



An Coimisiún um Rialáil Fóntas

Commission for Regulation of Utilities

Enduring Connection Policy Stage 2 (ECP-2)

Decision

ECP-2 Decision

Reference:

CRU/20/060

Date Published:

10/06/2020

CRU Mission Statement

The CRU's mission is to protect the public interest in Water, Energy and Energy Safety.

The CRU is guided by four strategic priorities that sit alongside the core activities we undertake to deliver on the public interest. These are:

- Deliver sustainable low-carbon solutions with well-regulated markets and networks
- Ensure compliance and accountability through best regulatory practice
- Develop effective communications to support customers and the regulatory process
- Foster and maintain a high-performance culture and organisation to achieve our vision

Executive Summary

Grid connection policy can influence which generators and storage projects can access markets and when they can secure that access. Consequently, connection policy can have a wide-ranging impact on the electricity system, from determining the level of competition in wholesale markets, facilitating the delivery of renewable energy targets, to helping ensure that new technologies can connect to provide required system services. All of these directly affect consumers in terms of the prices they pay, the quality of service they receive and the environment they live in.

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" (SOs), on the terms and conditions of access to the transmission and distribution systems (the electricity system). Based on the CRU's policy directions, the system operators issue connection offers to generators and storage projects.

In 2018 the CRU published a decision on Enduring Connection Policy – Stage 1 (ECP-1) with the principal objective of allowing projects which were 'shovel ready' to have an opportunity to connect to the network. At the same time, the CRU committed to providing more regular opportunities for connection offer processing (batches) in future. In addition to continuing these objectives, ECP-2 now prioritises, in the first instance, large renewable energy projects in line with the CRU strategic priority of delivering sustainable low-carbon solutions with well-regulated networks. Notwithstanding this decision, the CRU reserves the right to direct the system operators to prioritise connections for generation in order to maintain security of supply should this be required.

ECP-2 will also facilitate Government defined community-led renewable energy projects by allocating up to fifteen connection offers per year to such projects. Community-led renewable energy projects will also not need planning permission to apply for a grid connection. Community-led renewable projects will also receive a connection assessment (connection method and cost) as part of the application process. Planning permission will, however, be required before a grid connection offer is issued.

Finally, this decision allows all projects contracted pre ECP-1 (but not those that chose to fold into ECP-1) a final opportunity to terminate their connection agreement and release contracted Maximum Export Capacity (MEC) with an 80% refund of first stage payment.

ECP-2 will be open to all generating, storage and other system service technologies. The SOs will publish a ruleset for ECP-2 based on this Decision and in advance of the ECP-2 application window opening. Table 1 summarises the ECP-2 Decision versus the ECP-2 Proposed Decision.

Table 1 Summary of ECP-2 decisions

ECP-2 Decision	Change from Proposed Decision
 ECP-2 framework to encompass one batch application window per year for three years: ECP-2.1 applications in September 2020 ECP-2.2 applications in September 2021 ECP-2.3 applications in September 2022 	There are now fixed months for the batch application window (September), batch formation and batch processing each year ¹
 Target 115 connection offers in total for each ECP-2 batch period: 85 for generation, storage and other system services technology projects (MEC>500kW). Prioritised by largest renewable energy generation (first 25), then by planning permission grant date. No more than 10 primarily storage and other system service technology projects². 15 for non-batch projects and 15 for community-led projects, that cannot be processed on a non-batch basis 	Additional 35 offers for generation, storage and other system services technology projects (MEC>500kW). No more than 10 primarily storage and other system service technology projects per batch.
 Non-batch project offer processing: Application at any time. SOs will only process on a non-batch basis (i.e. in parallel to ongoing batch or folded into ongoing batch) if feasible. Otherwise non-batch projects are folded into next batch as above³ 	More clarity on non-batch project processing with respect to batches and timing.
 Application at any time pre-planning. "Connection assessment" (method and cost) only processed on a non-batch basis if feasible or otherwise folded into next batch as above³ Connection assessment issued after detailed study and held for two years (with payment of application fee deposit only) Once planning permission is received and application fee balance paid, DSO will issue full offer. ⁴ 	More clarity on community processing with respect to application fee stages, studies and costs. Connection method and cost certainty for two years preplanning.

¹ Batch formation October – December, batch processing January - December of the following year

² Primarily storage in this instance means that >50% of the MEC is storage. Examples of primarily system service technology projects are flywheels and synchronous condensers. More detail will be provided in the ECP-2 ruleset.

³ Up to 15 in each batch, prioritised by application received complete date.

⁴ If planning permission takes longer than two years, project re-studied at next opportunity (batch or non-batch) when planning permission is received, with no additional fee.

ECP-2 Decision	Change from Proposed Decision
 Enhanced early engagement process: DSO Phase 1: pre-batch opportunity to exit for those clearly causing significant uprate, with only application deposit paid. TSO Phase 1: as per current process. DSO/TSO Phase 2: mid-batch opportunity to reduce MEC/exit with 75% fee refund. 	More detail specified on early engagement process. Incentive to exit if not viable with 75% application fee refund now included.
Planning permission required to apply to ECP-2, except for community-led projects, though they will need planning permission to receive connection offer.	No change.
 Firm/Non-firm capacity offer basis; TSO to develop new methodology to schedule Firm Access Quantities (FAQs) for contracted projects based on network development plans Offers continue to be issued on a non-firm basis until new mechanism for scheduling FAQs is in place 	Whilst ECP-2 offers will initially be issued on a non-firm basis as per ECP-1, there is now clarity that contracted projects will receive scheduled FAQs.
 Application fees; Schedule of application fees remains as per ECP-1 (adjusted for inflation). Application fee deposit for projects with MEC>500kW reduced to €2,000. Previous application fee deposits carry forward for valid unprocessed applicants that re-apply. 	Application fee deposits for each batch reduced from €7,000 to €2,000 for projects >500kW.
The security for shared assets' costs for projects part of a sub-group is no longer required for ECP-2.5	Requirement for security for shared assets' costs has been removed
All projects contracted pre ECP-1 (but not those that chose to fold into ECP-1) will have a final opportunity for capacity release ⁶ as per CER/16/284 (e.g. with 80% refund of first stage payment).	No change.

The SOs will publish detailed rules that transpose the ECP-2 decisions into a template for implementation (the **ECP-2 Ruleset**) before the batch application window for ECP-2.1 opens.

⁵ Shared assets' liability reverts to pre ECP-1 COPP rules and Invoice & Terminate ruleset

⁶ Capacity release their full contracted MEC on the same terms and conditions for capacity release outlined in CER/16/284 (e.g. 80% refund of first stage payment).

Public/ Customer Impact Statement

New generators and storage technologies need to connect to the electricity grid in order to participate in energy markets. The processes for connecting these are technically and commercially complex. Whilst these generally do not impact directly on individual electricity consumers, the following points illustrate how new connections can impact on the quality and cost of outcomes for consumers over time:

Reliability of supply: New connections contribute to the headroom of generation capacity relative to maximum demand.

Wholesale electricity prices: The connection of newer and more efficient generation capacity increases competition and puts downward pressure on wholesale prices, one of the main components of a consumer's bill.

System services' prices: New connections add to the number of potential providers of services which maintain the operational stability of the electricity system. This helps to ensure that the necessary services are available, and that their prices are set competitively.

Network costs: The local costs of connecting to the network are funded by the generators which benefit from them, but the wider reinforcement works that allow full access to the network will be paid for by all consumers through their bills.

Environmental goals: Increasing the proportion of electricity generated from renewable sources reduces the carbon-intensity of the energy sector.

In 2018, the CRU took the first step in revising the existing connection policy, by deciding to allow more regular batches of connection offers to issue to 'shovel ready' projects (i.e. with planning permission), ahead of less mature projects.

The CRU in this decision has taken the next step in revising the Connection Policy. This decision continues to allow 'shovel ready' projects (i.e. with planning permission) to get a connection offer. It also prioritises the connection of large renewable projects whilst giving the opportunity for all types of projects, that have gained planning permission, to receive a connection offer on an equal basis thereafter.

More specifically the benefits of this new connection policy decision include:

- (1) Prioritising large renewable generation projects to assist the Government's target of having 70% of electricity by 2030 produced from renewable sources.
- (2) Facilitating connections of 'shovel ready' projects as these projects should be the fastest to enter the market and increase competition.
- (3) Assisting community-led renewable energy projects to get a connection offer on a preferred basis and allowing for a lower barrier to entry.

The CRU is satisfied this next step in revising connection policy is reasonable based on the information currently available. However, the CRU will keep this under review to ensure it remains fit for purpose and can adjust it accordingly. Any such adjustments would be based on optimisation of the connection policy with respect to the CRU's stated policy objectives.

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Glossary of Terms and Abbreviations

Abbreviation or Term	Definition or Meaning	
1999 Act	Electricity Regulation Act, 1999	
2018 batch	Batch processed under ECP-1 rules	
ATR	Associated Transmission Reinforcements	
Autoproducer	As defined in CER/03/237, a person who has entered into a connection agreement with the TSO or DSO and generates and consumes electricity in a single premises, or on whose behalf another person generates electricity in the single premises, essentially for the first person's own consumption in that single premises.	
	Once an exporting autoproducer's MEC reaches or exceeds twice the MIC, then the exporting autoproducer is deemed to be a generator.	
CER	Commission for Energy Regulation (now, Commission for Regulation of Utilities)	
СНР	Combined Heat and Power	
СОРР	Connection Offer Policy and Process	
СРРА	Corporate Power Purchase Agreements	
CRU	Commission for Regulation of Utilities (formerly, Commission for Energy Regulation)	
DCCAE	Department of Communications, Climate Action & Environment	
DSO	Distribution System Operator (ESB Networks)	
DUoS	Distribution Use of System charges	
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.	

ECP	Enduring Connection Policy	
ECP-1	First stage of the Enduring Connection Policy; includes the 2018 batch and non-batch processes.	
ECP-2	Second stage of the Enduring Connection Policy that this Decision refers to.	
Electricity system	Transmission and distribution electricity systems	
FAQ	Firm Access Quantity	
GPA	Group Processing Approach	
GWhrs/yr	Gigawatt hours per year	
НЕСНР	High Efficiency Combined Heat and Power	
kW	Kilowatt	
MEC	Maximum Export Capacity	
MW	Megawatt	
Non-GPA	Non-Group Processing Approach	
PR5	Price Review 5 for TSO and DSO	
PV	Photovoltaics	
REC	Renewable Energy Community	
RES	Renewable Energy Sources	
RES-E	Renewable Energy Sources in Electricity	
RESS	Renewable Electricity Support Scheme	
Qualifying trial process	A mechanism whereby potential DS3 system services providers have the opportunity to demonstrate the capabilities of new unproven technologies.	
Qualifying trial project	Project under the qualification trial process	
SEAI	Sustainable Energy Authority Ireland	
SEC	Sustainable Energy Community (SEAI)	
SEM	Single Electricity Market	
SNSP	System Non-Synchronous Penetration	

SOs	System Operators (i.e. TSO and DSO)	
SoS	Security of Supply	
TSO	Transmission System Operator (EirGrid)	
TUoS	Transmission Use of System charges	

1. Introduction

This chapter summarises the relevant context and background for the CRU's decision for the next stage of the Enduring Connection Policy – Stage 2 (ECP-2).

1.1 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" (SOs) on the terms and conditions of access to the distribution and transmission system. Specifically, section 34 (2) (c) of the 1999 Act 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, 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 forms of 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 the Third Energy Package (Directive 72/2009/EC, Regulation 714/2009), the Clean Energy Package for all Europeans (including Directives 2019/944, 2018/2001 and Regulation 2019/943) and the EU Network Codes.

1.2 Background to connection policy

The connection policy referred to in this paper covers onshore generation, storage and other system service technology⁷ projects, connecting to either the transmission or distribution systems

⁷ Examples of primarily system service technology projects referenced here are flywheels and synchronous condensers. More detail will be provided in the ECP-2 ruleset.

