2 Carraig Mhór
An Spidéal
Galway
Ireland

SEM Committee
Commission for Regulation of Utilities
The Exchange
Belgard Square
North Tallaght
Dublin D24 PXW0
By email: Brian.Mulhern@uregni.gov.uk, electricityconnectionpolicy@cru.ie

8th November 2022

Re: Firm Access Methodology in Ireland "EirGrid – proposed methodology" SEM-22-068

Dear SEM Committee,

Fuinneamh Sceirde Teoranta ("FST"), welcomes the opportunity to respond to the public consultation on EirGrid's proposed firm access methodology.

FST, which is a wholly owned subsidiary of Macquarie Group's Green Investment Groupup, is developing the Sceirde Rocks offshore wind farm project off the West Coast of Galway. The Green Investment Group has supported around 40 per cent of the UK's offshore wind capacity in operation and globally we have a development and construction pipeline of ~25 GW with 843MW in operation.

In May 2020, Sceirde Rocks was designated as one of seven 'Relevant Projects' by the Department of Environment Climate Action and Communications as part of its plans to support the build out of 5,000MW of offshore wind by 2030. A key factor in Green Investment Group's decision to invest in the Sceirde Rocks offshore wind farm was the favourable policy environment and ambition for the renewables sector in Ireland, combined with an impressive level of commitment by Government to making the necessary regulatory changes to facilitate the development of offshore wind sector in particular. In addition to this we recognised that Sceirde Rocks was the only commercial scale fixed bottom offshore wind project on Ireland's West Coast.

In recent years, Ireland has led the world in achieving high levels of renewable penetration in a small island system. Ireland's revised 2030 ambition to install approximately 15GW of further renewables in a system of this size represents a level of ambition that is unprecedented anywhere in the world. FST and the Green Investment Group are supportive of this ambition and are eager to participate in this transition.

FST has reviewed the consultation documents and has provided response to the questions below. FST has not had opportunity to contribute to the WEI response; however, we have had sight of the response

and where possible FST has supported the WEI position. However, there are a number of areas where we have different views.

FST would, in particular, like to draw the SEM Committee's attention to FST's proposed Firm Access methodology proposed in our response to Question 3.

Q.1 Comments are invited from interested parties on EirGrid's proposed approach of having a time bound Firm Access date. Comment are also invites on alternative options (i.e ATRs etc). Should scheduled FAQ date be linked with ATRs, with more targeted delivery incentives?

We do not agree with EirGrid's time bound approach to firm access dates.

Please see responses to questions 2, 3, 5 and 11 for our preferred approaches to firm access policy.

Q.2 Comments are invited from respondents regarding EirGrid's historical performance on delivering ATRs. How can EirGrid's performance be improved?

Many ATRs have not been delivered as projected by EirGrid. Our view is that EirGrid's ATRs tend to be overly optimistic in their delivery timelines, particularly in cases that involve permitting, property agreements and areas where construction of infrastructure is challenging such as the Dublin region.

In order to send appropriate locational signals to the market, EirGrid should project appropriate timelines for the delivery of reinforcements. For example, in the Dublin region and along the east coast, EirGrid have recently produced projections for the delivery of infrastructure which will be necessary for the delivery of offshore wind. It is our view that the delivery timelines for this infrastructure are completely unrealistic. This sends the wrong locational signal to the market.

Our view is that it is important that EirGrid should develop appropriate project projections as to do otherwise would be to mislead the market. Given the competitive auction-based approach to offshore wind development, offshore wind projects should be given realistic delivery timelines. If not, their auction bids will be overly optimistic and ultimately cost the consumer very significant sums of money, if compensation payments arise. It also raises the risk of cheaper projects being displaced in the auction as bids have been based on incorrect information.

Q.3 Comments are invited on whether stakeholders agree with the proposed approach of allocating partial Firm Access Quantities. Please provide reasons and rationale for any views provided.

We agree with a concept of partial firm access as we do not believe it is efficient to develop the grid to accommodate 100% of connected capacity.

However, we believe a Firm Access Threshold should be fixed across the network. We believe 5% is the appropriate figure. **Where a block of capacity is issued, we recommend that firmness is only issued for 95% of that block.** For example, if a block of 20MW is issued, a generator should be issued 19MW of firm access (20*95%). This is to reflect the Firm Access Threshold that has been assumed in the calculation of constraint.

We believe this is the right balance to risk sharing for the following reasons

1. The consumer is fully protected from paying too much compensation in an event where a generator is deemed firm as in the example above.
2. If firmness is granted for 100% of capacity when a firm threshold is 5% then the consumer is at risk of paying for energy that was never available.

3. We believe the generator will be satisfied with this arrangement as it gives firm access certainty and revenue certainty while keeping an acceptable level of risk with the generator.
4. If 100% firm access is issued, then a locational signal is lost. There is no distinction between a generator that would see 5% constraints vs 1% constraint.
    - This is not in the consumers' interests given the sums of money involved
    - This could cause displacement of cheaper projects in auctions by more expensive projects
    - Similarly, it could reduce the effectiveness of carbon emission reductions as projects that would only see 1% constraint would be seen economically as been the same as projects seeing 5% constraint in lost energy.
5. If a generator sees lower levels of constraint than 5% then the generator will still see this upside.
6. It maintains an appropriate locational signal for generators, which is good for the consumer, improves network efficiency and energy security.

