

## **NIRIG response to NIE/SONI Consultation on connecting further generation in Northern Ireland**

**9 March 2018**

### ***General comments***

- There is no adequate substitution for network build and reinforcement and we urge NIAUR, the Department for the Economy, SONI and NIE to work together on facilitating an appropriate programme of works that will provide Northern Ireland with the future-proofed network that is required to facilitate economic development and a secure, safe and sustainable electricity supply
- Reinforcements for existing committed and connected generation must be carried out in parallel with development of a new connection offer process. We would like confirmation of the works required to make connected/contracted projects firm and/or reduce constraints. We are disappointed that the rate of progress of many of the ATRs has been so slow. We urge action on ATRs, within clearly defined timeframes.
- There has been insufficient allowance for innovation in both NIE and SONI price controls. This situation should not be allowed to continue as it is impacting the ability of NIE and SONI to design and implement solutions to some of the problems being discussed in this, and previous consultations
- We believe that in order to fully inform generation connection decisions developers and NIE/SONI will need a much clearer understanding of constraints. We recommend detailed constraint analyses and contingencies should be carried out as soon as possible, with industry input.
- We would like to see more advancements in the use of what NIE and SONI deem “non-standard” equipment, such as high temperature conductors (for increased export capacity)
- We believe that given the current amount of uncontrollable generation in Northern Ireland, there is an urgent need to set out a clear plan to minimise curtailment levels.

- We welcome the level of detail in the proposals included in the consultation and recommend that clear timelines be set for delivering outcomes

**Question [1] – Do stakeholders agree;**

**a) With the proposed NIE Networks Planning Approval milestone and timelines?**

NIRIG does not agree with the proposal that proof of planning approval should be provided within 3 months of offer acceptance i.e. within 6 months of offer issued. NIRIG believes that applicants should provide evidence of planning approval at the point at which they accept their connection offer.

We also again urge that planning permission be made a requirement for grid connection application. A key reason that planning permission has not been made a requirement for grid connection application is a result of NIAUR's inability to set policy. Requiring legislative change for such policies is clearly inefficient, has not delivered results, and is unlikely to facilitate the changes required for a low-carbon energy system. We urge that the Department for the Economy consults on enabling NIAUR to set policy.

NIRIG also believes that if the planning process becomes more certain in the future then the potential for revisiting the grid connection application process with regard to planning permission should be allowed.

**b) With the evidence required to meet the Planning Approval milestone?**

NIRIG agrees that the evidence for this milestone must be proof of planning permission received or relevant consents either on the planning portal or signed certificate.

**c) With the Stage 1 enforcement rules?**

NIRIG believes that if the 'Planning Approval' milestone is not met, then the connection offer cannot be accepted.

**d) That NIE Networks will not grant an extension to the Planning Approval milestone to allow applicants to go through planning appeal?**

NIRIG agrees with the proposal that there will be no extension except in circumstances where there is a judicial review of planning already granted.

**Question [2] – Do stakeholders agree with the;**

**a) Use of Stage 2 milestones after planning permission has been obtained Is reasonable?**

NIRIG does not agree with the proposal that failure to meet any one of a series of milestones would be grounds for terminating the connection offer. We recommend instead the use of a longstop date of 36 months after scheduled consents and operational dates. These dates can be estimated by NIE based on the specific connection method and included in the connection offer. Longstop dates can only be extended if proof of material progress is provided. **We would like to meet with NIE/SONI to discuss details of a longstop approach as soon as possible.**

We are not aware of any other jurisdictions where interim milestones have been effective. We recommend instead the use of a longstop date of 36 months after scheduled consents and operational dates. This date can be estimated by NIE based on the specific connection method and included in the connection offer.

A key difference between NI and other parts of the UK and Ireland is that planning permission would be required before or shortly after accepting a connection offer, which is a considerable financial commitment by developers, and should be a key factor in ensuring only viable projects retain network capacity. Substantial investment will have been made to get to this point - developing the project, securing land rights, applying for planning permission and applying and accepting the grid connection offer.