(collectively, the "electricity system"). Interconnectors are covered under separate policy (CRU/18/0568).

The <u>Government's Climate Action Plan</u>⁹ includes a separate action for the progression of planning, route to market and grid for offshore wind projects. The CRU is therefore considering progression of offshore wind grid connection applications separately from the Enduring Connection Policy (ECP) process. Therefore, in ECP-2, batch and non-batch processing will be applicable only to onshore projects.

1.2.1 Connection pathways

The ECP process for grid connection applications is one of a number of current pathways for generators, storage and other system services technology projects to connect to the electricity system (Figure 1).

Connection policy is set in the context of a "live" system in which there is an overriding requirement for the system operators to operate a safe, secure and reliable transmission and distribution system. 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.

The CRU's information paper (CRU/18/228¹⁰) highlighted potential threats to security of supply (SoS) where the same geographical area can experience both local demand growth (e.g. large data centres) and local generation constraints, occurring within a short time span. This is currently the case in the Dublin region and the CRU reserves the right to direct the system operators to prioritise connections of generation in such regions in order to maintain local security of supply should this be required. Such directions are shown by the SoS direction pathway in Figure 1.

⁸ https://www.cru.ie/wp-content/uploads/2018/03/CRU18056-Electricity-Interconnectors-Information-Paper.pdf

⁹ https://www.dccae.gov.ie/en-ie/climate-action/topics/climate-action-plan/Pages/climate-action.aspx

¹⁰ https://www.cru.ie/wp-content/uploads/2018/10/CRU18228-Information-Note-on-DMILC-process-1.pdf

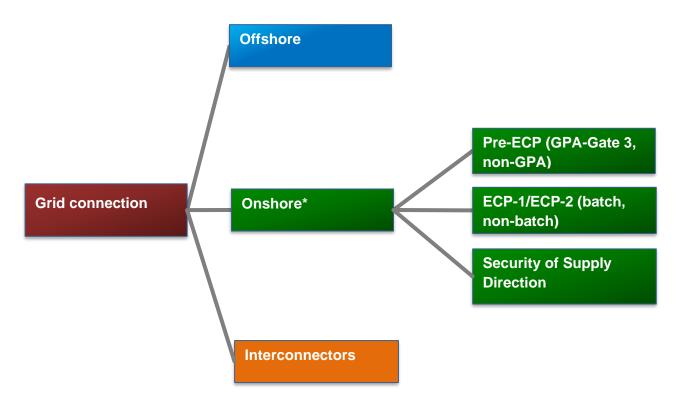


Figure 1 Current connection pathways for generation, storage and interconnection¹¹

*Projects less than or equal to 6kW (single phase) and 11kW (three phase) are classified as microgeneration and subject to the CRU's relevant policy. The CRU is one of the key stakeholders contributing to the development of a new enabling framework for micro-generation as per Action 30 of the Government's Climate Action Plan and in line with the EU Clean Energy Package. This work will have regard to existing and future connection policy for micro-generation. Micro-generation is further discussed in Section 2.3.

1.2.2 ECP-1 Decision and Implementation

In March 2018, the CRU reached a final decision on the Enduring Connection Policy – Stage 1 (ECP-1), fundamentally changing the process for generators and storage providers (greater than 6kW/11 kW) applying to connect to the Transmission or Distribution system (<u>CRU/18/058</u>¹³). This change was needed as it had been ten years since the last gate process for large generators, and the non-gate process for smaller generators and experimental technologies was vastly

¹¹ Note that the T-4 capacity auction for 2022/23 also had one successful new offshore project.

 $^{^{12}}$ <u>CER/09/033</u> - *ESBCS Domestic Micro-generator Export Tariff* – decision; <u>CER/07/208</u> - *Arrangements for Micro-generation* – decision.

¹³ https://www.cru.ie/wp-content/uploads/2017/04/CRU18058-ECP-1-decision-FINAL-27.03.2018.pdf

oversubscribed. This led to over 36 GW of projects waiting to connect or gain offers, many of which may have been speculative in nature and holding up genuine projects that had been waiting to connect for a number of years.

The ECP-1 decision followed an extensive period of engagement with stakeholders including EirGrid, ESB Networks and the generation and storage industry which began in 2015.

The ECP-1 decision introduced, amongst other things, a new system for issuing connection offers for new generation and storage capacity. ECP replaced the previous Group Processing Approach (GPA) system of "gates" with the intention to introduce more frequent batches. The non-GPA process for smaller renewable and low carbon generators was suspended and a new non-batch process was introduced. The system operators' schedule for issuing ECP-1 connection offers concluded at the end of May 2020.

1.3 Purpose of this paper

The purpose of this Decision paper is to present key policies for the next stage of connection policy (ECP-2) to address the volume of grid connection applications in a way that promotes an optimal use of the existing network considering the system needs, national policy and the consumer interest.

The decision-making process has considered evolving European and national energy policy including the prioritisation and timelines in the Government's Climate Action Plan.

This paper sets out the supporting reasoning for these decisions and provides the governing framework for how these decisions will be transposed into a ruleset by the SOs. A summary of responses to the consultation on the ECP-2 proposed decision (<u>CRU/19/143</u>), also referred to as the "Proposed Decision", is also provided. Non-confidential responses to the consultation are available on the CRU's website.

As part of this decision, the CRU is also directing the system operators to report to the CRU on the effectiveness of the new regime when in place. This will inform the ongoing monitoring and development of the connection policy by the CRU. Further, if the arrangements for ECP-2 prove to be ineffective, or inadvertently cause perverse incentives, then the CRU reserves the right to review this policy and take appropriate action as necessary.

This paper is structured as follows:

Section 1	summarises the context and background to ECP-2
Section 2	outlines the decision for ECP-2 and capacity release
Section 3	provides the next steps for the ECP-2 and capacity release processes
Section 4	provides a summary of responses to the ECP-2 proposed decision

1.4 Related policy documents

This ECP-2 Decision should be read in conjunction with the CRU's earlier documentation on connection policy, a comprehensive list of which is provided in Annex 3. Recent key documentation includes:

CRU/19/143	Enduring Connection Policy (ECP-2) Proposed Decision	Proposed Decision paper
CRU/19/144	Future Options for Enduring Connection Policy	Call for Evidence
CRU/18/113	CRU Response to Industry Regarding ECP-1 Impacts on Contracted Projects	Information paper
CRU/18/094	Clarification on the Enduring Connection Policy (ECP-1) Decision (Capacity Release)	Information paper
CRU/18/058	Enduring Connection Policy (ECP-1) Decision	Decision paper
CRU/18/059	Enduring Connection Policy (ECP-1) Decision Annex I: Ruleset	Decision paper
CRU/18/060	Enduring Connection Policy (ECP-1) Decision Annex II: DS3 Prioritisation Ruleset	Decision paper

2. ECP-2 decisions

This chapter sets out the decisions for ECP-2 and the rationale for the decisions. The CRU led the development of proposals for ECP-2 in conjunction with SOs and industry stakeholders throughout 2019¹⁴. Each component of this decision is set out with supporting rationale. That rationale has been informed by, and in some areas draws explicitly on, the responses to the consultation on the ECP-2 proposed decision and follow up meetings with industry representative stakeholders in Q1 2020. A complete summary of responses to the proposed decision is provided in chapter 4.

The ECP-2 decisions outlined are based on the following regulatory policy objectives as set out in the proposed decision, which are:

- Provide objective, transparent and non-discriminatory terms and conditions for connecting new producers in line with the Clean Energy Package for all Europeans.
- Enable projects that best align with overarching government policy direction on climate action and the CRU's strategic priority of delivering sustainable low-carbon solutions with well-regulated markets and networks.
- The timing of the next batches of connection offers and the number of projects in each batch should not hinder the effectiveness of relevant electricity market auctions (e.g. RESS, DS3, T-4 capacity auctions).
- Maintain the batch frequency momentum signalled with ECP-1.

The CRU hereby directs the transmission system operator (TSO) and distribution system operator (DSO), collectively the "system operators" (SOs), to enact the ECP-2 decisions detailed sections 2 and 3 of this Decision paper, under section 34 (2) (c) of the 1999 Electricity Act as outlined in section 1.1 of this Decision paper.

Table 2 summarises the ECP-2 decisions

¹⁴Further information on stakeholder engagement is in ECP-2 Proposed Decision CRU/19/143 section 2.1.

Table 2 Summary of ECP-2 decisions

ECP-2 Decision	Change from Proposed Decision
 ECP-2 framework to encompass one batch application window per year for three years: ECP-2.1 applications in September 2020 ECP-2.2 applications in September 2021 ECP-2.3 applications in September 2022 	There are now fixed months for the batch application window (September), batch formation and batch processing each year ¹⁵
 Target 115 connection offers in total for each ECP-2 batch period: 85 for generation, storage and other system services technology projects (MEC>500kW). Prioritised by largest renewable energy generation (first 25), then by planning permission grant date. No more than 10 primarily storage and other system service technology projects¹⁶. 15 for non-batch projects and 15 for community-led projects, that cannot be processed on a non-batch basis 	Additional 35 offers for generation, storage and other system services technology projects (MEC>500kW). No more than 10 primarily storage and other system service technology projects per batch.
 Non-batch project offer processing: Application at any time. SOs will only process on a non-batch basis (i.e. in parallel to ongoing batch or folded into ongoing batch) if feasible. Otherwise non-batch projects are folded into next batch as above¹⁷ 	More clarity on non-batch project processing with respect to batches and timing.
 Application at any time pre-planning. "Connection assessment" (method and cost) only processed on a non-batch basis if feasible or otherwise folded into next batch as above¹⁷ Connection assessment issued after detailed study and held for two years (with payment of application fee deposit only) Once planning permission is received and application fee balance paid, DSO will issue full offer. ¹⁸ 	More clarity on community processing with respect to application fee stages, studies and costs. Connection method and cost certainty for two years preplanning.

¹⁵ Batch formation October – December, batch processing January - December of the following year

¹⁶ Primarily storage in this instance means that >50% of the MEC is storage. Examples of primarily system service technology projects are flywheels and synchronous condensers. More detail will be provided in the ECP-2 ruleset.

¹⁷ Up to 15 in each batch, prioritised by application received complete date.

¹⁸ If planning permission takes longer than two years, project re-studied at next opportunity (batch or non-batch) when planning permission is received, with no additional fee.

ECP-2 Decision	Change from Proposed Decision
 Enhanced early engagement process: DSO Phase 1: pre-batch opportunity to exit for those clearly causing significant uprate, with only application deposit paid. TSO Phase 1: as per current process. DSO/TSO Phase 2: mid-batch opportunity to reduce MEC/exit with 75% fee refund. 	More detail specified on early engagement process. Incentive to exit if not viable with 75% application fee refund now included.
Planning permission required to apply to ECP-2, except for community-led projects, though they will need planning permission to receive connection offer.	No change.
 Firm/Non-firm capacity offer basis; TSO to develop new methodology to schedule Firm Access Quantities (FAQs) for contracted projects based on network development plans Offers continue to be issued on a non-firm basis until new mechanism for scheduling FAQs is in place 	Whilst ECP-2 offers will initially be issued on a non-firm basis as per ECP-1, there is now clarity that contracted projects will receive scheduled FAQs.
 Application fees; Schedule of application fees remains as per ECP-1 (adjusted for inflation). Application fee deposit for projects with MEC>500kW reduced to €2,000. Previous application fee deposits carry forward for valid unprocessed applicants that re-apply. 	Application fee deposits for each batch reduced from €7,000 to €2,000 for projects >500kW.
The security for shared assets' costs for projects part of a sub-group is no longer required for ECP-2.19	Requirement for security for shared assets' costs has been removed
All projects contracted pre ECP-1 (but not those that chose to fold into ECP-1) will have a final opportunity for capacity release ²⁰ as per CER/16/284 (e.g. with 80% refund of first stage payment).	No change.

