Nigel Morris
Commission for Energy Regulation
The Exchange
Belgard Square North
Tallaght
Dublin 24.

11 October 2013

RE: Consultation on Installed Capacity Cap

Dear Nigel,

ESB Networks Ltd. welcome that this issue has been re-consulted on by the Commission – especially in the context of changes to the rules on payments for curtailment. While the issue in question impacts more significantly on the operation of the Transmission system than the distribution system, nonetheless, all users of the distribution system have the potential to impact on the transmission system, and as such clarity on the rule set which applies has importance for both system Operators (SOs), and for our customers.

In relation to the consultation paper published, having reviewed the paper, both SOs consider that there are some inconsistencies between the papers, primarily relating to the CER’s interpretation of the SO paper. Following discussions with EirGrid, we understand that they intend to comment on these inconsistencies – which are primarily relating to issues pertinent to the Transmission System - and as such ESB Networks do not intend to repeat these here. However there are two areas on which we would wish to comment specifically.

The ‘nearest turbine’ rule
CER noted in your consultation paper (Clause 3.5) that

“The SO’s 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.

Please note that – while this issue was raised as a question, and we consider that it is appropriate to consider in the context of a new consultation – the SO’s did not take the view that this rule was redundant. This rule introduces a certain amount of flexibility, but also introduces some complexity to the rule-set and – based on the queries received on this matter since 2011 – has given rise to some confusion as to its application. In this context we would welcome industry views on whether there continues to be a value to this rule.

Treatment of non-GPA’s
ESB Networks would like to clarify that – in interaction tests undertaken since the 2009 CER direction on the non-GPA process1 - the installed capacity of a generator has not been a factor in determining whether a project can be processed outside the GPA or not. However – as previously discussed with CER – ESB Networks is also conscious that the interaction rules for more complex scenarios are not always clear. Furthermore as set out in Section 2.5 of this decision paper, where interactions exist, CER will consider these on ‘a case-by-case basis’ taking into account – amongst other things ‘the degree of disadvantage that connecting the project could cause to other applicants ahead of it in the queue.’

1 Cer/09/099 – Treatment of Small, Renewable and Low Carbon Generators outside the Group Processing Approach
For these reasons, ESB Networks Ltd. would welcome clarity from the CER as to whether they consider that installed capacity should be a factor in determining whether a project is eligible for processing as non-GPA.

Previous clarifications received
Post the 2011 decision on COPP (Connection Offer Policy and Process), the SO’s requested from CER, and received, some clarification on the application of the installed capacity rule to small and non-GPA projects. When publishing the final decision following this consultation, ESB Networks would ask that CER also publish these clarifications which are set out below for ease of reference

- Small windfarms <500kW are eligible for an offer under non-GPA. Many of these will only be installing a single turbine, but such a turbine may be significantly bigger than their MEC (for example 750kW would not be uncommon). Where a single unit of plant is to be installed, the installation is effectively covered by the ‘nearest value approach’ even where that means that installed capacity was significantly greater than MEC.
- Auto-producers are also eligible under non-GPA. An autoproducer is defined as a party generating primarily for their own use, with a rule of thumb – as set out in CER/03/328 Clause 3 – that the MEC is less than twice the MIC. The installed capacity rule does not apply to autoproducers as to do so would greatly limit their ability to export, and as such limit their value.

Finally there is one clarification which we would wish to note.

On page 5, Clause 3.1 of the consultation paper CER noted

The Installed Capacity Cap does not, and will not, allow generators to generate more than their contracted MEC at their connection point.

ESB Networks assumes that this should read as follows

The Installed Capacity Cap does not, and will not, allow generators to export more than their contracted MEC at their connection point.

I trust that the above is to your satisfaction. Should you have any further queries please feel free to contact me at 01-7027078.

Yours faithfully,

Fiona O’Donnell
Commercial and Renewables Regulation Manager
ESB Networks Ltd