A long-stop approach would reduce the administrative burden on NIE. It would also reduce uncertainty: the milestones process includes a series of 'resetting milestones' (see Q4) at which flexibility may or may not be provided based on a wide range of criteria. Furthermore, multiple milestones at NIE discretion could lead to legal challenge.

For the avoidance of doubt, NIRIG does not believe that any form of increased stage payment or bond should be required early in the grid connection process. The achievement of planning permission and the first stage payment are significant hurdles and should be a sufficient demonstration of commitment.

**b) Agreed customer's programme of works will be used to determine the timelines attached to the rest of the Stage 2 milestones**

The agreed programme of works, NIE's scheduled planning permission date and scheduled connection date will all influence the setting of the 36 month longstop dates. These dates must be specific and must be included in the connection offer. Longstop dates can only be extended at NIE's discretion if proof of material progress is provided.

We do not agree that stage 2 milestones should be used. We would consider the need for interim milestones at a later date, based on robust consultation, should market conditions or the planning context change.

**c) Evidence required for each milestone stage as described in the table above is appropriate?**

We disagree with Stage 2 milestones, given that the first milestone of planning permission represents significant investment and financial commitment.

**d) With the Stage 2 Milestone enforcement rules?**

No.

**Questions [3] – Do stakeholders agree with the meeting milestones early principles?**

NIRIG does not agree with the use of Stage 2 milestones

**Questions [4] – Do stakeholders agree with the resetting stage 2 milestones principles?**

Stage 2 milestones should not be used. A long-stop date approach should instead be implemented.

**Questions [5] – Do stakeholders agree with the NIE Networks approach for;**

**a) Designation of ‘at risk’ capacity queuing following failure to meet Stage2 milestones**

No. If the longstop dates are not met then projects should have connection offers terminated.

**b) Re-allocation of capacity designated ‘at risk’**

No. If the longstop dates are not met then projects should have connection offers terminated.

**c) Re-instatement of the original export capacity**

See above.

**Question [6] -Do stakeholders believe that the proposals made by NIE Networks (as described in Section 5.3) is a reasonable approach to assigning capacity to projects which are ready and of minimising capacity hoarding?**

We believe that our proposals will help minimise capacity hoarding and also provide developers that have shown substantial project commitment with a reasonable level of flexibility to complete the development, financing, and construction of the renewable projects.

**Question [7] - Is there any other information that could be provided in the forecast statement to help inform industry in their commercial decision making?**

The forecast statement is by its very nature typically at least a year out of date by the time it is published due to when the system data freeze occurs. This makes the information contained within the forecast statement less critical for later stages commercial decision making. The network information published in the forecast statement and network models that have been made available are essential to inform developers in the early development stage of a project to replace the need for pre-feasibility analysis by the system operator.

Additional information that could be provided by the system operator includes:

- i. harmonic system data and real time outage information to fully inform operators during constraint conditions,
- ii. generation & demand in application phase at each transmission node,
- iii. contracted generation and demand at each transmission node, and
- iv. connected generation at each transmission node.

We recommend an update of the SONI constraint analysis, last published in 2016 and based on 2015 analysis. This should be updated with input from industry regarding what information would be most useful and the scenarios to be studied.

**Question [8] - Would stakeholders be in favour of a clause requiring mandatory disclosure of generator information to be published?**

Yes. This information is essential for developers to remain fully informed. NIRIG proposes that a consultation is carried out to allow for this and recommend that the level of information be based on that published by EirGrid/ESB Networks in ROI. This consultation should include proposals regarding the accessibility of the information. The consultation and decision should be completed by the body that can ultimately approve the information to be disclosed if that is the decision reached.