The SOs will publish detailed rules that transpose the ECP-2 decisions into a template for implementation (the **ECP-2 Ruleset**) before the batch application window for ECP-2.1 opens. In the event of an inconsistency or conflict between the ECP-2 Ruleset and this ECP-2 Decision, the inconsistency or conflict will be resolved by giving precedence to the ECP-2 Decision. In parallel, the CRU will be updating its Incentive and Reporting Framework for the Price Review 5

¹⁹ Shared assets' liability reverts to pre ECP-1 COPP rules and Invoice & Terminate ruleset

 $^{^{20}}$ Capacity release their full contracted MEC on the same terms and conditions for capacity release outlined in CER/16/284 (e.g. 80% refund of first stage payment).

period. This will build on the suite of PR4 Incentives and ensure that the system operators are accountable for, and incentivised on, the efficient and timely processing and delivery of connections.

2.1 ECP-2 timeline

Decision

ECP-2 will have three batches in three years. The SO schedule for each ECP-2 batch will begin with a batch application window in September each year. After the closing of the application window, the batch is then formed from eligible projects and using the guidelines for prioritisation outlined in this decision. Batch formation is given three months to enable a Phase 1 early engagement process – described further in Section 2.3. Once the batch is formed the SOs will target issuance of all offers in that batch before the processing of offers for the following batch. Table 3 clarifies the schedule for ECP-2 batches.

Table 3 ECP-2 batch schedule

ECP-2 Batch	Schedule	
	Application:	September 2020
ECP-2.1	Batch formation:	October-December 2020
	Batch processing:	January-December 2021
	Application:	September 2021
ECP-2.2	Batch formation:	October-December 2021
	Batch processing:	January-December 2022
	Application:	September 2022
ECP-2.3	Batch formation:	October-December 2022
	Batch processing:	January-December 2023

The SOs will provide detailed guidance on the exact dates for applications and the application process. The SOs will develop an offer issuance schedule and confirm offer issue timetable to all batch projects once batch formation is complete for each batch²¹.

Should ECP-2 prove to be successful in its stated aims the framework may persist beyond ECP-2.3. The CRU will provide advance notice of planned connection policy work as appropriate.

Supporting rationale

The ECP-2 schedule of three batches in three years reflects the frequency goal for the batch processing of connection offers required to meet the policy objectives set out in the introduction to this section.

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²¹ The principles for offer issuance will be set out in the ruleset

Following extensive discussions with project developers and the SOs after the ECP-2 proposed decision²², the CRU has concluded that the most efficient way to manage the batch framework is to provide for a one-month application window in the same month each year, followed by a three month period of application processing and a further twelve month period for offer processing and issuance. The regularising of the schedule in this way provides a level of certainty for all parties.

Running the batch processes without a standstill period between batches will result in some overlap of offer acceptance period from the previous batch with the processing of offers for the next batch. This tight timeline represents an increased level of ambition on the part of the SOs. The CRU expects the SOs will be able to manage the schedule accordingly.

Finally, there was considerable feedback to the proposed decision requesting the schedule for the opening of the window for ECP-2.1 to be moved forward to earlier in 2020. The CRU was considering this possibility until the impact of the restrictions for COVID-19 became apparent, and the resource capability of all stakeholders, particularly in the June to September period of this year. The impact of the restrictions for COVID-19 in the medium to longer term is still unclear and the CRU reserves the right to adjust the ECP-2 schedule accordingly. Any change will be notified to the industry in advance of the first planned application window in September 2020.

²² The ECP-2 Proposed Decision proposed an interdependent application window within Q3 or Q4 of each year.

2.2 ECP-2 batch period connection offer target and prioritisation

- Target 115 connection offers in total for each ECP-2 batch period including 85 offers for projects with MEC>500kW, prioritised by largest renewable energy generation (first 25), then by planning permission grant date.
- 15 batch offers each for non-batch projects and community-led projects that are not processed on a non-batch basis in the preceding batch period, prioritised by application received complete date

2.2.1 Target 115 connection offers per batch period

Decision

The SOs will target the following number of offers from each category of eligible projects in each annual batch period:

Table 4 Batch offer categories

Category	Definition	Offer	Prioritisation if category
		target	oversubscribed
Α	Generation, storage and other	85	First 25 on largest renewable energy
	system services technology		generators; remainder on earliest
	projects (MEC>500kW) ²³		planning permission grant date; no
			more than 10 primarily storage and
			other system service technology
			projects ²⁴
В	Non-batch projects ²⁵ not	15	Earliest application received
	processed in the preceding batch		complete date
	period		
С	Community-led projects not	15	Earliest application received
	processed in the preceding batch		complete date
	period		

²³ Examples of other system service technology projects are flywheels and synchronous condensers. Therefore, MEC >500kW only where applicable. More detail will be provided in the ECP-2 ruleset.

²⁴ Primarily storage in this instance means that >50% of the MEC is storage.

²⁵ 11kW<MEC ≤500kW, autoproducers, DS3 system services trials (up to 500kW). Note: the range 11kW<MEC ≤50kW may not persist in ECP after ECP-2.1. See micro-generation discussion in Section 2.3

If category B is undersubscribed its unused allocation will be reallocated for use by additional projects from category C (and vice versa). There will be no reallocation of projects from category A to categories B or C (and vice versa).

Supporting rationale

Total batch period target

The target of 115 offers per batch period in this decision (Table 4) compares with 80 offers in the proposed decision (i.e. 50 generation, storage and other system service technology projects [MEC>500kW], plus 15 non-batch projects and 15 community-led projects). This increase in the number of offers reflects the increased ambition to meet national climate action targets across Government, industry, the CRU and the SOs.

The CRU considers that the amount of 115 offers for each batch period is appropriate given:

- The system operator's assessment of the work that needs to be completed in the specified one-year time period, including the additional time and resource now needed for the early engagement process within the batch outlined in section 2.3. The CRU however notes that the new early engagement process and new node assignment rules (see section 2.8.6) should ultimately enhance the efficiency of the batch processing.
- Consideration of the time required to process around 125 offers and 30 non-batch project type offers in ECP-1 over an 18-month period.
- The much-increased frequency of batches (one per year with no intervening time period) causing overlapping workstreams.
- System operators' other connection offer work to be progressed in parallel such as
 existing offer modifications, demand connections, micro-generation, interconnection,
 regulatory directions (e.g. relating to the Capacity Market) and offshore.

The CRU understands there are currently around 200 projects with planning permission eligible to apply for ECP-2 batch category A. More eligible projects in this category will gain planning over the ECP-2 application period and some projects that rejected offers in ECP-1 may re-apply for ECP-2. The decision to target the issuance of 255 offers in this category over three years therefore aims to significantly decrease the wait time for projects with planning permission to receive a connection offer. This aim will be dependent on the number of new projects coming through planning but ideally ECP will reach a level after ECP-2.3 where projects can gain planning permission and expect a grid connection offer within the next batch, or two batches at most.

Non-batch projects and community-led projects in the batch

The supporting rationale for the inclusion and treatment of non-batch and community-led projects in the batch is detailed in sections 2.3 (Non-batch projects) and 2.4 (Community-led projects).

Applicant responsibility for success of ECP batch duration

The CRU is cognisant that the increase in the number of offers and frequency of the batches may result in an increase in workload for the system operators. Therefore, mindful of this workload increase on the SOs, the CRU would also like to stress that project developers have a responsibility to ensure that they submit fully completed and quality applications; to respond in a timely and comprehensive manner to any follow up requests from the System Operators; and to understand that the level of engagement and flexibility that the SOs can provide for individual projects has to be balanced by the increased ambition of and the required efficiencies for batch processing.

2.2.2 Prioritisation of ECP-2 category A applicants

Decision

As summarised in Table 4, in the event that ECP-2 batch category A is oversubscribed, the following prioritisation rules will apply:

- The first 25 offers in category A will be prioritised for renewable energy generation projects on the basis of project size, with the largest number of GWhrs/yr generated by a project being granted the highest priority.
 - Eligible renewable energy generation projects for prioritisation are projects utilising one or more of the following renewable energy generation technologies²⁶: wind turbines (wind), solar photovoltaic panels (solar), hydraulic turbines (hydro) excluding pumped storage, waste to energy projects, biomass projects and biogas projects²⁷. Note only onshore projects are eligible for ECP-2.
 - The TSO will calculate the GWhrs/yr for each project based on the MEC applied for and a national standard capacity factor for each technology. Curtailment and constraint are not included as part of this calculation. Further details of the technology specific capacity factors will be outlined in the ECP-2 ruleset.
- The remaining offers in category A will be open to all generation, storage and other system service technology projects (MEC>500kW) and will be prioritised according to the planning permission grant date, with the earliest dated being granted highest priority.

²⁶ Only the GWhrs/yr generated from the renewable energy generation technology counts in any form of hybrid technology project

²⁷ Annex 1 gives the technical criteria for Waste to Energy, Biomass and Biogas projects

Should a review of batch size (as per section 2.2.4 of this decision) increase the target number of offers, the additional offers will be prioritised based on the earliest planning permission grant date rather than largest renewable energy generation (i.e. the maximum number of offers prioritised on renewable energy generation in each ECP-2 batch will be 25 even if the category A target is increased).

 No more than 10 primarily storage and other system service technology projects will be accepted per batch in category A²⁸.

Supporting rationale

Prioritising by size of renewable energy generation project

The Government's Climate Action Plan 2019 sets out a target to increase electricity generated from renewable sources (RES-E) to 70% of the total electricity consumed by 2030. This will be measured in terms of energy production (GWhrs/yr). The first checkpoint for this target is in 2023. In order to assist Ireland in meeting its RES-E goals the CRU has decided that a portion of the ECP-2 batches should be devoted to renewable energy projects with planning permission that are technically capable of generating the most renewable energy within the timeframe. Therefore, the CRU has decided to prioritise the first 25 offers for renewable energy generation projects ranked by largest electricity generation capability first, measured in GWhrs/yr.

Prioritising by planning permission grant date

The CRU's main objective in deciding upon prioritisation criteria for the batch is to ensure that the outcome of this process is fair for the plurality of generators and storage projects.

In order to achieve this fairness, the CRU considers again (as per ECP-1) that the timing of the planning permission of the project is the best indicator of its readiness and commitment and the most objective and transparent method of prioritisation. This method will also facilitate diversity in the batch in terms of project size and technology. This diversity is important for efficient network development and for the functioning of the system.

Having progressed a significant number of projects in ECP-1 with prioritisation based on planning permission expiry date, the CRU considers that now the interests of fairness for all applicants is best served by changing the prioritisation to the earliest grant date of planning permission where planning permission is used for prioritisation. This change also avoids the potential incentive for projects to apply for a shorter planning permission duration in order to be prioritised in future

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²⁸ Primarily storage means that >50% of the MEC applied for is storage

batches.

The CRU understands from the proposed decision responses there is broad agreement amongst stakeholders that using the earliest planning permission grant date is now a fairer and more appropriate method of prioritisation.

No more than 10 primarily storage and other system service technology projects per batch

The proposed decision did not include a separate category for DS3 system service providers. The CRU understands from discussions with the TSO that there is no requirement for prioritisation of primarily storage and other system service technologies. However, additional projects of this type will continue to be required with the increasing amount of renewable generation on the system.

The rationale for having no more than 10 offers for primarily storage and other system service technology projects in each batch is based on the CRU's understanding that most of the storage projects with planning permission gained that permission since 2017. This would likely result in a very high number of such projects in ECP-2.2 and ECP-2.3 relative to the number of generation projects and effectively provide such projects with a prioritisation that is not necessary at this time.

2.2.3 Number of connections offers for batch rather than MW limit

Decision

The CRU has decided to target the batch size on the number of offers in each category rather than setting a total capacity (MW) or total generation (GWhrs/yr) threshold.