Q.4 Comments are invited from respondents on the proposed approach of allocating Firm Access to generators once they reach committed project phase (progress beyond Consents Issue Date). Please provide reasons and rationale for any views provided.

We agree with the Wind Energy Ireland position to this question.

Q.5 Comments are invited from respondents on the inclusion of a longstop date with awarded FAQs. Please provide reasons and rationale for any views provided.

If a longstop date is to be provided it must be appropriate, as mentioned in the response to question 2 above. EirGrid have historically been over optimistic on ATR delivery. We see this in the case of project delivery dates in the Dublin region and the East Coast.

We believe that a longstop date of 5 years post the final ATR associated with a project's grid connection is appropriate.

This allows a generator to price in the risk into its bid price or CPPA. We believe this level of risk sharing is acceptable as it gives investor certainty.

Q.6 Comments are invited from respondents on the proposed approach of treating batteries and other service providers as outside the scope of the Firm Access methodology. Please provide reasons and rationale for any views provided.

We support the Wind Energy Ireland response to this question.

Q.7 Comments are invited from respondents on the proposed approach of having a MEC "floor" of 1 MW. Please provide reasons and rationale for any views provided.

In general, we believe this is appropriate.

However, we believe in the case of community renewable energy projects of less than 5MW, these projects should be considered non-controllable as was previously the case for sub 5MW projects. It is likely that the energy volumes would be relatively small as the vast majority of these projects will be

solar. Communities do not have the knowledge to manage the associated risks. It will also reduce build costs for these community projects as they will not require the same specification of control systems.

Q.8 Comments are invited from respondents on the Annual Review process. Please provide reasons and rationale for any views provided.

We support the Wind Energy Ireland response to this question.

Q.9 Comments are invited from respondents on the Firm Threshold. Please provide reasons and rationale for any views provided.

As stated in the response to question 3, we believe a Firm Threshold of 5% is appropriate and should be standardised for all connections. See our rationale provided in response to question 3.

Q.10 Comments are invited from interested parties on the approach of First to be committed – first to be Firm. Please provide reasons and rationale for any views provided.

We support the Wind Energy Ireland response to this question.

Q.11 Comments are invited from respondents on the use of the Transmission Development Plan as part of the Firm Access methodology. Please provide reasons and rationale for any views provided.

As per our response to Q3, we completely disagree with the use of the Transmission Development Plan as we believe the projections in these plans are often unrealistic and overly ambitious.

Some projects may need many TDP projects to support their connection methods. It is unreasonable for such projects to assume they can rely on dates used in these plans as historically they have not been delivered on time.

If projects rely on these dates to support their auction bids, then undoubtedly this will cost the consumer money. It would be inappropriate for regulators to approve a policy that does not protect the consumer.

We recommend an approach in line with question 5 above instead. If generators believe that ATRs will be developed quicker than a 5 year longstop then they can take this risk into an auction bid knowing that the risk is time limited. We believe this is an appropriate level of risk sharing between the generator and the consumer.

It also protects cheaper projects from been displaced in auctions by projects that rely on unrealistic ATR projects in their bids.

Paying compensation for projects that could not reasonably have realised energy export increases CO2 emissions because of the above displacement effect.

Q.12 Comments are invited from respondents on the proposed look-back and lookforward approach, and the interaction between these steps. Please provide reasons and rationale for any views provided.

We support the Wind Energy Ireland response to this question.

Q.13 Comments are invited from interested parties on the interaction of delivery incentives with the proposed Firm Access methodology. Please provide rationale for to support these views

We support the Wind Energy Ireland response to this question.

Q.14 Views are invited from interested parties on how the TSO should be incentivised to alleviate constraints. Please provide supporting rationale for these views.

We support the Wind Energy Ireland response to this question.

Q.15 Comments are invited from respondents on the need for independent assurance around the Firm Access process. Please provide rationale to support these views.

We support the Wind Energy Ireland response to this question.

Q.16 General comments are invited from interested parties on whether they agree with EirGrid's proposed Firm Access methodology. Should a party disagree with EirGrid's approach, please provide reasons and rationale for this.

Please see responses to questions 2, 3 5 and 11 for our preferred approaches to firm access policy.

Q.17 Suggestions and/or alternative approaches are invited from interested parties on EirGrid's proposal. Please provide rationale to support this.

Please see responses to questions 2, 3, 5 and 11 for our preferred approaches to firm access policy.

Q.18 Comments are invited from interested parties on the benefit of providing firm access to connected legacy generation in Ireland which currently have non-firm access. Should legacy non firm generators be considered in any new firm access methodology? Please provide rationale to support this.

We support the Wind Energy Ireland response to this question.

Q.19 Comments are invited from respondents on the need to consider this proposed methodology in relation to the equivalent approach taken in Northern Ireland. Do respondents have any views on the interactions and differences between these different approaches

We support RenewableNI's response to this consultation.

FST recommend further consultation with industry on the contents of the consultation and would welcome any further opportunities to discuss the proposals laid out in this consultation and the responses we have provided.

Yours sincerely

Tim Coffey

For and on behalf of **Fuinneamh Sceirde Teoranta**