developing new mechanisms requiring further policy decisions. EirGrid will however carry out analysis to estimate possible constraints during the non-firm period which will be shared with applicants receiving connection offers. The CRU notes that provision of this information however will not affect the timeframes for issuance or acceptance of those offers.

The CRU notes that units with non-firm access can trade in I-SEM to levels above their firm access quantities, however at their own risk. If they are dispatched down by the TSO they must pay back the "dispatched down volume" that is not firm at the imbalance price. Units which are dispatched down in their firm region pay back their own bid price.[89]

[89] For more details on the treatment of non-firm generation in I-SEM, see *Integrated Single Electricity Market (I-SEM), Energy Trading Arrangements, Detailed Design, Building Blocks Decision Paper*, 11 September 2015, SEM-15-064.

5. Connection application fees

Table 1 in Annex I sets out the proposed application fees for connection to **both the transmission and distribution system** applicable under ECP-1. The CRU proposes that this table will be updated annually for inflation only, unless otherwise approved by the CRU.

The CRU acknowledges that while there may be some element of grouping in the 2018 batch, a significant portion of connections may be individual taking into account the relatively small batch size and the variation in geographical location and technology type. Therefore, the proposed fees for all ECP-1 connections have been based on the fees currently applied by TSO to the non-GPA connections, and updated as per the TSO's current *Statement of Charges*.[90] Similarly to the arrangements under the previous gates, the CRU proposes that the application fee increases with the size of the applicant (MW) and that the same application fee schedule applies regardless of the system operator that is processing that application. The CRU considers that the current situation, whereby the application fees between both system operators are not aligned for the applications of the same size, is anomalous and should not take place under ECP-1. It is therefore proposed to use the same application fee schedule for transmission and distribution, thereby eliminating any discrepancies between the system operators.

The proposed application fee schedule has been adapted to the new categories of applicants under ECP-1.

[90] See EirGrid, *Statement of Charges*, applicable from 1 October 2017.

6. Connection processing timelines

The CRU proposes that the 2018 batch application period will start on the publication of the ECP-1 final decision and last for two months.

As noted in section 4.1 above, the intention of the ECP-1 proposed ruleset is to accommodate further batches under ECP in quicker succession than previous gates have been held. It is proposed that the opening date for new applications for the next batch would only commence after the final offer has been accepted or lapsed from the preceding batch. Detailed rules for the next batch will be confirmed after the 2018 batch is complete. It is proposed that the eligibility criteria, thresholds and prioritisation ruleset will be reviewed and amended for each batch where appropriate. Table 3 below provides a summary of the assumed timelines associated with the individual steps for the 2018 batch.

Table 3 Indicative processing timelines for the 2018 batch assuming very limited inclusion of current non-GPA applicants in process or with live connection offers.

Step	Timing
1. Closing date for applications	Publication of the ECP-1 decision + 2 months
2. Applications check completed	Step 1 + 2 months
3. Fees and clarifications received deadline	Step 2 + 1 month
4. First offers issued	Step 3 + 4 to 5 months
5. Last offers issued	Step 3 + 10 months[91]
6. Last offer accepted / lapsed	Step 5 + 3 months
7. Ready to start next batch	At completion of step 6

Please note that the timeframes for each step are dependent on the preceding step. Any changes to the timeframe for a preceding step will therefore impact on the completion of the following step and therefore the overall completion of the 2018 batch.

[91] The timeline to issue offers under the 2018 batch depends on the number of existing applicants with live offers or in process who decide to be processed as part of the 2018 batch, and may be subject to further review if deemed necessary by the CRU.

7. Clauses

7.1 Review of arrangements

The CRU is cognisant of challenges associated with introducing policy changes and intends to monitor the situation on an ongoing basis following the implementation of ECP-1 as per CRU final decision. The CRU proposes to direct the system operators to report to the CRU on the effectiveness of the new policy framework and advise whether the proposed rules, in particular eligibility criteria and thresholds, require a review for the next batches under ECP-1 or next stages of ECP.

In the event that the proposed arrangements for the 2018 batch prove to be ineffective or prone to gaming, the CRU also proposes to retain the right to review the policy for the 2018 batch and take appropriate action as necessary.