Supporting rationale

- The formation of the batch is much more streamlined with a specified number of offers,
 leading to a defined time of three months for this task
- The processing duration of offers is more certain (a MW threshold would have a variable quantity of projects and thus a more variable processing time)
- The number of projects receiving offers is not limited by a large MW project that would oversubscribe the set threshold. This approach is thus fairer to all projects and also mitigates the risk of large projects from downsizing into phases just to try to fit within the batch threshold.

2.2.4 Review of batch size and prioritisation

Decision

The CRU is satisfied that the target number of offers for the ECP-2 batches is reasonable based on the information currently available. However, the CRU will keep this under review during the ECP-2 process. The CRU also reserves the right to change the prioritisation criteria for the ECP-2.2 and ECP-2.3 batches.

Any such changes would be based on optimisation of the connection policy with respect to the CRU's stated objectives and would be communicated in advance of the batch application window.

The CRU also highlights that the approach taken in this decision does not determine, in any way, the policy set for the subsequent stages of the enduring connection policy after ECP-2.

In addition, the CRU reserves the right to direct the system operators to prioritise connections for generation in order to maintain security of supply should this be required.

Supporting rationale

Although the ECP-2 framework provides a level of certainty for industry, the CRU can adjust the batch targets and prioritisation as necessary in order to meet policy goals that may change, including through increasing processing efficiency, ability to meet national targets and to meet wider power system objectives.

2.3 Non-batch projects

Decision

- Application at any time once ECP-2 begins.
- SOs will only process on a non-batch basis (i.e. in parallel to ongoing batch or folded into ongoing batch) if feasible.
- Otherwise non-batch projects are folded into next batch (up to 15 offers per batch period)
- The CRU is one of the key stakeholders contributing to the development of a new enabling framework for micro-generation. A likely outcome of this work will result in a separate connection policy by mid-2021 for projects with MEC greater than 6kW/11kW and less or equal to 50kW. Therefore, this size range of projects will likely be removed from the ECP non-batch sub-categories from the time a new policy is implemented.

The CRU has decided that for ECP-2, as for ECP-1, there should be a possible connection pathway for specific sub-categories of projects to be connected outside the framework of the batch process. The non-batch application process in ECP-2 will be open to the following sub-categories (as with ECP-1):

- Small projects, i.e. MEC greater than 6kW/11kW²⁹ and less than or equal to 500kW
- DS3 system services trial projects up to 500kW; and
- Autoproducers³⁰

Projects in these sub-categories can apply at any time from the opening of the ECP-2 batch application (i.e. not just within in the batch application window). When an application is received for these projects the SOs will decide if they can be processed on a non-batch basis (i.e. in parallel to the batch ongoing at the time of application or folded into the ongoing batch) with offer issuing before the next batch application window closes.

Projects that are processed on a non-batch basis will be processed according to the non-batch ruleset in the ECP-2 ruleset and subject to the eligibility criteria set therein. If processed on a non-batch basis, projects will have the same early engagement from the SOs as set out in section 2.5.

The decision on the number and whether a project can be processed on a non-batch basis will be made by the SOs.

²⁹ 6kW single phase/11kW three phase

³⁰ As defined in the glossary

If such a project cannot be processed on a non-batch basis, it will be eligible to be processed in category B of the following batch as set out in section 2.2.1, prioritised by application received complete date. If category B is oversubscribed, the projects will go forward for the following batch on the same criteria, unless the SOs decide they can be processed on a non-batch basis in the intervening period.

Micro-generation

Projects less than or equal to 6kW (single phase)/11kW (three phase) are classified as microgeneration and subject to the CRU's relevant policy.³¹ The CRU is one of the key stakeholders contributing to the development of a new enabling framework for micro-generation as per Action 30 of the Government's Climate Action Plan and in line with EU Clean Energy Package. This work will have regard to both existing and potential future connection policy for micro-generation.

A likely outcome of this work will be a separate connection policy by mid-2021 for generation and storage projects with MEC greater than 6kW/11kW and less than or equal to 50kW. Therefore, this size range of projects will likely be removed from the ECP non-batch category from the time the new policy is implemented. This will be indicated in the new policy. Until then, the rules of ECP-2 apply to this size range.

The workstreams ongoing or upcoming to examine this new policy are as follows:

- ESB Networks reviewing connection application process for projects in this range including a trial on decentralized technical studies
- ESB Networks reviewing possible revised application form and connection agreements
- The CRU information paper (CRU20059³²) setting out the areas of work being progressed by the CRU to support micro-generation uptake in Ireland based on the requirements outlined in the Climate Action Plan and the broader requirements introduced in the Recast Renewable Energy Directive and Internal Market for Electricity Directive.
- DCCAE consultation on support scheme for micro-generation as per the Climate Action Plan, Action 30(g) ³³.

 $^{^{31}}$ <u>CER/09/033</u> - *ESBCS Domestic Micro-generator Export Tariff* – decision; <u>CER/07/208</u> - *Arrangements for Micro-generation* – decision.

https://www.cru.ie/wp-content/uploads/2020/05/CRU20059-Microgeneration-Information-Paper.pdf
 https://www.dccae.gov.ie/en-ie/climate-

action/publications/Documents/16/Climate %20Action Plan 2019 Annex of Actions.pdf

Supporting rationale

Non-batch category projects can often, but not always, be connected to the grid without impacting other projects being processed in the batch. The CRU wants to give the SOs the flexibility to determine this on a case by case basis to optimise the efficient issuing of all ECP connection offers.

Based on the feedback received from the proposed decision³⁴ and the experience of developers in the non-batch process in ECP-1, the CRU has also decided to assign 15 non-batch sub-category projects to be processed in each batch period (and more if there are fewer than 15 community-led projects for that period).

The decision on the number and whether a project can be processed on a non-batch basis will be made by the SOs. This is in recognition of the workload of the SOs related to each annual batch and the significant amount of other ongoing connection offer work outside of ECP. This approach does, however, allow flexibility for the SOs to process eligible projects on a non-batch basis where possible. Where there is scope to process more non-batch projects over the ECP-2 three-year timeframe, the SOs will endeavour to do so.

³⁴ The ECP-2 Proposed Decision had proposed 15 offers per year rather the aligning with batch period.

2.4 Community-led renewable energy projects

Decision

The Commission has carefully considered the progression of community-led renewable energy projects through the ECP process. With that in mind the CRU has decided to amend certain elements of the ECP-2 process for community-led projects to enable them to develop and connect to the network, namely:

- A target of 15 community-led project connection assessments per batch period with prioritisation based on the date of application received complete date.
- Lower application fee deposit (section 2.8.1 has further details).
- Planning permission is not required to have an application accepted and connection assessment issued by the SOs.
- Connection assessment will include a connection method and cost after a detailed study (with only application fee deposit paid). This capacity (and thus connection method and cost) will be held for two years from connection assessment issuance to allow projects to gain planning permission.
- Full offer issued once planning permission is received and balance of application fee
 payment made. If planning permission is not received within two years, projects will be
 re-studied at no additional cost at the next available opportunity once planning
 permission is confirmed (i.e. on a batch or non-batch basis).
- Community-led projects will also have early engagement from the SOs as set out in section 2.5.

This decision section details the definition of community-led renewable energy projects that can avail of this treatment in ECP-2, followed by the application assessment and offer processing framework summarised above.

2.4.1 Definition of community-led renewable energy projects

For the purpose of ECP-2 connection offers, community-led renewable energy projects will be defined as:

- Projects with MEC greater than or equal to 0.5 MW and less than or equal to 5 MW
- Projects utilising one or more of the following renewable energy generation technologies (and not in combination with non-renewable generation technologies); wind turbines

(wind), solar photovoltaic panels (solar), hydraulic turbines (hydro) excluding pumped storage, waste to energy projects, biomass projects and biogas projects³⁵

- Projects meeting the following community-led definition requirements:
- (a) at all relevant times, be at least 51% owned by a Renewable Energy Community³⁶ (the "Relevant REC") either by way of (i) a direct ownership of the ECP project's assets, or (ii) a direct ownership of the shares in the generator; and
- (b) at all relevant times, at least 51% of all expected profits, dividends and surpluses derived from project are returned to the Relevant REC.

2.4.2 Application and processing of offers

Stage 1: Connection assessment

Community-led renewable energy projects will not require planning permission to have their application accepted by the DSO (see section 2.6 for further detail on planning permission). It should be noted that, as with all projects, community-led projects will have to submit a specific location (with associated landowner consents) in their application.

Once the application fee deposit has been paid and the applications have been accepted, the DSO will conduct a detailed study and confirm the connection method and connection cost. This will be issued as a "connection assessment". The associated capacity (with connection method and cost) will be held for two years from connection assessment issuance to allow the project to gain planning permission and move to Stage 2.

The DSO will decide if the connection assessment can be processed on a non-batch basis (i.e. in parallel to the batch ongoing at the time of application or folded into the ongoing batch) and issued before the next batch application window closes. If processed on a non-batch basis, community-led projects will have the same early engagement from the SOs as set out in section 2.5.

The decision on the number and whether a Community-led project can be processed on a non-batch basis will be made by the SOs. If such a project cannot be processed on a non-batch basis, it will be eligible to be processed in category C of the following batch as set out in section 2.2.1, prioritised by application received complete date. If the category C is oversubscribed, the projects will go forward for the following batch on the same criteria, unless the SOs decide they

³⁵ Annex 1 gives the technical criteria for Waste to Energy, Biomass and Biogas projects

³⁶ Annex 2 gives the definition of a Renewable Energy Community.

can be processed on a non-batch basis in the intervening period.

Stage 2: Planning permission confirmation and full offer processing.

Where a Community-led project notifies the DSO of successful planning permission grant within two years of the connection assessment issuance, and pays the balance of the application fee, the DSO will proceed to issue the full connection (irrespective of the ongoing batch as the capacity has been held in the connection assessment).

Where planning permission is not confirmed within two years but received thereafter, Community-led projects will then be re-studied at no additional cost at the next available opportunity once planning permission is confirmed (i.e. batch or non-batch basis) and a new connection assessment will be issued. The project will then have the opportunity to pay the balance of the application fee and receive the full offer or exit the process at this stage.

If a project already has planning permission when it first applies (Stage 1) it will also receive the same early engagement and connection assessment with option to exit the process thereafter within a specified time period³⁷, before paying the balance of the application fee and receiving the full connection offer.

Supporting rationale

The importance of community-led renewable energy projects has been described in the DCCAE's Design for the RESS and in the Government's Climate Action Plan.

When considering the appropriateness and design of a separate grid connection process for community-led renewable energy projects, the CRU has considered the Clean Energy Package for all Europeans. The CRU has published a Roadmap for the Electricity and Renewables Directives of the Clean Energy Package outlining the CRU's plans to progress potential changes to the electricity retail markets and networks given the transposition of these new pieces of EU legislation into Irish law³⁸. Although the policy work outlined will be progressed later in 2020 the CRU has interpreted the following element of the Clean Energy Package for this purpose of this decision.

The recast Renewable Energy Directive (REDII - 2018/2001/EU)³⁹ specifies the following in Article 22:

"4. Member States shall provide an enabling framework to promote and facilitate the

³⁷ To be specified by SOs in ECP-2 ruleset

³⁸ https://www.cru.ie/document_group/roadmap-to-clean-energy-package-implementation/

³⁹ https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32018L2001&from=EN

development of renewable energy communities. That framework shall ensure, inter alia, that:

(d) renewable energy communities are subject to fair, proportionate and transparent procedures, including registration and licensing procedures, and cost-reflective network charges, as well as relevant charges, levies and taxes, ensuring that they contribute, in an adequate, fair and balanced way, to the overall cost sharing of the system in line with a transparent cost-benefit analysis of distributed energy sources developed by the national competent authorities."

It is clear that community-led projects should contribute in an adequate, fair and balanced way and therefore the CRU expects that community-led projects are subject to grid connection charges and ongoing charges for network access as developer-led projects are subject to.