**Question [9] - Do you agree that a provision should be made in the NI Connections Process to enable prioritisation of connection applicants to provide DS3 System Services?**

The DS3 programme needs to succeed and the curtailment of windfarms should be minimised. The current DS3 programme appears to require 300-400MW of new DS3 service

providers. We request further clarity on the level of DS3 services required: the ROI published requirement in the ECP-1 consultation is generic and does not provide sufficient detail or analysis. The overall volume and contract requirements is subject to further DS3 consultations in 2018.

NIRIG's response to the other questions in this consultation apply to both renewable generation and DS3 services providers. Furthermore, a wide range of technologies can provide system services, including renewables projects.

At a minimum DS3 services providers should be able to apply for MEC export capacity under the same NIE ruleset as other generators. We also recommend that wind co-location sites should not be precluded from offering DS3 services.

As NIE and SONI are no longer proposing a batch process there does not appear to be the need to prioritise DS3 projects. NIE and SONI cannot discriminate against any technology for connection without clear direction from the Utility Regulator.

However, NIRIG is keen to ensure that renewables capacity is maximised and we would be open to discussion of proposals that ensure that this is the case going forward.

**Question [10]-In the absence of a batch process, do you have any other suggestions or specific comments on how the approach discussed above should be augmented for NI? What, if any, pre-conditions, rules or limits do you think should be applied?**

For projects wanting to apply for connection to the NIE distribution system to offer DS3 services there is significant concern regarding both the timeline to apply for a grid connection and available transmission capacity. It is still unclear what the eligibility criteria will be for auctions later in 2018 for the new DS3 services. If a grid connection offer is a criterion then it appears unlikely that any applications connecting to the NIE distribution system will be successful unless there is a speedy final decision to this consultation.

**Question [11]: Is there industry appetite for Zero FAQ connections with no assurance of full FAQ being achieved?**

Current policy provides for applicants to proceed to connection without or with limited FAQ on the basis that in time SONI and NIE Networks will implement ATRs to make the connections firm. However, under the current framework, ATRs are subject to regulatory approval with no guarantees or assurance on timings, and limited progress has been made. We believe that this is inappropriate. The SONI/NIE Networks obligation to provide firm access should be maintained and a clear timeline provided.

The current situation, where NIE will be refusing to process connection applications on the basis of a lack of capacity, makes distribution connected generation unique in the island of Ireland and within the UK. We believe that this approach is discriminatory. The inconsistency or approach between SONI and NIE could also lead to gaming, which the industry is keen to avoid. We have previously noted concerns around any proposals that enable the refusal of connection offers based on a lack of capacity:

*'The electricity market in Northern Ireland should not be closed to new generation. Allowing the refusal of connection offers based on a lack of capacity means a significant barrier to entry in the SEM. As the all-island market does not exclude new generation there should therefore be no barriers to market entry in Northern Ireland.'*

Continuing to connect zero FAQ generation (without timely implementation of ATRs) will tend to erode the viability of existing non-firm generation because of the current policy for sharing constraints.

In order to enable an informed discussion on whether to retain or change existing policy SONI needs to provide greater information on potential constraints for existing and new generators. We have noted this in our response to Q7 - industry will provide input as to the level of constraint studies necessary.

NIRIG supports the proposal to have a Connections Innovation working group. NIRIG request that this working group is established as soon as possible so as the issues and solutions for transmission capacity can be quickly progressed.

**Question [12] What indicative level of curtailment and constraint do industry believe such a solution would become commercially unviable?**

NIRIG is committed to supporting any initiatives that enable greater capacity on the network. However, it is impossible to answer a question such as this without full constraint analyses and adequate information about the potential impact of ANM.

Industry is currently adjusting to a number of changes in the industry including removal of government support, adjusting to a subsidy free era, introduction of electricity market changes (i-SEM) and uncertainty on options on route to market. With so many additional cost pressures and varied project specific circumstances it is not easy to determine a credible level of curtailment and constraint which renewable industry can tolerate.