7.2 System adequacy exception

The ECP-1 proposed decision is intended to be part of ECP however applicants should note that, as the industry is undergoing continual change, the system requirements are also subject to change. Such changes in circumstances can occur quickly. While there is an objective to provide certainty to applicants, there is an overriding requirement for the system operators to operate a safe, secure and reliable transmission and distribution system. Therefore, the CRU notes that at times it may be necessary for the TSO to require amendments to a given batch or action outside a batch to maintain system adequacy. Any such action should be reasonable in the context of system requirements and would be subject to the CRU's approval.

7.3 Conflict of terms

It is proposed that in the event of conflict or inconsistency between the ECP-1 policy and any previous CRU decision on connection or charging policies listed in section 1.5, the ECP-1 policy as per the CRU's final decision would take precedence over the above listed decisions.

It is also proposed that in the event of conflict or inconsistency between the text of the final decision on ECP-1 and the rulesets in Annex I and II as approved, the rulesets would take precedence over the text of the ECP-1 final decision.

8. Conclusions and next steps

The proposed rules on ECP-1 relate to the first batch under ECP-1 and will be decided and implemented in 2018, without prejudice to the rules set for any future batches under ECP-1 or next stages of the enduring connection policy.

The CRU acknowledges that the ECP-1 proposed decision along with the proposed rulesets and the direction to the system operators (ref: D/17/19787) is the first step in the enduring connection policy and changes will be inevitable as learnings are gained about what has worked well and what can be improved upon. The CRU is however mindful of the need for action and has therefore carefully weighed the challenge of finding the best path forward for the future through a range of sometimes competing objectives but also moving forward in a timely manner. The CRU believes that the proposed ruleset is a balanced approach to meeting this challenge.

The ECP-1 proposed decision with annexes is issued for comments until Friday, 15 December 2017, close of business. Having considered the stakeholders' comments on the proposed rules, the CRU intends to publish a final decision in that respect in quarter one 2018.

The CRU expects to progress further stages of ECP in parallel to the 2018 batch. This process will also cater for outstanding issues discussed in CER/15/284. Where appropriate, the CRU will progress certain aspects of connection policy in parallel to ECP, under separate workstreams.

In particular, the CRU's policy on interconnectors will be progressed as per the CRU's consultation paper in that matter (CER/16/239) and more recently, the CRU's direction to the TSO to commence processing any electricity interconnector applications for connection to the Irish system that have received the Project of Common Interest (PCI) status (CRU/17/299).[92]

[92] See also the accompanying Information *Note on Grid Connections for Electricity Interconnectors with PCI status* (CRU/17/300) available on the CRU's website. PCIs are defined in Glossary of Terms.

9. Supplementary section on CER/15/284 consultation

This final section discusses a broader context to the ECP-1 proposed decision. Section 9.1 sets the proposals for ECP-1 against the intended objectives of the enduring connection policy consulted upon in CER/15/284. Section 9.2 provides a summary of responses to CER/15/284 and section 9.3 lists all the respondents who took part in that consultation.

9.1 ECP-1 proposals in the context of ECP intended objectives

CER/15/284 discussed the policy objective and the principles which should underpin the enduring connection policy. There was a broad support from a wide cross-section of respondents for the objective and the principles (see section 9.2 for details). The following paragraphs examine if the ECP-1 proposed decision is in keeping with the objectives and the principles proposed in CER/15/284.

The CRU's key objective for ECP as set out in CER/15/284 is to provide a fair opportunity for generators to receive connection offers taking account of system needs, efficiency, national policy and the consumer interest. Accordingly, this new policy should be fair, non-discriminatory and promote optimal use of the existing network. This, in turn, should reduce the end-user cost of the network and facilitate competition in the wholesale energy market, thereby reducing energy prices.[93]

Having regard to this objective, the ECP-1 proposed decision intends to provide a transparent, fair and practical process for connection to the electricity system while ensuring a minimal financial impact on the consumer. In particular, in developing the ECP-1 proposed decision, the CRU and the system operators have been guided by the following principles:

- End user impact

The proposed process, in particular through group processing, interdependent offers and shared bonding arrangements, should ensure that the impact on end-user cost of electricity is minimal. New projects connecting in a timely manner should increase competition in the generation market and further contribute to meeting Ireland's RES targets. The new connection process should also

[93] See CER/15/284, p 10.

ensure that the system operators' staff resources are allocated in a more efficient manner which could reduce system costs. Removing the option to relocate capacity should further reduce the system operators' costs of providing connections.