However, the CRU considers that, given the commercial limitations of community developments relative to other developer-led projects, the approach outlined in the decision represents a fair, proportionate and transparent connection policy for community-led projects. Community-led projects should not have to enter into a potentially costly and lengthy planning process without knowing grid connection method and costs for the proposed project. In the approach outlined in this decision, the community-led project will know these from the outset, having paid only the application fee deposit, for a period of two years to allow planning permission to be received. This approach adds detail to the high-level principle outlined in the ECP-2 proposed decision.

For the decision on the number of connection applications and connection offers per year, the CRU understands from discussion with DCCAE and other stakeholders on community-led renewable energy projects that 15 connection offers per batch period should be sufficient within the ECP-2 timeframe.

With respect to whether community-led projects have the connection assessment (Stage 1) issued on a non-batch basis or are processed in the next available batch, this is the same as the reasoning set out for non-batch projects in section 2.3.

2.5 Early engagement for projects

Decision

- DSO Phase 1: pre-batch opportunity to exit for those clearly causing significant uprate, with only application deposit paid.
- TSO Phase 1: as per current early engagement process.
- DSO/TSO Phase 2: a single mid-batch opportunity to reduce MEC/exit with 75% fee refund

Early engagement for projects in ECP-2 will take the following form over two phases for each of the system operators:

<u>DSO Phase 1:</u> During the three-month batch formation period, the DSO will alert projects (or subgroups of projects) where it is clear that they will drive significant network uprates⁴⁰. The preliminary information given to such applicants at this stage will allow them to make an informed decision as to whether to continue to the batch process prior to committing to pay the balance of the application fee.

The DSO cannot guarantee that other projects will not drive a significant uprate or receive what they may consider a high connection cost per MW when further high-level and then detailed studies are performed in the batch⁴¹.

<u>TSO Phase 1:</u> The TSO currently has a process for early engagement with developers in the preapplication and application confirmation stages given their large capacity and increased planning permission application requirements. This process will continue as currently.

<u>DSO/TSO Phase 2:</u> After batch processing begins and the high-level study phase of the project is complete, there may be projects where it is obvious that a significant level of works will be required to connect them. In such cases the SOs will engage with the developer to inform them of this and the potential implications on delivering their project. Due to the preliminary nature of the information available at this stage, it would be provided to the developer in an approximate and non-binding manner.

The developer would then be given a single opportunity to either continue with their application as submitted, to reduce their MEC to such a level as to potentially reduce the need for the significant works, or to withdraw from the process in return for a 75% refund of their full application fee. This

⁴⁰ Based on DSO experience from previous studies and transmission works required to connect to the network.

⁴¹ Note also that the overlap of offer acceptance from ongoing batches with formation of the next batch may limit the SOs ability to identify significant network uprates in Phase 1 early engagement

process would not be iterative i.e. the developer would only have one opportunity to reduce MEC or to remove their application while receiving a refund. Where a customer seeks to reduce their MEC, the SOs may not be able to suggest a specific MEC value that would avoid the need for certain works, though a non-binding estimate may be provided. Should this decision have significant impacts on the connection method determination for other parties, the SOs would discuss this with them where appropriate.

If projects exit the process due to Phase 1 or 2 of early engagement, they will not be replaced by other projects that applied for the batch.

The CRU would point out here though, that a number of projects exiting the process could be an opportunity for the SOs to consider processing additional non-batch applicants on a non-batch basis should they exist.

Enhanced network information

In addition to the early engagement process outlined here the DSO have published network information on transformer capacity for generation in advance of the ECP-2 process⁴².

The TSO will continue to provide the following to allow informed decisions to be made by project developers at all stages of project planning and the grid connection process going forward:

- Identify opportunities for new connections per the annual Ten-Year Transmission
 Forecast Statement (TYTFS) which also includes current circuit ratings.
- Highlight future network developments in the annual Transmission Development Plan (TDP) and the Tomorrow's Energy Scenarios (TES) work.
- Produce scenarios to estimate possible constraint and curtailment levels as discussed in section 2.7.

Supporting rationale

The CRU considers that more efficient early engagement between system operators and project developers in the batch process is another important step to enhance ECP. These measures will:

- Ensure that those projects receiving full final offers will have a higher likelihood of accepting the offers
- Increase the efficiency of the batch processing
- Allow projects who may be more viable in a different network scenario to either optimise or postpone their connection offer accordingly

⁴² https://www.esbnetworks.ie/new-connections/generator-connections/generation-availability-capacity-map

This decision adds detail to the high-level principle for early engagement outlined in the ECP-2 Proposed Decision. The DSO Phase 1 early engagement process is new from to the Proposed Decision. The addition of the 75% fee refund if exiting at Phase 2 is also new.

2.6 Require planning permission to enter the ECP-2 batches

Decision

 Planning permission required to apply to ECP-2, except for community-led projects, (though they will need planning permission to receive connection offer).

The CRU has decided that, as per ECP-1, in order to apply for entry into ECP-2 batches or the non-batch process, applicants must be in receipt of valid planning permission to develop the project to which the connection application pertains. Evidence of planning permission, or that planning permission is not required, needs to be provided with the application.

The evidence required for planning permission (or the reason that planning permission is not required) was set out in the <u>ECP-1 ruleset</u>⁴³ and will apply again for ECP-2. This will be re-stated in the ECP-2 ruleset. As per ECP-1, the permission needs to have at least one year remaining prior to expiry, or two years if the planning permission had already been extended.

Note: planning permission is now a requirement for providers of DS3 system services, whereas ECP-1 did not have this requirement.

As specified in the ECP-1 Ruleset, in the event that planning permission expires or is rendered invalid before a project has been constructed, then the grid connection application, live offer or contract may correspondingly be removed, withdrawn or terminated by the relevant system operator.

Note: planning permission is not a requirement for community-led renewable energy projects applying to ECP-2. It should be noted that, as with all projects, community-led projects will have to submit a specific location (with associated landowner consents) in their application.

Community-led projects will, however, need planning permission to receive a connection offer and planning permission expired or rendered invalid will incur the same treatment as all other projects.⁴⁴

Supporting rationale

Planning permission is a strong indication of project commitment, and an effective way of deterring speculative connection applications, and strategic behaviour associated with capacity hoarding by projects if the date-of-application for connections is used to prioritise projects. The CRU and

⁴³ https://www.cru.ie/wp-content/uploads/2017/04/CRU18059-Annex-I-ECP-1-Ruleset.pdf

⁴⁴ Community-led renewable energy generation projects are discussed further in section 2.4

stakeholders generally consider the requirement for planning permission to have been a successful component of ECP-1.

The CRU considers that DS3 system service providers do not now need to be exempted from the planning permission requirement as there is currently a sufficient quantity of these projects coming through the planning and grid connection processes. It is worth noting that notwithstanding the exemption of planning for DS3 system services projects in the ECP-1 2018 batch, it transpired that all of those projects already had planning permission.

2.7 Offer capacity on a non-firm basis

Decision

- TSO to develop a new methodology to schedule Firm Access Quantities (FAQs) for contracted projects based on network development plans
- Offers continue to be issued on a non-firm basis until new mechanism for scheduling FAQs is in place
- Regional constraints reports are expected to be completed and published by the TSO from Q3 to Q4 of the associated batch year (e.g. ECP-2.1 regional constraints reports completed by end of Q4 2021).

Firm/Non-Firm policy development

Pre ECP, the process for connecting generators to the Irish transmission and distribution network involved the calculation of the Firm Access Quantity (FAQ) for each generator and the allocation of Associated Transmission Reinforcements (ATR) which would provide the FAQ.

The high-level principle of providing generation and applicable storage connections with a schedule for firm access quantities for transmission capacity will remain in ECP.

The TSO will design and develop a new methodology to schedule the FAQs possible for contracted projects based on the Transmission network development plans. This methodology will incorporate transmission capacity assumptions based on the high-level principles of ensuring network safety, security of supply and economic transmission development, whilst delivering the Government's 70% renewable target in the forthcoming years. As per pre-ECP projects that had scheduled FAQs, transmission reinforcements specific to each generator that determine the scheduling, must be completed in order for firm access to be allocated to the relevant generator. It should be noted that location will be a significant contributory factor to the timelines for firm access availability.

The design and development of this new methodology is a significant undertaking, involving stakeholder engagement, which the CRU expects will not be complete before mid-2021. Therefore, offers will continue to be issued on a non-firm basis until the new mechanism for scheduling FAQs is in place.

Constraint reports

Regional constraints reports are expected to be completed and published by the TSO from Q3 to Q4 of the associated batch year (e.g. ECP-2.1 regional constraints reports completed by end of Q4 2021).

Supporting rationale

Firm/Non-Firm policy development

An objective for ECP-2 is that it can be implemented on a practical and timely basis and therefore offering non-firm access supports this objective. The nature and range of studies which are necessary to assess deep reinforcement needs for the grid require significant consideration and time to complete.

However, the CRU is of the view that the ECP-2 timeframe is now the correct time for the TSO to design and develop a new methodology for FAQ scheduling. This view is based on:

- Clear Government targets for RES-E% of 70% by 2030
- The central strategic objective of the TSO's Price Review 5 (PR5) of facilitating a secure low carbon future. This will be met in part by allowing the network companies to efficiently manage and develop the networks in order to increase the penetration of renewables.
- Clarity from the Clean Energy Package Regulation and Directive on related areas

This decision provides additional clarity on the high-level principle of firm access to be implemented in ECP relative to that outlined in the ECP-2 Proposed Decision.

Constraint reports

The TSO has carried out a region by region analysis for ECP-1 to estimate possible constraints during the non-firm period. These were shared with ECP-1 applicants receiving connection offers. The TSO will also publish a summarised national constraints report based on ECP-1 results before the end of 2020. This will clearly identify areas of the transmission system which are currently affected by material constraints so developers can make informed decisions about where to locate projects.

As the TSO has completed the regional assessment process once already for ECP-1, they can now re-run the work with new inputs and assumptions in an efficient manner and expect to have the first regional reports ready by Q3 of the associated batch year. This detailing of the timeline for the constraint reports is new from the ECP-2 Proposed Decision.

2.8 Other requirements on ECP-2 applicants

Decision

ECP-2 applicants must accept the following requirements. These relate to ensuring that all projects being processed are credible and committed, and capable of being processed in a timely way.

- Schedule of application fees remains as per ECP-1 (adjusted for inflation).
- Application fee deposit for projects with MEC >500kW reduced to €2,000.
- Previous application fee deposits carry forward for valid unprocessed applicants that reapply.
- The security for shared assets' costs for projects part of a sub-group is no longer required for ECP-2.
- Contractual longstop dates for both consents and operation for applicants processed under ECP-2 are two years after the scheduled dates (as per the ECP-1 decision).
- New DSO System Security and Planning Standards and new DSO Generator Standard Charges planned before ECP-2 offers are issued.
- Node assignment rules will be reviewed by SOs with stakeholder engagement before ECP-2 begins.

2.8.1 Application fees

Decision

New applicants under ECP-2 must pay application fees as set out by the system operators. These fees will be the same as those applicable for ECP-1 (adjusted for inflation). The fees for ECP-2.1 will be detailed in the ECP-2 ruleset.

Non-refundable application fee deposits (for projects required to pay them) will be reduced from €7,000 in ECP-1 to €2,000 in ECP-2 for each batch for projects with MEC>500kW. Applicants that have a valid unprocessed application remaining on file will not have to pay an additional application fee deposit for their first application to ECP-2 batches if they re-apply for ECP-2.

The full application fee will be required from new applicants with MEC less than or equal to 500kW rather than an application fee deposit (for projects required to pay them), as this is less than €2,000. Non-batch projects and community-led projects will only have to pay the application fee deposit once throughout the ECP-2 framework.

Supporting rationale

The application fee schedule was decided on in ECP-1 and has been adjusted annually for inflation. The fees set were deemed sufficient to cover the system operators' costs of processing applications and providing successful applicants with offers, and this remains the case.

