



**SEM-22-068 - Firm Access  
Methodology in Ireland  
“EirGrid – proposed  
methodology”**

SSE Response

## About us

SSE is the largest renewable energy developer, operator, and owner in Ireland's all-island Integrated Single Electricity Market. Since entering the Irish energy market in 2008, SSE Group has invested significantly to grow its business in Ireland, with a total economic contribution of €3.8bn to the State's economy over the past five years. We have also awarded over €9 million to communities in the past 10 years as part of our community benefit programme.

SSE is building more offshore wind energy than any other company in the world right now. We are currently constructing the world's largest offshore wind energy project, the 3.6 GW Dogger Bank Wind Farm in the North Sea, a joint venture with Equinor and Eni. This is in addition to Scotland's largest and the world's deepest fixed bottom offshore site, the 1.1 GW Seagreen Offshore Wind Farm in the Firth of Forth, a joint venture with Total Energies, which reached first power in recent weeks. In the most recent Scotwind process, SSE Renewables was awarded the rights, along with partners Marubeni Corporation (Marubeni) and Copenhagen Infrastructure Partners (CIP), to develop what will become one of the world's largest floating offshore wind farms off the east coast of Scotland.

We plan to bring our world-leading expertise in offshore wind energy to Ireland with plans to deliver over 3 GW of offshore wind energy in Irish waters, starting with our Arklow Bank Wind Park Phase 2 project off the coast of Co. Wicklow.

Through our SSE Thermal business, we continue to provide important flexible power generation. SSE's power station Great Island is Ireland's newest combined cycle gas turbine (CCGT) power station and one of the cleanest and most efficient on the system, generating enough electricity to power half a million homes. The acute need for flexible generation in Ireland has been demonstrated over the last twelve months, with EirGrid's most recent generation capacity statement showing that a shortfall in generation capacity was a significant risk this coming winter and for a number of winters to come, resulting in emergency measures being implemented by the CRU and Government.

While existing power stations continue to play a critical role on the system, SSE view the future of dispatchable thermal generation as being abated thermal, with Carbon Capture and Storage, hydrogen or other low-carbon fuels being the primary options. SSE have over 5 GW of zero and low carbon thermal under active co-development in the UK.

We will continue to evaluate opportunities to bring our expertise and investment in decarbonised flexible generation to Ireland, but it is vital that the state, Regulator and TSO provides an appropriate investment landscape to unlock such developments.

## Introduction

Firm access is expected for all units regardless of technology, and for both existing units with a reasonable expectation of being made firm, as well as new and existing renewables. In a technology-neutral market, it is unconscionable to consider firm access rights as selective.

It is completely essential and correct for a focus to be on firm access for renewables given the context of the Clean Energy Package. But where any generation asset has a reasonable expectation of firm access and has been awaiting its delivery for some time, it must also surely be under consideration as part of this consultation and future firm access framework.

SSE is of the view that there has been insufficient justification provided such that the RAs and TSOs can reasonably assign differing firm access provisions between generation and system services providers. This is particularly relevant where the connecting party can provide both energy and system services providing a significant benefit to the system, to meeting demand, to smoothing the effects of intermittency, and supporting security of supply. Therefore, firm access as a process must include provisions for all parties wishing to connect to the network, existing and new.

## Response to consultation questions

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? Please provide reasons and rationale for any views provided.*

This response focuses on three key areas:

1. Time bound firm access date (and comments regarding timing)
2. Interaction with ATRs
3. Use of delivery incentives

### *Time bound firm access and timing*

We are supportive of EirGrid's proposal of time bound firm access. However, there are a number of key clarifications that industry requires related to timing of when firm access is granted:

Projects need to understand when firm access is going to be available to them in advance of bidding into or agreeing any support mechanism (e.g., RESS, CRM, ORESS or CPPA)

There needs to be a clear understanding as to how this is going to be implemented for units that are already connected to the system, in particular given that some units have been connected for more than 5 years and are still non-firm.

It is SSE's view that for projects that have already connected to the grid and where EirGrid has signed a firm connection agreement subject to an ATR, these projects should be granted firm access or an equivalent as soon as possible. The rationale for this is that it is EirGrid that has failed to deliver the ATRs in a reasonable timeline and as such the connected project should be provided with financial firm access until the scheduled ATRs are finally delivered. For the avoidance of doubt these units should also be afforded the same compensation rights in respect of the implementation of Article 12 and 13 of the Electricity Regulation (Clean Energy Package).

