Response to Consultation on Installed Capacity Cap  
(CER/13/210)  

11 October 2013
Introduction

EirGrid welcomes the opportunity to respond to the Commission for Energy Regulation’s (CER) Consultation on Installed Capacity Cap (CER/13/210) (the ‘Consultation Paper’). EirGrid has spent considerable time engaging and advising on this particular item of policy and to the extent any greater clarity can be provided it is to be welcomed.

In terms of responding to the Consultation Paper EirGrid can confirm that its views regarding any technical or system planning considerations of varying the Installed Capacity cap are as per the “Connection Offer Policy and Process Paper (COPP) - Update on Installed Plant” as submitted by EirGrid and ESB Networks Ltd, the System Operators (SOs), to the CER on the 13th August 2013 and which was published alongside the Consultation Paper and as such it is not EirGrid’s intention to repeat these here.

However, on review of the Consultation Paper, there appears to been some misinterpretation of the SOs’ views such that a number of statements in the Consultation Paper attributed to the SOs are not consistent with the views as set out in the Update on Installed Plant paper as submitted. Given the complexities surrounding this particular item of policy and the need to ensure there is clarity for all industry participants in this regard; EirGrid has set out below where such inconsistencies have arisen and sought clarity from the CER on a number of items.

Clarifications

In the Executive Summary the CER referred to the “covering paper” – for clarity the paper is the SO Policy Ruleset for COPP (CER/11/093(y)) as approved by the CER.

EirGrid would also like to clarify that the main change since 2011 which may merit a change in the Installed Capacity cap is the decision on SEM market rules for wind. While there has been further integration of wind this has not changed the SOs’ views in relation to overinstalling capacity which remain as per the original advice provided as part of the COPP consultation process amended now by the change in market rules.

Under Section 3.1, the CER states “a generator may install generation capacity to the higher of:

1. 105% of the Maximum Export Capacity (MEC) in its connection agreement; or
2. the nearest whole number of turbines which would just meet or exceed the generator’s MEC.”

Post the publication of COPP, the CER clarified that the nearest value approach would apply after and in addition to the 105% of MEC, and both SOs have applied the rule with this clarification since 2011. EirGrid assumes that this remains the intended interpretation.

The section also includes a statement that “The SOs submitted that allowing the nearest whole generator unit extension to the Installed Capacity Cap would not materially adversely affect the system or other generators.”. EirGrid would note that this was not stated in the SO paper.

Further EirGrid note that the CER is now considering that “the generation capacity which a generator may install at a generation site is the higher of:

1. the nearest whole generator unit above the MEC of the site; or
2. 120% of the MEC of the site.”

EirGrid would request that the CER clarify if it is the CER’s intention to remove the additive nature of these two values that exists in the rule set today.

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1 CER/13/210 – page 2, paragraph 1
2 CER/13/210 – page 4, paragraph 1
3 Currently, the rule is expressed to apply mainly to wind generators, but it is currently open to other types of generators as well.
4 CER/13/210 – page 4, paragraph 2
5 CER/13/210 – page 5, paragraph 1
The CER has set out that the SOs and the CER “will monitor any change in the Installed Capacity Cap to assess its effects on the various issues discussed below”\(^6\).

EirGrid is concerned that to accurately monitor the effects of a change in policy would not be practical or perhaps even possible to do so. In regard to specifically analysing the potential impact of over installed capacity on constraints or curtailment, given the range of assumptions required, and as previously advised by EirGrid, it is questionable if such analysis would deliver a robust answer.

Under Section 3.3, it sets out that “The SOs have said...”\(^7\)

- “removing the Installed Capacity Cap entirely could affect constraints in local transmission and distribution routes”
- “lifting the Installed Capacity Cap to 120% should not materially adversely affect curtailment costs prior to 2018.....”

EirGrid wishes to clarify that these statements were not what was included in the SO Installed Plant paper. EirGrid would refer readers to the Considerations Section 2 of the SOs’ Installed Plant paper.

Under Section 3.4, the CER states that “Given the network has been designed to provide capacity for this MEC, this should result in a more optimal use of the system”\(^8\). EirGrid wishes to clarify that increasing Installed Capacity of some types of generators will not always improve optimal use of the network. The network is designed to provide connection capacity for a given MEC however deep capacity takes account of credible dispatch and running scenarios and as such the network is not necessarily designed to provide capacity for an aggregate of all MECs together and will not necessarily be more optimally used as a result.

Under section 3.5, the CER states that “The SOs advise (based on the estimate of their experienced engineers, but not on any formal modelling) that increasing the Installed Capacity Cap to 120% should not have any materially adverse effects”\(^9\). EirGrid wishes to clarify this statement that the SO advice relates to impact on planning and development the power system.