Given the quantity of applications versus the number of projects entering the batch, the CRU agrees that the application fee deposit for ECP-1 was disproportionate to the SOs costs for processing the applications. Thus, the application fee deposit has been reduced. This is a new decision from the ECP-2 Proposed Decision.

2.8.2 Security for shared assets' costs and interdependent offers Decision

In ECP-2, applicants will no longer be required, at offer acceptance, to provide financial security in respect of shared works being undertaken on behalf of groups of applicants connecting in the same part of the network (as was necessary in ECP-1). This decision is new from the ECP-2 proposed decision based on the supporting rationale set out below.

The rules for shared assets and interdependent offers for ECP-2 will revert to the pre ECP policy and COPP rules. The <u>ECP-1 ruleset</u>⁴⁵ detailed changes to COPP Chapters 5 (Combination of Offers) and Chapter 10 (Reprocessing Subgroups Due to Non-Acceptance of Offer or Termination of Connection Agreement) due to the introduction of security for shared assets' costs. These changes have now been reversed. The CRU decision (<u>CER/15/098A</u>)⁴⁶ entitled "Implementation of Group Processing – Move to Construction Phase" which details the "Invoice and Terminate" process (and its accompanying SO ruleset) will again be applicable in ECP-2.

Supporting rationale

Under the batch process, generators can be connected as part of a sub-group, to a specific transmission node. The costs of the connection assets are shared among this sub-group. A requirement to post financial securities for these shared costs already at offer acceptance has the effect of protecting consumers from financial exposure in the event that one of the generators drops out. Therefore, projects in an ECP-1 sub-group that do not progress are required – through their securities – to cover their proportion of the shared costs.

The decision to introduce security for shared assets' costs in ECP-1 was primarily based on the consideration that generators were best placed to pick up the risk of the shared costs liabilities rather than the consumer (through distribution use of system charges [DUoS] and transmission use of system charges [TUoS]).

An updated assessment from the DSO received since the ECP-2 Proposed Decision shows that

⁴⁵ https://www.cru.ie/wp-content/uploads/2017/04/CRU18059-Annex-I-ECP-1-Ruleset.pdf

⁴⁶ https://www.cru.ie/wp-content/uploads/2016/07/CER15098a-Implementation-of-Group-Processing-Move-to-Construction-Phase.pdf

this risk is decreasing for pre ECP projects. In 2018, the DSO reported that the current consumer exposure for shared costs of existing contracted projects that have not yet been energised was around €35 million. This exposure from pre-ECP-1 projects is now estimated at €17 million as projects have either paid down their costs or been terminated. In 2018 the TSO reported €11 million for contracted (and not yet energised) transmission projects⁴⁷ and there is no change to this position.

Instances where projects with shared connections that have not progressed in line with the shared connection works resulted in around €4.5 million being borne by consumers through distribution use of system charges (DUoS) by 2018. The current liability from such projects is around €2 million. At the transmission level, the TSO estimated in 2018 that the amount borne by consumers (through TUoS) to cover the costs of shared assets when a project dropped out was in the region of €5 million⁴⁸ and there is no change to this estimation.

Due to the increased ambition in the Government's Climate Action Plan, the CRU now estimates that the risk of exposure to the customer will be further mitigated as projects with shared connections that do not progress in line with the shared connection works will be replaced more quickly by future projects.

The ECP-1 offer acceptance period is part complete, however there is an acknowledgement that the requirement and level of financial security required for shared assets' costs in ECP-1 may have in part deterred some projects from taking up their offer in the batch. This could be the case particularly for smaller projects.

2.8.3 Longstop dates

Contractual longstop dates for both consents⁴⁹ and operation⁵⁰ for applicants processed under ECP-2 are two years after the scheduled dates (as per the ECP-1 decision). Longstop dates were reduced to two years in ECP-1 to send a clear message to generators that they should only apply if they were ready to energise quickly, whilst also reducing the chance of developers sterilising connection capacity that other projects could utilise. This rationale remains for ECP-2.

The <u>ECP-1 ruleset</u>⁵¹ (CRU/18/059) also stated that, for the avoidance of doubt, extensions to longstop dates would only be granted by the system operators in exceptional circumstances,

⁴⁷ At the transmission level, this relates to non-contestable works only. The majority of transmission-connecting generators in sub-groups have contested works which limits TUoS exposure

⁴⁸ However, TSO notes that it is difficult to identify a specific amount spent by TUoS to date as many of the related projects are still under construction.

⁴⁹ TSO: Consents Issue Date Longstop Date / DSO: Planning Permission Longstop Date

⁵⁰ TSO: Scheduled Operational Date Longstop Date / DSO: Connection Agreement Effective Longstop Date

⁵¹ https://www.cru.ie/wp-content/uploads/2017/04/CRU18059-Annex-I-ECP-1-Ruleset.pdf

including where the applicant's project is in construction and the necessary second stage payment has been paid.

In addition, the CRU now requests that the SOs provide a semi-annual update on the status of all contracted projects with respect to their longstop dates and extensions both sought and received. The CRU would like to take this opportunity to stress the importance of longstop date enforcement for the efficient working of ECP.

2.8.4 Distribution System Security and Planning Standards Review

The DSO connection offers for new applicants under ECP-2 will be subject to the Distribution System Security and Planning Standards in place when the relevant ECP-2 batch application window opens. The CRU is currently reviewing a submission on these standards from ESB Networks. Any new approved standards will apply for projects applying under ECP-2. Revised and new standards are expected to be approved by the CRU and published by the DSO in Q3 2020.

2.8.5 DSO Generator Standard Charges

The DSO connection offers for new applicants under ECP-2 will be subject to the Generator Standard Charges in place at the time of offer issuance. The CRU continues to review the ESB Networks submission and, if approved, revised Generator Standard Charges are expected to be in place prior to the first ECP-2 offers being issued.

2.8.6 Node assignment rules review

The System Operators will review and streamline the node assignment ruleset that was in place during the ECP-1 process. This will help in reducing unnecessary processing time between the two SOs and provide more clarity to applicants as to what connection method they are likely to receive for a certain size of generator. The SOs will provide the opportunity for prospective ECP-2 applicants to feed into the review of the nodal assignment rules process.

2.9 Final capacity release

Decision

All projects contracted pre ECP-1 (but not those that folded into ECP-1) will have a final opportunity for capacity release as per <u>CER/16/284</u>⁵² (e.g. with 80% refund of first stage payment).

The CRU has engaged with stakeholders on strategies for grid optimisation at each stage of the ECP transitional and enduring arrangements process since 2015. Building on these engagements and in preparation for the ECP-2.1 batch in 2020, the CRU has decided to allow all projects contracted pre ECP-1 (but not those that folded into ECP-1) a final opportunity to terminate their connection agreement and release their full contracted MEC on the same terms and conditions for capacity release outlined in CER/16/284 (including 80% refund of first stage payment).

The CRU hereby directs the system operators to open a one-month window for capacity release applications from eligible projects within one month of this decision publication. The SOs will publish the application procedure for this capacity release before this window opens.

Supporting rationale

Pre ECP projects

This decision addresses industry concerns about projects contracted before ECP-1 that could not progress at their existing site and could not relocate within the final relocation window announced under ECP-1 as they had not secured planning permission at new locations.

This decision therefore is primarily aimed at assisting such projects that cannot progress and it also optimises the grid capacity available for future projects.

Future mitigation for non-progressing ECP projects

ECP provides enhanced mitigation against the risk of speculative applications and projects not progressing by requiring planning permission both to apply (except community-led projects) and throughout the connection process (as in section 2.6). Also, a more stringent enforcement of longstop dates has strengthened the exit mechanism for contracted projects that in some cases are sterilising capacity (as in section 2.8.3). The CRU acknowledges, that some projects may have an inability to progress due to lack of route to market prior to the longstop dates, and this will continue in ECP.

⁵² https://www.cru.ie/wp-content/uploads/2016/07/CER16284-Transitional-Arrangements-Decision.pdf

The CRU Call for Evidence on Future Options for ECP (CRU/19/144) considered the route to market aspect of this issue with the concept of Grid Following Funding (GFF), whereby only projects with confirmed route to market would be issued with full connection offers.

One of the key challenges for GFF as highlighted in the Call for Evidence, and as discussed by most of the responses, is the appropriateness and transparency of the indicative connection cost provided to projects in advance of their confirmation of route to market. One potential solution to this issue is a more standardised charging system for shallow assets connection cost, allowing the SOs to provide indicative costs much faster. Developers would also have a better understanding of likely costs even before discussing in detail with the SOs (based on enhanced network capacity information provided by the SOs as discussed in section 2.5).

Any proposed solution would be assessed by the CRU in parallel with the network tariff review that will follow the conclusion of PR5 decision process at the end of 2020. The CRU will keep the concept of GFF under consideration as this and related regulatory workstreams reach conclusion, but it is not expected to be introduced until after ECP-2.3 if at all.

Next steps

The upcoming work to implement this decision is as follows:

- The detailed rules that transpose the ECP-2 decision into a template for implementation will be set out in a ruleset (ECP-2 Ruleset) published by the SOs before the ECP-2.1 batch application window opens.
- The node assignment rules review set out in section 2.8.6 will be completed by the SOs and published before the ECP-2.1 batch application window opens.
- The ECP-2.1 batch application window will open in September 2020 as outlined in section 2.1. The SOs will provide detailed guidance on the exact dates for applications and the application process. The batch is then formed from eligible projects after the closing of the application window and using the guidelines for prioritisation outlined in this decision.
- Batch formation takes place over the following three months to enable the Phase 1 early engagement process described in Section 2.5. Once the batch is formed the SOs will target issuance of all batch offers by the end of December 2021.
- The SOs will develop an offer issuance schedule and confirm offer issuance timetable to all batch projects once batch formation is complete for each batch⁵³.
- The CRU will update its Incentive and Reporting Framework for the Price Review 5 period.
 This will build on the suite of PR4 Incentives and ensure that the system operators are accountable for, and incentivised on, the efficient and timely processing and delivery of connections.
- The TSO will begin planning for the design and development of a new methodology for allocating Firm Access Quantities as outlined in section 2.7.

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⁵³ The principles for offer issuance will be set out in the ruleset

4. Supplementary chapter: Summary of responses to CRU/19/143

The following provides a summary of stakeholders' responses to the proposed decision on ECP-2 (<u>CRU/19/143</u>), together with a short commentary to explain how the points raised have been addressed now in this (final) decision.

The CRU received 50 responses. Non-confidential responses are published on the CRU's consultation website, and a list of parties who submitted them is provided in Annex 4. The CRU received no confidential responses.

These views and the supporting evidence were carefully considered by the CRU in finalising its positions. In some areas, this is explicit in the reasoning presented in previous chapters of this decision. In the following paragraphs, some additional observations are made in response to the main points raised in the written submissions.

4.1 ECP-2 timeline

In section 2.3 of the ECP-2 proposed decision, the CRU set out a position relating to the timeline for the ECP-2 process. The CRU's positions on this policy is presented in section 2.1 of this decision.

- General support for timeline and increased batch frequency, moving to annual batches and clarity on connection policy over the three-year timeframe.
- Alternative views on three-year ECP-2 framework ranged from moving straight from ECP-2.1 to a Grid Following Funding model, to increasing the ECP-2 framework to five years to align with PR5 (i.e. network development and investment), reduce regulatory burden and increase investor certainty
- ECP-2 application window should open as soon as batch with processing beginning soon thereafter (e.g. in Q3 after ECP-1 offers issued)
- ECP-2 batches should have a set annual application window, providing a high level of certainty for industry planning
- Mixed views on linking ECP timelines with RESS timelines with respect to offer processing and offer acceptance. Closer alignment can maximise number of eligible projects for RESS. Alternatively linking explicitly to RESS increase risk of delay. A

- frequent annual batch program provides eligible projects for RESS auctions and does not risk delay. Capacity Remuneration Mechanism timeline should also be considered
- Overlapping batches risks processing delays, particularly if offers are at same node and share connection works.
- SOs should be incentivised in PR5 to reduce timelines where possible with increased efficiency

The rationale underpinning the CRU's decision is presented in section 2.1 of this decision. The CRU does not wish to make any further comments.

