

ABO Wind Ireland Response to the RAs consultation on All-Island Generator Transmission Use of System (TUoS) charging – SEM-11-018

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ABO Wind Ireland welcomes the opportunity to respond to the RAs consultation on Generator TUoS charging.

ABO Wind entered the Irish wind power industry in 2007 to develop a number of wind generation projects. ABO's current portfolio of wind generation in Ireland includes a 20 MW project that was connected in June 2010, a 33 MW project nearing construction completion and a 14.8 MW project that is currently seeking project finance and scheduled to start construction later in 2011.

General Comments

ABO is very concerned over the lack of indicative tariffs information that has been made available during the consultation process. The RAs have decided that the new methodology will be based on a combination of a postalised and dynamic location element. The analysis provided by the SOs in November 2009 for this option was based on 2008/09 information. This resulted in very few of the new transmission lines required as part of Grid25 and RIDP being included in the dynamic analysis. It is possible that the dynamic charge could increase substantially for wind farms when the transmission reinforcements required for 2025 are considered.

In the RAS decision document in December 2010 it clearly states that the next step would include the TSOs providing the RAs with a detailed methodology paper and indicative tariffs in Q1 2011. ABO understands that these will not be available until May 2011 at the earliest. ABO is more than concerned that the RAs may have made a decision on a new tariff methodology without having sight of indicative tariffs! ABO considers this continued lack of disclosure to be extremely frustrating and unnecessarily drawn out – developers need sight of this information in order to be able to make informed decisions on projects. There is also now only limited time for a consultation with industry on the methodology and indicative tariffs to allow for implementation in October 2011.

In terms of our specific responses on the consultation please see over:

Calculation methods for all-island Generation TUoS tariffs

ABO supports the harmonising of TUoS tariffs on an all-island basis. For that reason we agree with option 3 being disregarded by the TSOs for consideration. ABO is neutral to the decision between option 1 and 2 as both collect generator revenue with a harmonised approach.

Fixed Tariff Option

As per the IWEA response, the first option to fix the tariff level for generators for 5 years provides the most certainty for generators and removes volatility; and we also concur with IWEA that clarity is required as to how the transition from non-firm to firm charging would be managed in this scenario.

ABO have concerns that fixing tariffs absolutely based on anticipated future developments could over recover from generators if there are delays in the delivery of grid assets.

Non Firm Generator TUoS

ABO supports maintaining the current MWh charge for TUoS for non-firm generators. The reasons put forward in the TSOs paper appear unbalanced. Consideration has not been given to the fact that non-firm generators are not compensated when constrained. Maintaining the current methodology in Ireland will reflect the lower service available to non-firm generators during the non-firm period.

Distribution Connected Generators TUoS - Threshold Level

ABO does not support the lowering of the threshold for TUoS charging from 10 MW to 5 MW.

ABO considers that generators less than 10 MW should be considered as embedded generators. The majority of renewable generators of this scale are embedded in the distribution system, with only a small number connected in clusters directly onto the transmission system. The EC is very clear in a number of directives (2001/77/EC, 2003/54/EC and 2009/28/EC) that due account should taken of the benefits that embedded producers of electricity from renewable energy sources bring to electricity grids.

In the TSOs paper it suggests that the 10 MW threshold was adopted in 2007. It appears that it has in fact been in place since market deregulation in 2000 in Ireland. In the historical charging statements on EirGrid's website for 2002 the 10 MW threshold is referenced. As this charging policy has been in place for over 11 years, a retrospective change to the policy should only be implemented if there is substantial evidence that these generators are causing a material level of distortion of TUoS charging.

From ABO's research there is little evidence that generators in the range 5-10 MW are having a material impact on the transmission system to justify this retrospective change to a charging policy. From a review of connected, contracted and Gate 3 generators in Ireland only approx 2% of the total capacity is in the range 5-10 MW. When consideration is given to the proposal that the first 5 MW of capacity is discounted, only 0.7% of the charged capacity will be in the range 5-10 MW. Changing the charging threshold to ensure an extra 0.7% of capacity is eligible for TUoS does not appear to be a material level of distortion to justify retrospective change to a charging policy.