Projects which have already connected on a non-firm basis should be assessed against the current network and future planned reinforcements to establish a firm access year. Whilst we understand there is no guarantee that all of these will be able to be made firm due to the current reinforcement plans, SSE is of the view that this firm access policy needs to give full consideration as to how these connected generators can be made firm as soon as possible.

For new projects that haven't connected yet, their firm access year should be calculate based on initial scheduled date for planned reinforcement and this year should be guaranteed for financial firm access irrespective of whether the reinforcements are delayed.

Failure to be able to provide an understanding of when firm access is available will likely result in unnecessary risks (costs) being passed on to consumers for the duration of any support mechanism.

The benefit of providing time bound firm access prior to auctions will be to improve the ability of projects to forecast their long-term revenue. There also needs to be an effective way of signalling the expected reinforcement of weaker areas of the grid, this is especially important where energy resources are high and current grid infrastructure is weak. This increased level of predictability should be reflected in bids pertaining to the respective support mechanism, e.g., RESS, ORESS or CRM.

#### *Interaction with ATRs*

We do not agree with the suggestion to link firm access to specific ATRs. This is the current format for secure network access. To date, this format has failed to deliver firm access to large quantities of capacity where these projects reasonably relied on the ATRs delivery dates for forecasting of investment and revenue certainty.

Investment needed to deliver net zero will result in locational changes to energy production. The network must be developed such that it can facilitate demand needs with supply resources, therefore, some reinforcements will need to be developed on a no regrets basis.

Considering the expected constraints on the system for new projects,<sup>1</sup> coupled with the past performance in delivering specific ATRs necessary for projects to become firm, could add substantial risks to project development and undermine the investment needed to reach 2030 and 2050 targets.

Lastly, delivery of ATRs is outside of the control of investors and developers. Projects should not be adversely impacted due to the inability of the TSO or network owner to deliver the necessary ATRs to a specified timeline. It is also relevant to consider the wording under the Clean Energy Package, where there is reference to a "guarantee of firm access". This could be reasonably identified as the ATRs providing a reasonable guarantee of firm access since they were provided as grounds on which to finalise a connection offer and a future deadline by which firm access could be expected. Delivery of ATRs have failed to meet investors' expectations, and therefore, this would not appear to be an appropriate mechanism to retain to meet a reasonable guarantee of firm access. For these reasons SSE does not consider this to be appropriate for determining firm access.

#### *Incentives*

In SSEs view, the performance of the network owners and operators, both at distribution and transmission level, should be measured against actual constraint levels and constraint payments. As per Article 13 of the Clean Energy Package, we have seen no action to report and actively reduce constraint levels and subsequent payments. However, this directly links to the need for a targeted incentive mechanism along these lines.

The all-island system has been experiencing increasing levels of dispatch down over the last decade, coupled with increasing levels of imperfections costs. This indicates that the current incentives on the TSOs are not delivering for consumers or investors alike.

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<sup>1</sup> EirGrid Constraint reports for RESS 2

We are not convinced that the incentives in place today are sufficient to encourage the TSOs to reduce constraint costs or volumes in today's market. The RAs need to consider how to better incentivise the TSOs to deliver a system and ensure that successful connection applications can be made firm within a reasonable period to meet the needs of 2030 and beyond. These incentives must be crafted such as to not deter the necessary future investment also required to meet the policy objectives of net zero by 2050. One of these incentives needs to be a clear and targeted incentive for the TSOs to reduce the levels of dispatch down, as well as the cost of imperfections from its current level.

TSO incentives should also require the RAs to monitor progress of reinforcements, including those set out in SOEF, against original scheduled completion dates. The annual performance incentive needs to ensure that the TSOs are adequately rewarded for overperformance against these timelines, and appropriately penalised for failure to deliver against these timelines.

Separately, the RAs may also wish to consider the role of the DSO's in providing firm access to their network. The interactions between distribution and transmission have not yet been considered as part of this consultation and will likely have an impact on the ability of the TSO to offer firm capacity.

- 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.*

#### *Impact on the market*

It's SSE's view that EirGrid performance has had a very damaging impact on renewables in Ireland. This has impacted developer and investor confidence in the Irish market which could impact the ability to finance projects, potentially introducing new barriers to entry at a time where substantial investment in generation is required to meet the 2050 net zero target.