4.2 ECP-2 batch connection offer target and prioritisation

In sections 2.4 and 2.7 of the ECP-2 proposed decision, the CRU set out proposals for the target number of connections offers per ECP-2 batch and the prioritisation of projects within the batches respectively. The CRU's positions on these policies are presented in section 2.2 of this decision.

- Industry consensus mostly converged around a batch target of 125 offers/year based on planning permission information. It was asserted that this number would significantly decrease the wait time for projects with planning permission to receive a connection offer. Other responses requested 75 to 100 offers based on ECP-1 performance.
- Limiting to 50 offers per batch and prioritising large renewable energy generation projects could result in some consented smaller projects that recently received planning permission having less certainty over when they shall be processed.
- Estimations that proposed 50 offers per batch would be insufficient to meet 2030 RES-E targets. Batch sizes should be reviewed during ECP-2 to ensure volume for subsequent RESS auctions provides sufficient competition.
- There should be a separate process for large scale projects (e.g. greater than 90MW with no nodal interactions, mirroring offshore approach).
- Positive move to base the batch on a number of offers rather than MW threshold.
- Overall there was more support for largest renewable energy generation project
 prioritisation than those against. It was noted that the prioritisation brings a welcome
 focus on delivering maximum renewable GWhrs as ECP-1 only delivered three large
 Transmission scale wind projects. A provisional estimate by one respondent suggested a

shortfall of 2 GW against the Climate Action Plan onshore wind target if only planning permission grant date was used rather the proposed prioritisation for large renewable energy generators.

- Consideration should be given to the creation of a separate batch process for small-scale (non-community) connections that intend to participate in RESS, arguably with a MW limit.
- Perceived discrimination against solar is offset by RESS solar prioritisation but need to make sure there is enough competition within that pot. Ring fence offers for solar to meet future RESS demands.
- Storage needs prioritised within the batch process. Concern that storage is being deprioritised which threatens renewable system integration.
- Clarity needed on capacity factors, tiebreaks and hybrid summation within prioritisation criteria.
- Proposal to add locational factor to largest project calculation with conversion factor based on ECP-1 constraint reports.
- Need for a clear pathway for generation to maintain Security of Supply should the need arise.
- Proposal deprioritises storage and peaker plants that will increase system flexibility.
 Policy also must provide a clear route to connect for "non-renewable" dispatchable technologies that will be needed to secure a system where non-synchronous sources regularly exceeds 90% and approaches 100%.

In addition to the rationale and commentary presented in section 2.2 of this decision, the CRU notes the following:

- The ECP-2 decision should not hinder competition in future auction processes.
- Calls for processes to assist large scale projects and security of supply has been addressed by (a) the prioritisation of large renewable energy generation projects and (b) recognition that future Security of Supply connection pathways may be created by regulatory direction.
- A separate batch process for small scale (potentially interacting) projects would be too cumbersome to process efficiently.
- Based on planning permission information provided to the CRU, around half of the 25 large renewable energy generation projects currently eligible for ECP-2.1 are solar projects.

 Enhanced prioritisation for storage and other system service technology projects will be kept under review to ensure that system stability is maintained as the proportion of nonsynchronous generation on the system increases.

4.3 Non-batch qualifying projects and processing

In section 2.8 of the ECP-2 proposed decision, the CRU set the decision in relation to non-batch projects. The CRU's positions on this policy is presented in section 2.3 of this decision.

The following is a summary of the key points and themes raised by respondents in respect of this element of the proposed decision:

- Concern about the perceived low number of non-batch offers each year in order to
 facilitate small scale renewable projects, significantly for commercial buildings of medium
 and large Irish enterprises (significant energy users that need to decarbonise), and in the
 agricultural sector. A view that limiting processing to only one application (group of
 applications) per 110kV node is a conservative and unnecessary approach.
- Requests for a review of the allocation as the demand for small scale projects grows.
- Increase the micro-generation size upper bound from 11kW to 50kW in line with the Clean Energy Package and redesign the associated connection policy to be fit for purpose for this size and meet increasing demand in this sector.
- Proposals for other size ranges for non-batch small scale projects including up to 1MW and increasing small scale wind projects range to 2.5/3MW due to single wind turbine sizes.
- Non-batch in ECP-1 undersubscribed primarily due to uncertain and often lengthy
 turnaround times to receive offer. The zero-export connection process is more efficient
 resulting in more commercial small-scale projects choosing this route. In doing so, they
 are being re-designed for the base load of the facility (i.e. for self-consumption only)
 rather than the peak load which would include periodic export, thus reducing the
 renewable energy generation capacity.
- Clarity required for allocation of community-led projects within non-batch allocation.
- Requests for new non-batch categories including for extensions (in part to facilitate repowering), HECHP projects, non-RESS projects, storage projects.
- Call for non-batch category for with large, non-interacting renewable energy projects with Corporate Power Purchase Agreement (CPPAs) on a Grid Following Funding basis.

In addition to the reasoning and commentary presented in sections 2.3 of this decision, the CRU notes the following:

- Non-batch projects now have a certainty of 15 offers per batch, prioritised by application received complete date. In addition, the SOs can decide to process non-batch applications received during a batch if feasible. As with all of the batch period targets and prioritisation, this will be kept under review.
- If there are less than 15 community-led projects to be processed in batch at the time of batch formation the difference in number of offers will be allocated to non-batch projects.
- Increasing the micro-generation upper bound to 50kW is under review as described in the decision.
- The size range for small scale projects in the non-batch category of up to 500kW was
 determined in ECP-1 based on ability to process in parallel to an ongoing batch or fold
 into an ongoing batch if feasible. Allowing an exemption of up to 3MW for one particular
 technology overrides this rationale.
- Connection policy for CPPAs is under active consideration and in conjunction with the DCCAE's planned CPPA Policy Paper due to be delivered later in 2020. Any new connection offer process specifically for CPPA projects, if deemed necessary, will be advised in a future policy decision or direction.
- Repowering is an increasingly important issue for connection policy that CRU will consider in conjunction with the SOs and industry participants in due course.

4.4 Community-led renewable energy projects

In section 2.9 of the ECP-2 proposed decision, the CRU set out a position relating to the nature of the access rights that would be afforded to market participants seeking connection through the ECP-2 process. The CRU's positions on this policy is presented in section 2.6 of this decision.

- The new policies for community-led projects resulting in separate treatment are welcomed by industry and community organisations.
- Community-led projects should be clearly defined (including MEC size range) for ECP on a standalone basis
- The number of offers allocated for community-led projects (15 per year) should be sufficient initially but kept under review for each batch. This number shouldn't include projects that exit after early engagement.

- Removing planning permission from community-led projects is broadly welcomed, though
 there was some concern that such projects with planning permission already would then
 not be prioritised. If planning permission is not a requirement, community-led projects
 should have to secure land before engaging with the SOs.
- Community-led projects should have grid capacity held from the application stage when
 their method and cost is assessed before they enter the planning process. The network
 may evolve in the time it takes to get planning permission and the initial connection cost
 may increase. This grid capacity could be linked to project milestones.
- Connection costs for community-led projects should be standardised similar to demand connections so that communities are not hindered in progressing renewable energy projects by their geographical location. If standardised costs are not possible, then additional transparency around previous costs for communities and network information would assist communities in assessing their cost of connection early in the process.
- Costs for communities could be further reduced through separate levels of application fees and application fee deposits, first stage payments and no shared bonding.
- Concern that community-led projects may not have the knowledge to deal with implications of constraint, curtailment and negative pricing when developing their projects and bidding into a RESS auction. To reduce this risk community-led projects should benefit from protections that projects with full firm access receive.

In addition to the rationale and commentary presented in section 2.4 of this decision, the CRU notes the following:

- The definition of communities for community-led projects is specific to ECP in this decision and not linked to RESS.
- Charging policy for connections will undergo review after the PR5 process is complete.
- As community-led projects are relatively large (up to 5MW), they are subject to the same grid curtailment and constraint issues and resolutions as other projects.

4.5 Early engagement with projects in the batch

In section 2.5 of the ECP-2 proposed decision, the CRU set out a high-level position where the SOs increased early engagement with projects in the batch processing to provide increased information to projects before proceeding and making the batch process more efficient. The CRU's positions on this policy is presented in section 2.5 of this decision.

The following is a summary of the key points and themes raised by respondents in respect of this

element of the proposed decision:

- Agreement with the principle of increased early engagement but requests for clarity on the process, information accuracy and timing.
- Incentive in to exit the process based on the early engagement information in the form of partial refund of application fees (i.e. the money not spent by the SOs in completing the process)
- Pre-batch engagement with the DSO similar to the current process of the TSO.
 Enhanced engagement with the DSO in general and with respect to connection method meetings.
- Early engagement for non-batch projects also
- More flexibility for minor modification changes and downward MEC changes throughout process
- Greater technical network information to be provided (e.g. heat maps for capacity)

The rationale underpinning the CRU's decision is presented in section 2.5 of this decision. The CRU does not wish to make any further comments.

4.6 Require planning permission to enter the ECP-2 batches

In section 2.6 of the proposed decision, the CRU set out a position whereby only projects with planning permission would be eligible to apply for ECP-2, with the exception of community-led projects (though they would need planning permission to receive a connection offer).

The CRU's positions on this policy is presented in section 2.6 of this decision.

- Broad support for maintaining planning permission as an eligibility criterion to apply for ECP-2, though a mixed response on whether projects less than <500kW should be exempt.
- Re-affirm that projects that don't require planning permission are eligible apply for ECP-2.
- A number of requests to increase allowable small relocations from generation/storage site boundary from 100m to 1000m to facilitate new technology and planning changes

In addition to the rationale and commentary presented in section 2.6 of this decision, the CRU notes the following:

As per ECP-1 decision, the allowance of small relocations of up to 100 meters from the
generation site (as delineated in the project's initial connection application) represents a
practical balance to allow some minor changes to enable projects to progress while not
facilitating speculative applications which add delays to the connection process and
increase costs for consumers.

4.7 Offer capacity on a non-firm basis

In section 2.10 of the ECP-2 proposed decision, the CRU set out a position relating to the nature of the access rights that would be afforded to market participants seeking connection through the ECP-2 process. The CRU's positions on this policy is presented in section 2.7 of this decision.

- The firmness of rights, and the perceived opaqueness of information on transmission constraints, is a risk for projects – and makes projects more difficult to finance. This risk will result in an increase for bids into RESS auctions.
- Clarity sought on the timeline for a review of firm access policy as it is a major concern
 for the industry with material impacts on projects in the development pipeline. More
 details of parallel policy work mentioned in the proposed decision sought. Non-firm
 generation continues to pay its share of network costs (future and existing) so therefore it
 seems unreasonable that there is no clear route to getting sufficient network
 reinforcements.
- The current policy undermines the provisions of EU Regulation 2019/943 in relation to compensation for dispatch down. Dispatch down compensation should be clarified so the risk is not solely on project developers.
- The SEM High Level Design Decision Paper (AIP/SEM/42/05) provides for a shallow connection policy with information on deep reinforcement timelines.
- Implications around losing firm access make repowering projects very challenging. Lack
 of firmness will disincentive developers to pursue solutions that would bring benefits in
 meeting Ireland's decarbonisation targets.
- Firm access should be provided by the TSO within fixed, pre-defined timescales –
 including, for example, through the application of a longstop date for associated
 transmission reinforcements after which rights are financially firm.

