

## Firm Access Methodology in Ireland

### Ørsted Submission

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#### Introduction

The Ørsted vision is a world that runs entirely on green energy.

Ørsted develops, constructs, and operates offshore and onshore wind farms, solar farms, energy storage facilities, renewable hydrogen and green fuels facilities, and bioenergy plants. Moreover, Ørsted provides energy products to its customers. Ørsted is the only energy company in the world with a science-based net-zero emissions target as validated by the Science Based Targets initiative (SBTi), and Ørsted aims to deliver a net-positive biodiversity impact from all new renewable energy projects it commissions from 2030 at the latest.

Ørsted ranks as the world's most sustainable energy company in Corporate Knights' 2022 index of the Global 100 most sustainable corporations in the world and is recognised on the CDP Climate Change A List as a global leader on climate action. Headquartered in Denmark, Ørsted employs 7,292 people.

In Ireland, Ørsted employs over 90 people and owns and operates a 360MW portfolio of onshore wind farms. Our ambition is for our Irish operations to significantly grow our asset base across wind, solar and storage in the coming decade to play a significant role in delivering Ørsted's goal of 50MW by 2030.

Ørsted welcomes the opportunity to respond to this call for input on Firm Access Methodology in Ireland. We have structured our feedback in line with the headings of the consultation paper.

#### Opinion

1. *Should scheduled FAQ date be linked with ATRs, with more targeted delivery incentives? Please provide reasons and rationale for any views provided.*

We welcome the proposal to detach the completion of ATRs from the granting of an FAQ. The delivery of ATRs is a variable that can create considerable uncertainty for developers. As the availability of firm access can be critical to commercial viability it can delay projects. It is essential that this does not act as a disincentive for the TSO to complete essential grid upgrades which are critical to the success of renewables in Ireland.

2. *Comments are invited from respondents regarding EirGrid's historical performance on delivering ATRs. How can EirGrid's performance be improved? Please provide reasons and rationale for any views provided.*

It is essential that strong incentives are in place for the delivery of ATRs and that there is transparency in timelines. Historically, the delivery of some ATRs has encountered significant delays, due to resourcing and other issues. Standard development timelines should be used for future ATRs rather than historical performance to drive reliable and efficient delivery of future ATRs.

- 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.*

The allocation of partial firm access is better than an all or nothing approach. The MW blocks will need further consideration and we recommend further discussion with industry bodies to detail an appropriate approach.

- 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.*

To achieve the objective of increasing investor confidence while minimising cost to the consumer we would suggest moving the designation of committed projects to earlier in the project lifecycle so that firm access can be known when bidding in RESS auctions or arranging CPPAs.

It is essential that it does not become a speculative tool, and that projects are developed rather than blocking projects which could be developed but do not have firm access. Commitment to delivery should be included with either incentive or disincentive to ensure delivery takes place at pace. See question 5 for more.

- 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.*

Commitment to delivery must be included with either incentive or disincentive to ensure delivery takes place at pace, however for blockages that are outside the control of the developer, such as grid connection offer, legal challenge, etc there should be derogations.

- 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 note the perspective offered by Energy Storage Ireland in their submission. Excluding storage from this new firm access methodology is not equitable and is not just an issue for non-firm assets today but is also a clear barrier to developing projects that will not support investor confidence if they are excluded from fair participation in wholesale markets.

ESI recently commissioned a report with Baringa which illustrates the benefits associated with a deemed-firm battery dispatch status in the SEM this winter. The report found that a SEM Committee decision offering battery storage assets in Ireland and Northern Ireland deemed-firm status as an interim dispatch measure offers an opportunity to reduce end consumer costs by up to €35m over Winter 2022/23. Under this policy intervention, the participation of batteries in the day-ahead market would act to reduce the overall cost of meeting demand levels in the day-ahead schedule.

The majority of current and future storage project investments will be made using wholesale market revenues as an essential basis for investment given the increasing importance of this enduring

revenue stream to energy storage. Firm access for storage is therefore essential to commercial viability and enabling the volume of energy storage required to meet Ireland's decarbonisation goals. These assets will also play an important role in managing constraint and curtailment on the system which will drive down redispatch costs for the system operators.

- 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.*

We understand the logic of the suggested change to support commercial scale development and ensure administrative availability for such projects. However, we suggest that it is linked to the controllable limit as this may change with time.

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

Commitment to an annual review process could be a valuable standardisation and potentially be the hallmark of a reliable, functioning and predictable system that developers can work to in project and financial planning.

We note however, that similar to grid connection, if a small window is missed in planning a wait of up to 12 months could occur. We would welcome more clarity on the timing of the annual reviews to ensure they align with other annual gateways such as RESS etc.

The above statement presumes the process is designed to create stability, and to bring more projects towards firm access, rather than to destabilise, or create uncertainty for projects that do have firm access. If carefully constructed it could facilitate investor confidence and lead to more projects coming onstream faster.

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

The firm threshold must be transparent in methodology and predictable. It must be designed at a point that enables development. More detail on how the firm threshold is determined is needed to allow a comprehensive response.

There should be consistency of Firm Access policy with Articles 12 and 13 of the Clean Energy Package Electricity Regulation. It should align with SEMC decisions on compensation for dispatch down otherwise the policy will not be effective in delivering investor confidence or lowering the costs of renewable deployment i.e. that the firm access allocated under the new policy is eligible for compensation.

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

This approach is reasonable if transparent.

*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.*

The data freeze for the TDP happens well in advance of its publication date. It does not include all projects necessary to achieve the delivery of targets such as 80% RES-E. Therefore, we propose that other early-stage projects such as those identified by TES Needs Assessment and Shaping Our Electricity Future are utilised and consideration given to longer term projects beyond 2030 within the process with standard timelines for progressing through steps 1-3 of the Grid Development Framework.

*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.*

The look-back and look forward approach makes sense and is welcomed. Again, more detail on the annual reviews and the timing of them needs to be provided.

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

No additional comment

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

Transparency of methodology, regularity of review processes are essential components to building a functional system.

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

Delivery of 2030 goals is set in multiple Government policy statements and it is obvious that the role of the TSO is central to this. All incentive, encouragement and support to remove constraint and enhance capacity should be welcomed. A strong transmission network is key to reaching 2030 targets and beyond to net zero.

*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.*

IN summary of previous points, we agree with many aspects of the methodology in principle although we found the methodology as presented to be light on certain important details. The detail we would have expected includes the calculation of the firm access threshold, the likely thresholds for different regions, the timing of the proposed annual reviews amongst others. We would welcome further detail and the opportunity to respond again on this question again when this detail is made available. We do not agree with the exclusion of storage from the process.

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

No further comments

*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 believe the methodology should be non-discriminatory and apply to all connected non-firm generation and should include all generators that have progressed and are progressing through the ECP.

*19. Comments are invited from respondents on the 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.*

Every effort should be made to ensure systems and processes are harmonious and complementary.

NI should be included in a firm access methodology review in Ireland. In order to maintain the integrity of the SEM, it is crucial that there is a joint-up approach in place on the island of Ireland.

In order to facilitate this, it is important that SONI commits to updating the connection policy in NI in a timely and effective manner so that a firm access policy can be reviewed and implemented in NI without delay.

When considering firm access for NI, we would also emphasise the key objective of providing investor confidence while minimizing the cost to consumers. This is best achieved if developers have certainty on firm access that they can use to make well informed bids.