Further, the CER states that “CER accepts that there are a range of factors which affect the Capacity Factor of a generation site, over which the SOs have no control nor knowledge, so limiting one and not others does not appear logical (subject to the rule, to which industry agrees, that generators are not permitted to export above their MEC).”\(^10\) EirGrid would respectfully submit that there are a number of other factors associated with a site which the SOs would be aware of and/or would be regulated to some extent including MEC, MIC, turbine parameters, transformer sizes, cabling, etc and that EirGrid does not accept this statement.

EirGrid wishes to clarify that the SOs in the SO paper did not “submit that increasing the Installed Capacity Cap to 120% should make the nearest whole generator unit allowance redundant, apart from generators in the 5MW range”, as set out in the Consultation Paper\(^11\). Moreover, the SOs were themselves actually raising a question for consideration. The SOs also did not, in their paper, “point out, the higher Installed Capacity Cap will be larger than the nearest whole generator unit allowance”\(^12\).

EirGrid would note that the SOs’ Installed Plant paper did not reference “grid stability”\(^13\), as inferred in Section 3.6.

The Consultation Paper, Section 3.7, includes a statement that “However, the SOs' discussion paper now seeks to limit the Installed Capacity Cap only to wind generators.”\(^14\) For the avoidance of any doubt the limiting of the Installed Capacity Cap to wind generators originates from the original COPP ruleset and not the SO paper. EirGrid acknowledges that there has been some confusion and misinterpretation about this rule. It is EirGrid’s understanding that originally the main objective of the

\(^{6}\) CER/13/210 – page 5, paragraph 3  
\(^{7}\) CER/13/210 – page 6, paragraph 2  
\(^{8}\) CER/13/210 – page 7, paragraph 1  
\(^{9}\) CER/13/210 – page 7, Section 3.5, paragraph 1  
\(^{10}\) CER/13/210 – page 8, paragraph 1  
\(^{11}\) CER/13/210 – page 8, paragraph 2  
\(^{12}\) CER/13/210 – page 8, paragraph 2  
\(^{13}\) CER/13/210 – page 8, paragraph 4  
\(^{14}\) CER/13/210 – page 8, paragraph 6
rule was not intended to apply to wind generation *per se* but rather to projects with multiple generation units (typically wind farms) which would change the capacity factor of the site potentially affecting curtailment and constraints etc depending on the Installed Capacity. For single/double unit projects (typically conventional plant) the capacity factor is not changed depending on the installed capacity therefore it is not relevant. However to the extent that there is a perceived bias EirGrid can see merit in applying the same ruleset for all generation types regardless of whether it makes any practical difference for single/double unit projects.

Further under Section 3.7, it is stated that, “The SOs’ submissions to CER indicate that the relative size of categories b) and d) are such that they would have minimal effect if included or excluded from any varied Installed Capacity Cap. On that basis, and in the interests of fairness, CER proposes to include all of the categories above in any variation of the Installed Capacity Cap.”15

In order to mitigate the potential for confusion the SOs did not state that *the relative size of categories b) and d) are such that they would have minimal effect if included or excluded* but rather highlighted the relative amount of potential additional MW and questioned whether it should be available to connected parties.

In the interests of clarity, under Section 3.8, EirGrid requests that where the CER is quoting the text from the SO paper associated with constraints that the CER would also quote the text associated with curtailment i.e.

“Curtailment is probably the most significant aspect to consider in terms of reductions in output. As there is a decision that curtailment will not be paid for by the market from 2018, over-installation should have no impact on the end user in terms of increased costs after that. So it falls back onto the generators themselves who, as part of the original COPP consultation, appeared to indicate that they have no difficulty with accepting potential increased levels of curtailment associated with over-installation. In considering any potential impact up to 2018 it is worth taking into account the anticipated build rate for Gate 3 projects and the number that are expected to be completed prior to 2018. Therefore, while it is not practical, or perhaps even useful, to assess the actual impact up to 2018; a view could be taken that, based on these considerations, the likely cost of curtailment up to 2018 due to over-installation may not be material.”

In Section 3.9, EirGrid does not understand the association being made between interaction studies under the non-GPA process and increasing the Installed Capacity Cap. EirGrid understands that interaction studies and shallow connections are based on MEC rather than Installed Capacity.

**Conclusion**

In setting out the items above, EirGrid hopes to ensure that there is clarity on the SO’s views on this matter and trust that EirGrid has addressed any ambiguity between the views of the SOs as set out in the Installed Plant paper and those reflected in the Consultation.

Should the CER require any further clarification on the above or any other matter raised in the SO’s Installed Plant paper, EirGrid is happy to engage with the CER on same.

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15 CER/13/210 – page 9, paragraph 4