- All projects should be made firm once the required system re-enforcements have been completed, with the system operators required to regularly report in the expected timeframe for the relevant reinforcement to be completed.
- There should be a role for incentives for the TSO in respect of its delivery of firm rights.
- The TSO should start planning for the delivery of firm access rights as soon as possible.
- Offer process should allow time to complete FAQ studies and ATR identification on ongoing basis.
- Lack of firmness fails to provide location signals to optimise existing grid.
- Recognition that non-firm rights initially can be useful in providing some form of market access earlier than would otherwise be the case.
- Detailed knowledge of transmission constraints, and when they will be removed, is key
 information for project business cases. Constraints reports need to be provided with a
 minimum time period before acceptance of connection offers.

The rationale underpinning the CRU's decision is presented in section 2.7 of this decision. The CRU does not wish to make any further comments.

4.8 Other requirements on ECP-2 applicants

In section 2.11 of the ECP-2 proposed decision, the CRU set out other proposed requirements that ECP-2 applicants must accept. The CRU's positions on this policy is presented in section 2.8 of this decision.

- Comment that the application fees are very high compared to other European countries, particularly for smaller projects, and linking this to the level of engagement received.
- Industry consensus on revisiting the need for security for shared assets' costs and requesting a review of the evidence of current liabilities due to stranded assets and exposure from projects with shared works.
- Security for shared assets' costs has proved a difficult barrier for small projects and small developers in ECP-1, requests for ECP-1 project connection agreement acceptance rate.
- Sharing of connection assets underwritten by consumer had been very successful for the consumer, the system and developers under pre ECP rules.
- Projects that do not progress after first stage payment (e.g. unsuccessful in RESS) should get a rebate for the shared bond when new projects utilise the assets.

- Industry requests for longstop dates to be adjusted to allow for entry to a number of RESS auctions (e.g. 2 RESS auctions).
- Clarify how delays to SO works or grid related consents impact on longstop dates, particularly where deep reinforcements required for energisation.
- Requests for the new DSO planning standards to apply to modifications or live offers in ECP-1 once approved. This would mitigate against projects dropping out of ECP-1 and reapplying to ECP-2.
- Calls for a review of the current node assignment rules with stakeholder engagement.

In addition to the rationale and commentary presented in section 2.8 of this decision, the CRU notes the following:

- Whilst the ECP policies should not hinder the competitiveness of RESS auctions, it is also not linked specifically to RESS (i.e. with reference to the discussion of longstop dates).
- The updates now requested by the CRU from the SOs on all projects longstop dates status will inform future decisions around exceptional longstop date extensions.
- The applicability of new DSO planning standards to existing projects will be detailed at the time of publication of those standards following approval by the CRU.

4.9 Final capacity release

In section 2.12 of the ECP-2 proposed decision, the CRU set out a proposal to allow a final capacity release opportunity for all pre ECP contracted projects (but not those that folded into ECP-1). The CRU's positions on this policy is presented in section 2.9 of this decision.

The following is a summary of the key points and themes raised by respondents in respect of this element of the proposed decision:

- All respondents on this issue gave support to the proposal for capacity release.
- Many respondents requested provision for the partial release of capacity rather than full release on the basis of more capacity returned to the system and justified mainly on the basis of planning permission changes
- Many respondents also requested regular capacity release opportunities as an exit mechanism for contracted ECP projects.

In addition to the rationale and commentary presented in section 2.9 of this decision, the CRU notes the following:

- Most of the capacity returned from the 2016/2017 opportunity was from full capacity release (despite the initial slow uptake).
- The COPP rules on capacity reduction and MEC capacity bonding address the issue of projects that install and operate (or are planning to) less than their contracted MEC.

Technical requirements for certain renewable energy generation technologies.

For the purposes of the prioritisation of renewable energy generation projects in batch Category A as set out in section 2.2 of this decision, and the definition of renewable energy projects for Community-led projects as set out in section 2.4, only projects that meet the following criteria within certain renewable energy generation technologies will be included.

Waste to Energy

"Waste to energy" refers to the process of generating energy in the form of electricity from the primary treatment of Waste, or the processing of Waste into a fuel source.

Only electricity generated from the combustion of the renewable portion of Waste, will count towards the calculation of renewable electricity generated (in GWhrs/yr) for prioritisation in ECP-2.

The calculation of the renewable portion of Waste to energy shall be based on the European Standard I.S. EN 15440 "Solid Recovered Fuels – Methods for the Determination of Biomass Content". Projects are permitted to use reference data that is derived in accordance with I.S. EN 15440, as opposed to the standard being applied to samples taken directly at the project's site. Additionally, projects can combine data from I.S. EN 15440 with Waste characterisation survey data that is demonstrated to be representative of the Waste composition at the Site.

Biomass

Biomass fuels produced from agricultural Biomass shall not be made from raw material obtained from land:

- (a) with high biodiversity value, i.e. primary forests, specially protected areas, special areas of conservation and highly biodiverse grasslands;
- (b) with high carbon stock, i.e. wetlands, continuously forested areas; or
- (c) that was undrained peatland in January 2008.

For Biomass produced in Ireland, there are clear monitoring and enforcement systems in place under existing legislation, monitored by the Forestry Service, the relevant local authorities and the National Parks and Wildlife Service. Verification rests with Department of Agriculture, Food and the Marine ("DAFM") and the Department of Culture, Heritage and the Gaeltacht.

Biomass fuels produced from forest Biomass shall meet the following requirements in accordance

with Article 29 of the Renewable Energy Directive:

- (a) the country of origin of the Biomass has harvesting laws, and monitoring and enforcement systems (or where not available in the country of origin, that management systems are in place at forest sourcing area level) to ensure:
- (i) it is carried out in accordance with a harvesting permit;
- (ii) forest regeneration is in place;
- (iii) nature protection areas, including peatlands and wetlands, are protected;
- (iv) impacts on soil quality and biodiversity are minimised; and
- (v) it does not exceed the long-term production capacity of the forest.
- (b) the country (or regional economic integration organisation) meets the following requirements in accordance with Article 29 of the Renewable Energy Directive:
- (i) is party to or has ratified the Paris Agreement;
- (ii) has submitted a Nationally Determined Contribution to the United Nations Framework Convention on Climate Change ("UNFCCC") or there are laws in place (in accordance with the Paris Agreement) to conserve and enhance carbon stocks and sinks; and
- (iii) has a national system for reporting GHG emissions and removals from land use including forestry and agriculture.

Biomass projects must meet the requirement of at least 70% greenhouse gas emission savings in line with Article 29 of the Renewable Energy Directive.

Biogas

Biogas projects must meet the requirement of at least 70% greenhouse gas emission savings in line with Article 29 of the Renewable Energy Directive.

If the feedstock is classified as animal by-product ("ABP"), the eligible anaerobic digestion ("AD") technology must be in receipt of an ABP license from DAFM. A full list of ABP feedstock and the waste risk categories is available on the DAFM website.

In the absence of approved certification, AD feedstock shall consist of a maximum of 20% grass silage or other harvested energy crop in order to meet sustainability requirements. All Biogas proposals must clearly demonstrate robust traceability and verification of fuel source.

Biogas from landfill sites will not be eligible for ECP-2 renewable generation prioritisation or Community-led projects.

Definition of Renewable Energy Community

"Renewable Energy Community" (REC) means a legal entity:

- (a) which, in accordance with applicable law, is based on open and voluntary participation, is autonomous, and is effectively controlled by shareholders or members that are located (in the case of SMEs or local authorities) or resident (in the case of natural persons) in the proximity of the ECP project that is owned and developed (or proposed to be owned and developed) by that legal entity;
- (b) the shareholders or members of which are natural persons, SMEs, local authorities (including municipalities), not-for-profit organisations or local community organisations;
- (c) for any shareholder or member (with the exception of "Sustainable Energy Communities" as registered with SEAI), that shareholder or member's participation does not constitute their primary commercial or professional activity;
- (d) the primary purpose of which is to provide environmental, economic, societal or social community benefits for its shareholders or members or for the local areas where it operates, rather than financial profits;
- (e) in respect of which, each shareholder or member is entitled to one vote, regardless of shareholding or membership interest; and
- (f) which is, or which has at least one shareholder or member that is, registered as a "Sustainable Energy Community" with SEAI,
- "Sustainable Energy Community" means a "Sustainable Energy Community" which is registered as such with the SEAI.

The project must meet the requirements for Community-Led Projects and each Applicant will be required to provide a director's declaration ("Declaration of Community-Led Project") to the effect that it will meet the requirements of a Community-Led Project and submit this declaration form along with its ECP-2 application.

Related policy documents.

This ECP-2 Decision should be read in conjunction with the CRU's earlier documentation on connection policy, a comprehensive list for which is provided here.

CRU/19/143	Enduring Connection Policy (ECP-2) Proposed Decision	Proposed Decision paper
CRU/19/144	Future Options for Enduring Connection Policy	Call for Evidence
CRU/18/113	CRU Response to Industry Regarding ECP-1 Impacts on Contracted Projects	Information paper
CRU/18/094	Clarification on the Enduring Connection Policy (ECP-1) Decision (Capacity Release)	Information paper
CRU/18/058	Enduring Connection Policy (ECP-1) Decision	Decision paper
CRU/18/059	Enduring Connection Policy (ECP-1) Decision Annex I: Ruleset	Decision paper
CRU/18/060	Enduring Connection Policy (ECP-1) Decision Annex II: DS3 Prioritisation Ruleset	Decision paper
CRU/17/309	Enduring Connection Policy (ECP-1) Proposed Decision	Consultation paper
CRU/17/310	Enduring Connection Policy (ECP-1) Proposed Ruleset (Annex I to CRU/17/309)	Consultation paper
CRU/17/311	DS3 Proposed Prioritisation Ruleset (Annex II to CRU/17/309)	Consultation paper
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)	Appendix
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/09/138	Decision on Electricity Network Connection Policy	Decision paper
CER/08/260	Criteria for Gate 3 Renewable Generator Offers & Related Matters	Decision paper

Non-confidential responses to ECP-2 Proposed Decision

These responses are published alongside this decision paper on the CRU website – Electricity Connection Policy section.⁵⁴

- 1. 3 Counties Energy Agency
- 2. ABO Wind Ireland
- 3. Amarenco Solar
- 4. ART Generation
- 5. Bord Gáis Energy
- 6. Bord na Móna
- 7. Brookfield Renewable Ireland
- 8. Byrne Wallace
- 9. CEWEP Ireland
- 10. Clean Tech Renewable Energy
- 11. Coillte
- 12. Community Power
- 13. Cool Clonakilty
- 14. Department of Agriculture, Food and the Marine (DAFM)
- 15. Department of Business, Enterprise and Innovation (DEBI), Enterprise Ireland and IDA Ireland
- 16. DP Energy
- 17. EDF Renewables
- 18. EirGrid
- 19. Electricity Association of Ireland (EAI)
- 20. Elgin Energy
- 21. Energia
- 22. Energy Storage Ireland (ESI)
- 23. ESB Generation and Trading
- 24. ESB Networks
- 25. GP Wood
- 26. Harmony Solar
- 27. Innogy Renewables Ireland
- 28. Irish Bioenergy Association (IrBEA)

⁵⁴ https://www.cru.ie/document_group/electricity-connection-policy-2/

- 29. Irish Energy Storage Association (IESA)
- 30. Irish Farmers' Association (IFA)
- 31. Irish Solar Energy Association (ISEA)
- 32. Irish Wind Energy Association (IWEA)
- 33. Irish Wind Farmers Association (IWFA)
- 34. Knockathea Windfarm
- 35. Micro Renewable Energy Federation (MREF)
- 36. Natural Forces
- 37. Power Capital
- 38. Quintas Energy
- 39. RES
- 40. Saorgus Energy
- 41. ScottishPower Renewables
- 42. Shannon LNG
- 43. Solar Electric
- 44. Sonnagh Old Teo
- 45. South Kerry Development Partnership
- 46. SSE
- 47. Statkraft Ireland
- 48. Tipperary Energy Agency
- 49. Wexford Solar
- 50. Windsource