- Equity of treatment

The proposed process is open to all projects regardless of their technology. This includes new projects as well as existing applicants. The CRU considers that small scale dispersed generation,[94] qualifying trial projects and autoproducers should continue to be processed outside the batch given their clear public interest benefits and limited impact on the system and other connecting parties.

- Compliance

The proposed process is compliant with the national and the European legislation. In particular, prioritising connection offers for DS3 providers aims to support the delivery of the 2020 RES targets, and beyond, and further facilitate the existing renewable generators by reducing their curtailment levels.

- Security, reliability of supply and competition

The proposed process, in particular through facilitating DS3 providers, would support the successful delivery of the DS3 programme thereby contributing to improving Ireland's security and reliability of supply. Furthermore, DS3 prioritisation might encourage entry of new, more flexible units. This, in turn, can improve competition in the generation market and diversify Ireland's energy generation mix. Finally, the proposed system is designed to provide access to the electricity system to all technologies which should further enhance competition at the wholesale level.

- Efficiency in the use of resources and project development along with a stronger commitment model

Planning permission requirement, ceasing capacity relocation, interdependent offers, the requirement for shared bonding (where applicable), and shorter long stop dates are designed to strengthen project commitment model and favour build-ready projects. Those proposals are designed to provide for a more optimal use of scarce network capacity and system operator resources.

[94] Projects greater than 11kW and less than or equal to 250kW.

- Transparency

The proposed system has been developed through extensive stakeholder engagement. The draft rules included in Annex I and II are for public consultation of six weeks which would give developers sufficient time to understand the proposals and prepare for policy change. The CRU aims to hold the next GCLG meeting during the consultation period which would provide the industry with a further opportunity to engage with the CRU and the system operators on the proposed ruleset.

- Practical and timely implementation

The proposed thresholds for the 2018 batch as well as the proposal to hold smaller and more frequent batches going forward are meant to ensure that the process is not overly burdensome on system operators to implement or developers to engage with. Practical considerations also underpin the proposal not to issue any further offers under CER/09/099 (except for those applicants already in process) and only recommence as per any CRU future direction.

- Optimal development of the electricity system

By facilitating build-ready projects as well as by introducing batching and grouping arrangements, the proposed decision aims to ensure optimal development and use of the network.

Issuing connection offers in the first instance on a non-firm basis allows a greater number of offers to be made than if they all were required to be firm. In turn, this supports better utilisation and more optimal use of the transmission system in the short-term, and more effective development of the electricity network in the long-term.

9.2 Summary of responses to CER/15/284

The following provides a summary of stakeholders' responses to the CER/15/284 consultation paper.

9.2.1 ECP policy objectives and principles

CER/15/284 set out the CRU's initial thinking on an objective and principles for ECP. The following themes and substantive points were raised:

- Broad support from a wide cross-section of respondents for the need to reform connection policy, and for the objective(s) as set out by the CRU.
- Advocacy for a more explicit (and co-ordinated) recognition in the objective and principles of the national energy policy, as set out in the (then) recent White Paper,[95] and the European energy policy and legislation. With a focus, in particular, on the promotion of renewables, the meeting of targets for renewable generation and the decarbonisation of the energy sector.
- The need to prioritise cost to end users. But also, in the context of environmental impacts, the importance of not defining "costs" too narrowly.
- The need to recognise and encourage active engagement in the energy supply industry by citizens and communities (particularly in rural areas).
- The need for the review to be "holistic" and "whole of system", including by recognising the role of demand customers and autoproducers.
- The need to recognise, and if possible not lose, the strengths of the existing framework; and recognise the rights, and legitimate expectations, of participants in the existing framework.
- The importance for investment and project development of having a regime which is predictable.
- The need to recognise the potential of smart grids and active network management, and the role of flexibility in general – and, potentially, "mini-grids".

[95] See footnote 26.