We continue to note that there is no substitute to reinforcement to address network constraints. At transmission level there continues to be an urgent need to plan, develop and build appropriate infrastructure. We also urge NIE Networks and SONI to go beyond only

considering classic solutions to reinforcement based on traditional designs and consider the latest innovative approaches.

We also recognise the value of TSO initiatives such as the DS3 programme to facilitate the achievement of the national 40% renewables electricity target whilst limiting the level of curtailment to mid- single digit percentages and hope that going forward there will be a DS3 extension (DS3X) programme to accommodate SNSP of more than 75% and bring forward other mitigation measures that reduce curtailment.

In order to enable an informed discussion on whether to retain or change existing policy SONI needs to provide greater information on potential constraints for existing and new generators.

**Question [13] Does industry agree that a working group is required to deal with the more complex matters above including [A] technical and [B] process -commercial matters [YES/NO]**

Yes, NIRIG fully supports the idea that a working group to deal with both the technical and commercial issues arising from ANM schemes which may be appropriate to the SONI/NIEN network. NIRIG feel that it will be a useful way forward if NIEN/SONI can derive and table a 'rule set' for ANM connections which can be discussed at the working group meetings and which we can eventually agree.

As noted above, we cannot make fully informed decisions about ANM without full analysis and implications.

NIAUR has said that NI should be an innovation follower rather than a leader in ANM technologies – i.e. that proven solutions on other similar networks (eg. GB/RoI) should be adopted. NIRIG believes that NIEN/SONI and NIAUR should support sufficient innovation Price Control allowance for NIEN/SONI to permit this to happen. This has not been the case in previous price controls.

NIRIG also feel that 'smart' solutions (eg. DLR) have already been proposed and used on the NI transmission and distribution system with significant demonstrable success.

NIRIG share the view that LSG connections to clusters and the maximisation of reverse power capability of a cluster present opportunities to explore the enabling of further connection of generation through ANM. We further agree that the possibility for future ANM schemes which may include DLR at clusters, ANM at BSP substations and Primary substations should be explored, subject to the outcome of the working group discussions. We also agree that

there are, however, complex issues (as noted in the consultation) which need to be discussed and resolved in the working group.

On the issue of charging for the ANM solutions (capital and O&M costs), NIRIG feel that the price control opportunities for innovation have not been well supported in previous price control negotiations and that these opportunities in RP5 and RP6 should have enabled the solutions available through ANM to be taken up in NI at a much earlier date. This opportunity should not be missed in the SONI and NIEN RP7 negotiations and this should be addressed as soon as possible. We note again the importance of providing appropriate levels of information about constraint analyses to inform discussions in any working group.

**Question [14]-With respect to the potential ANM solution set out in Appendix 4 do you have any views on the various options outlined?**

Without more accurate knowledge of the information available to generators seeking an ANM connection, including associated costs for switchgear, control and communication equipment and a knowledge of the potential curtailment delivered by the ANM connection, it is difficult to decide how much a joining generator would be able to afford without compromising the viability (and bankability) of the project. We feel that discussion in the working group will help to guide ideas and solutions.

We feel that if the ANM costs cannot be provided for as part of the Innovation Price Control allowance for NIEN/SONI, then the cost of the ANM solution should be included in the connection cost offer. We strongly feel that an 'Innovation fund' should be available to facilitate cost for ANM solutions based on a Price Control allowance. We also believe that ANM should be considered for demand 110kV substations and not just cluster substations.

We are disappointed that the situation in respect of rebates has still not been resolved and this Consultation notes that this may require legislation or a decision by a Minister. NIAUR should be given powers by the relevant NICS department (or ask for) which allow decisions such as this to be taken in the absence of Legislation or Ministerial direction, especially since rebate policy already exists for SONI and in other regions.

**Control Principles (*Appendix 4, pg 47*)**

**Considering the options for the allocation of capacity where additional headroom is being made available:**

NIRIG has some initial positions regarding allocation of capacity, which we would be keen to share through the working group. However, we feel unable to comment fully here without access to constraint analyses and implications of different allocation methods.