9.2.2 High level approach

CER/15/284 set out the CRU's initial thinking on a high-level approach for ECP. The following themes and substantive points were raised:

- Broad support from a wide cross-section of respondents on the high-level approach for ECP, as set out by the CRU.
- The need to provide a clear path to timely connection for viable projects, and reduce the complexity and delays associated with high volumes of speculative connection applications, was recognised as being addressed by the proposed high-level approach. In particular, through the use of more pre-qualification criteria, and smaller and more frequent batch processing. Batches every year (or two) were noted as desirable by some.
- A view that pre-qualification criteria should prioritise specific interests, for example autoproducers, community projects and projects with significant "public interest". A counter view that equitable treatment and non-discrimination were key.
- A view that batch processing was needed to deal with the current policy-led volumes of connection application. But it should not be seen as the right process if the commercial environment for projects was less influenced by policy interventions.
- Concern that the existing regime, if unreformed, could put at risk Ireland's ability to meet its 2020 RES targets.
- Concerns about the difficult of integrating the connection and planning regimes in practice; and what this might mean for costs and risks for project developers. See below for more detail.
- There should be a larger role for "advance planning" and pre-commitment of network investment to facilitate connection. At the same time, need to recognise that this involves a shift in the balance of risk borne by parties who pay use-of-system charges.
- Potential benefits from more inclusive, collaborative approach to connection, e.g. by making links between demand, autoproduction and different types of generation technologies.
- Potential benefits from parallel gates, e.g. for groups of projects which (a) do not require deep reinforcement, and (b) those which do. But also concerns about complexity associated with gates that overlap geographically.
- The need for more detail to be provided to stakeholders to enable fuller assessment of policy proposals; benefits of involving stakeholders actively in the process.

9.2.3 Policy drivers: Renewables

CER/15/284 set out the CRU's initial thinking on a range of potential policy drivers and considerations that could shape the development of ECP. In respect of the connection of renewables being one of several drivers to be balanced, the following themes and substantive points were raised:

- The connection of renewables, and the attainment of targets for renewables, is a priority, and should be the primary driver in the design of connection policy. The requirement under EU law for priority access for renewables was noted in this context, as was the Government's White Paper.[96] The demand for renewable energy from large industrial users with their own targets and sustainability plans was also noted.
- The promotion of renewables and the prioritisation of DS3 providers to facilitate higher penetration of renewables, should be considered together. Further, some contended that fossil fuel generation should be actively discouraged or dis-incentivised via the connection policy regime.
- Renewables is one of a number of important policy drivers to be balanced, in order to ensure that the regime is "fair and equitable". Technological neutrality is key. Further, outcomes must be in line with technical requirements of grid management.
- Concern that the design of connection policy is not the right mechanism for actively promoting renewables, given the presence of other support mechanisms.
- The practicality of renewables being prioritised is severely constrained by the planning regime, and delays consequent to system operators' resourcing constraints.

9.2.4 Policy drivers: Interconnectors

CER/15/284 set out the CRU's initial thinking on a range of potential policy drivers and considerations that could shape the development of an enduring connection policy. In respect of whether there should be explicit provision for interconnectors, the following themes and substantive points were raised:

- Support, in principle, for inclusion of interconnectors within the regime – but also recognition that PCI projects may warrant separate, prioritised treatment. The need to be aligned to the European policy - which is strongly supportive of more interconnection between Member States - and law was noted.

[96] See footnote 26.

- Interconnector investments should be viewed separately to both generation and demand connections on the basis that they are, in effect, transmission infrastructure investments when viewed at the European level.
- There is a case for explicit provision for interconnectors but the regime must be transparent. The regime must not disadvantage other parties seeking connection, and be consistent with requirement for non-discrimination. Equity of treatment is important in the context of Eirgrid's status as both an implementer of connection policy and a developer of interconnectors.
- Recognition that interconnectors have the potential to play a key role in facilitating growth in renewable generation, including the potential for Ireland to become a net exporter of renewable power.

9.2.5 Treatment of non-GPA projects

CER/15/284 set out the CRU's initial thinking on the scope of group processing as part of ECP, and the following themes and substantive points were raised:

- Arrangements should provide a "fast track" for small-scale developments, and autoproducers (based on export as a proportion of import capacity). Suggestions that "small scale" should be defined using a MW threshold, with a range of views on the level of such a threshold. Less than 1MW was a commonly-cited suggested threshold, together with proposals to keep thresholds under review and to modify periodically.
- Non-GPA should be retained for R&D and innovation projects, suitably defined. Non-GPA should not be a "loophole". Support for consistent treatment of all projects other than small-scale trials and innovation.
- Concern that the differential in treatment between solar (non-GPA) and wind (GPA) was causing significant distortions, given the significant growth in the scale of applications from solar projects. Some contended that this warrants an urgent review, and that such a review is consistent with prior CRU policy statements.
- Non-GPA should be maintained to allow for quicker, simpler connections of eligible technologies. Criteria should be extended to include community-owned renewable energy developments or there should be a separate process developed for such projects.
- Important to ensure that the cut-over from non-GPA to GPA was fair and equitable, and consistent with legitimate expectations. For example, different processes should not be applied retrospectively. Support for trying to make the existing processes work better, before changing them fundamentally.

9.2.6 Interaction between ECP and I-SEM

CER/15/284 set out the CRU's initial thinking on the potential interactions between the development of connection policy and the introduction of I-SEM, and the following themes and substantive points were raised:

- Broad support for connection policy reforms being developed and implemented in advance of I-SEM on the basis that the projects were separable, and interactions between the two relatively limited.
- Further delay to the reform of connections policy would not be desirable.
- There may be some consequential impacts over time, and these should be reviewed and addressed as required. In this context, some noted potential interactions between DS3 and the capacity remuneration mechanism, and connection offers.

9.2.7 Connection policy and the mix of generation

CER/15/284 set out the CRU's initial thinking on the role of connection policy in facilitating a mix of generation, and in particular DS3 providers; and the role of market signals. The following themes and substantive points were raised:

- Connection policy should be non-discriminatory, and technology-neutral. Market and policy-driven commercial signals would support an appropriate mix of generation and system service providers. It should not be the role of connection policy to alter market signals between different project types.
- Ideally, market signals plus an appropriate commitment model of connection should suffice – with support via the design of the connection policy regime only being need if there is a material problem to address, e.g. RES targets not being met.
- Need to be mindful of the potential benefits of innovation, and to ensure that the connection policy regime facilitates innovation.
- Facilitating a mix of generation should not be at the expense of promoting renewables, consistent with meeting the RES targets.
- Facilitating the provision of DS3 system services is important, because market signals are not always sufficient. The promotion of DS3 providers should be one of a number of priorities to be balanced.
- Autoproduction – and its active support – should be recognised as an important part of the mix. Complementary nature of some renewable technologies should be recognised within the connection policy regime.

9.2.8 Connection policy and the use of spare network capacity

CER/15/284 set out the CRU's initial thinking on whether projects – either demand or generation connections – which make the most efficient use of existing network capacity should be prioritised under ECP. The following themes and substantive points were raised:

- It is logical and sensible to prioritise projects which do not require deep reinforcement.
- Although there needs to be transparency and rigour in how spare capacity is identified, and communicated to the market. The system operators' resources and capabilities are an important consideration.
- Network capabilities are not static. Long-term planning of grid development – and building out the grid in certain areas to facilitate new generation – might also have a role to play. Concern that focusing on the use of short-term space capacity could detract attention from this.
- Depends on how "priority" is defined, and the quality of network access provided once a project has been prioritised.
- Total net cost to consumers is the key consideration, and it would not be appropriate to prioritise more expensive projects (allowing for all relevant costs, including grid reinforcement). "Sweating" every last bit of network capacity – at the expense of sensible grid development – could reduce competition between generators and increase costs to consumers.
- Note that autoproduction makes effective use of existing capacity, and should be prioritised and promoted.
- In principle, there could be merit in reviewing and amend the connection regime for demand. For instance, the same principles should apply to demand connections, given there is scope to become a demand side unit (DSU) under I-SEM. But aligning it with the regime for generation would be a significant change, and should be progressed separate if it risks delaying progress.
- Differing views on the role of locational signals derived from the TUoS/DUoS charges; and whether it should be within the scope of the review of connection policy.