### **Charges Applicable – Capital (Appendix 4, pg 48)**

- A. Total incremental costs are allocated to the first-comer in the Queue applicant being considered for additional headroom.*

NIRIG would accept that if additional costs are incurred through an ANM connection and that these costs are not recoverable from customers, or allowed for in the price control agreements, that any attributable incremental costs would be incurred by generators connecting in queue order with rebates based on subsequent connections as they arise in proportion to the MW being 'subscribed to' by each applicant.

- B. Total incremental costs are 'shared' between applicants being considered for the 'Cluster Managed Connection Capacity MW' – in proportion to the MW being 'subscribed to' by each applicant.*

NIRIG agrees with this position. We are disappointed that the situation in respect of rebates has still not been resolved and the Consultation notes that this may require Legislation or a decision by a Minister. NIAUR should be given (or ask for) powers which allow decisions such as this to be taken in the absence of Legislation or Ministerial direction, especially since rebate policy already exists for SONI and in other regions.

### **Charges applicable: Operation and Maintenance (Appendix 4, pg 48)**

- A. Payment on an open ended ongoing basis*

We do not agree with this option.

- B. Payment on some agreed basis over the contract term – with some agreed review and cost adjustment arrangement*

O&M Payment terms requires further discussion in the working group and it may be that options B or C may be preferable to industry.

- C. Payment on an up-front basis*

As B, above: we consider that options B or C may be offered as an option.

### **Contractual arrangements for O&M charges (Appendix 4, pg 49)**

- A. Payment on an open-ended basis – variable contract.*

NIRIG does not agree with this option. Industry prefers as much confidence on on-going costs as early as possible.

- B. Payment on some agreed basis over the contract term – with some agreed review and cost adjustment arrangement.*

O&M Payment terms requires further discussion in the working group and it may be that options B or C may be preferable to industry.

- C. Payment on an up-front basis – with some risk premium to take account of potential price escalation on expiry of the initial contract – fixed price contract.*

O&M Payment terms requires further discussion in the working group and it may be that options B or C may be preferable to industry.

**Information for decision-making: ‘potential cluster ANM solution’ (Appendix 4, pg 49)**

- A. Historic generation information local to the proposed managed connection location in the form of time of year and time of day trends – based on connected generation*
- B. Up to date information of committed generation – to enable a full assessment of the expected generation profile at the same location once committed generation was connected*
- C. Estimates of the likely practical managed connection headroom to be made available at the same location*

NIRIG would like as much information as possible to be available including all options A, B and C above. We would also like an accurate estimate of costs for the ANM solution including capital, O&M and communications equipment (one off and ongoing). We would also like an understanding of likely constraints and curtailment information as relevant to the connection cluster or BSP.

As noted previously we would also be keen to have information available (capacity and connection date for example) on the generation projects in the queue, contracted and connected at any given connection location.

**Question [15]- If the answer to (1) (2) or both is [NO] – please advise what alternative approach you believe might be workable**

NIRIG are keen to work closely with NIEN/SONI to develop and agree a workable ‘rule set’ for ANM connection. We do not believe that it is possible to provide an informed perspective on many of the questions above without adequate constraint analyses.

Although we have responded ‘yes’ in the previous questions, NIRIG believe that there is currently no credible alternative to installing the required transmission and distribution capacity to provide the required level of FAQ for currently installed, contracted and new generation. We look forward with anticipation to the proposed NIEN/SONI Transmission Development Plan, hopefully in draft form by late 2018 and final committed form in early

2019 followed by appropriate price control allowance, NIAUR approval and the required construction plans to facilitate FAQ connections as soon as possible.

We look forward to engaging with NIEN, SONI and NIAUR as soon as possible through the working groups proposed in the consultation.

---

Meabh Cormacain  
**NIRIG**