9.2.9 Community-based energy schemes

CER/15/284 invited views on whether there are any specific issues the CRU should take into consideration regarding community based schemes in the development of ECP. The following themes and substantive points were raised:

- The promotion of community energy projects is a policy priority in the Government's White Paper,[97] and the CRU's review of connection policy should be consistent with and in support of this. The policy framework needs to be appropriate for the parties and capabilities involved, e.g. non-commercial/voluntary.
- The concept of "public good" should be incorporated into the framework for processing connection applications, in order to give due prominence to community-based schemes. This would require rules for eligibility, e.g. % of project which is community-owned.
- Could be an effective, proportionate use of the non-GPA process. Could be supported via a proportion of capacity being reserved for community-based schemes.
- Important that connection policy is fair and non-discriminatory. There are other, more suitable routes for supporting and promoting community energy projects.

9.2.10 Planning consent and connection offers

CER/15/284 invited views on whether the CRU should include planning permission in the criteria for receiving a connection offer. The following themes and substantive points were raised:

- Support for greater co-ordination between the planning regime and connection policy, while noting that the interactions were legally and operationally challenging. Recognition of "no simple answer" but need for projects to be able to progress in parallel. A number of respondent cited the *O'Grianna* judgement, and what it might imply for what is possible in managing interactions between the planning and connection regime.
- Design of appropriate planning milestones could vary by technology, given that risks of planning being refused differ across technologies.
- Broad support for prioritising projects which have planning permission such that connection can be progressed in a timely way, noting the risk of planning consent lapsing if connection is delayed.
- Planning as a pre-condition for connection will put greater burden on (a) the system operators in providing information to support planning applications, and (b) the planning application process itself. Risk of further delays. Could make strategic grid development more difficult.
- Planning permission is a strong indication of project commitment, and hence an effective way of deterring speculative connection applications, and strategic behaviour associated with capacity "hoarding" by projects if date-of-application is used as a criterion to

[97] Footnote 26.

prioritise projects. But other methods for testing/demonstrating “commitment” should also be explored.

- Differences in consenting regimes between onshore and offshore projects needs to be recognised. E.g. certainty on connection point is need for offshore projects before sea-bed surveys can be undertaken.
- Concerns about experience in Northern Ireland, where planning permission is required, and yet project timescales are not quicker.

9.3 List of respondents to CER/15/284

The following parties submitted comments on the CER/15/284 consultation paper. Respondents are in alphabetical order. All non-confidential responses are available on the CRU website. Confidential responses are highlighted with an asterisk.

ABO Wind Ireland

An Bord Pleanala

An Taisce

Bob Gunkel Planning

Bord Gáis Energy

Bord na Móna PowerGen

BHC Distributors

Brookfield Renewable Ireland

Carbery Food Ingredients

Castlewaller Wind Farm*

Castlewaller Woodland Partnership*

CES Energy

Coillte Enterprise

Composting & Anaerobic Digestion Association of Ireland

D.McDermott & Co

Dunmoylan Developments*

Economic and Social Research Institute (ESRI)

EirGrid

Element Power Ireland

Elgin Energy Services

Energia

Energywise Consultants

Entrust

Environmental Pillar

ESB - Generation & Wholesale Markets

ESB Networks

Facebook*

Fingleton White & Co

Friends of the Earth

Gaelectric Holdings

Galetech Energy Developments

Gas Networks Ireland

Glanbia*

Grange Backup Power*

Greener Ideas*

Greenlink Interconnector*

Highfield Solar

Integrated Energy Systems

Irish Bioenergy Association

Irish Farm Centre

Irish Solar Energy Association

Irish Wind Energy Association

Irish Wind Farmers Association

JBM Solar Ireland

Knockathea Wind Farm*

Lightsource Renewable Energy

Lumcloon Energy*

Michael Gunn

Michael Quirk*

Micro Electricity Generation Association

NOW Ireland - National Offshore Wind Association

Newcomb Energy*

ORIEL Windfarm

People's Energy Charter

Renewable Gas Forum

Renewable Energy Systems

RWE Innogy

Sandford Energy*

Saorgus Energy

Schwungrad Energie

Seabreeze Wind Farm*

SIGA Hydro*

Solar Electric Ireland

Solar Ventures

Solas Éireann Renewable*

Soleire Renewables

SSE Airtricity

South Kerry Development Partnership Limited

Terenure Community Energy Group

Tipperary Energy Agency

Wexford Solar

Wind Energy Direct