A significant percentage of the Gate 3 ATRs still haven't been delivered with some being pushed out to the end of this decade. This underperformance by EirGrid/ESBN has caused significant increases in constraints over the years as more ATRs delay the speed at which renewables are connected to the system.

#### *SSE's experience of EirGrid Performance regarding ATR delivery*

Based on our experience, SSE is of the view that EirGrid's historical performance in relation to the delivery of ATRs has not been satisfactory. There is considerable improvement needed to build confidence that EirGrid can deliver a network that will support the ambitious government targets for net-zero. This will include delivering a network that is resilient and flexible enough for the changing fuel mix and role of system services into the future. Of particular concern is how EirGrid are incentivised to facilitate the changes necessary to the network, SSE is not aware of any incentive on EirGrid to build out planned ATRs in line with any agreed timeline. The impact of any delays to project timelines has, to date, placed the risk solely at the door of developers, with no opportunity for recourse.

#### *Stakeholder engagement*

Stakeholder engagement regarding the progress of ATRs has been extremely poor. Engagement is most likely to be retrospective to discuss delays, at the request the generator, rather than any pro-active engagement with stakeholders to advise and mitigate impacts by delays. SSE's experience has demonstrated that, in nearly all instances, there is unlikely to be any meaningful engagement in advance of delays to project timelines, nor is any justification provided to stakeholders.



EirGrid do publish a quarterly ATR update however, this only provides the year in which a given ATR is expected to be completed<sup>2</sup>. EirGrid generally only provide limited descriptions when providing any updates and have regularly moved timelines without any explanation. We have also witnessed some projects being moved back a step within the 6-step process

In SSE's view there is also insufficient ability to engage with ESBN who were undertaking the work.

#### *Improving performance*

SSE is concerned that there has been very little focus from CRU with respect to delays in ATRs experienced by existing generators, (of all technologies).

The risks associated with delivery of ATRs are only within the control of the EirGrid and ESBN, therefore projects under development are expected to absorb all the external risk resulting from EirGrid or ESBN failing to deliver to a proposed timeline. Failure to ensure that ATRs are delivered in a timely fashion will ultimately impact the cost to consumers as developers may seek to back off this major delivery risk through their RESS and ORESS contracts.

Similarly, the investment case for the CRM is based on the ability of new entrants and existing participants to recover the cost of new build or fixed costs via the capacity market. It is then for the units to earn the necessary revenue via market trading or other arrangements to cover their variable costs or other investment dependencies.

All reasonable participants will have relied on the dates specified in ATRs provided with their connection offer, as a mechanism to be able to reasonably forecast when they will be able to realise the full potential return on investments at an energy site. In reality, the investment case is significantly riskier where firm access remains uncertain. This is because being unable to rely in ATR projections throws into question the likely running profile, opportunity to deliver generation and be remunerated for it during forecast periods projected, with prolonged non-firm access.

Lack of firmness also disqualifies units from recovering certain system related costs and these are not immaterial. In this continued situation where existing and new capacity cannot rely on network access certainty, investment is even less guaranteed of a return within any specified future timeframe to comfort investors and backers.

In SSEs view the landscape of risk has not been accurately or fully observed as part of the CRM review or other related live CRM consultations, when analysing the degree of success of the CRM and the status of the investment climate to realise the volumes of new capacity needed to meet security of supply and net-zero.

As has been set out above delivery of ATRs to expected timelines is essential and in our view, there has been a lack of improvement in delivery performance by EirGrid. It is also worth stressing that SSE do not believe that the incentives are adequate to reward EirGrid to improve performance against their own timelines. We are also concerned that there are insufficient regulatory controls to ensure that EirGrid does deliver ATRs to their initial project timelines.

Therefore, it is imperative that CRU rebalance the risks such that those that can control the delivery timelines are incentivised appropriately, including having sufficient penalties such that developers are not exposed to the majority of those risks.

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<sup>2</sup> ATR reports have now been superseded by a Quarterly Network Delivery Portfolio - <https://www.EirGridgroup.com/site-files/library/EirGrid/NDPQ32022v1.pdf>

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.*

SSE supports the proposals regarding Partial Firm Access.

Partial Firm Access can provide developers with a better understanding of the projected constraints impacts on their project; this can result in a positive impact on the support mechanism costs required to develop these projects.

Partial firm access is a step in the right direction regarding investment certainty. But there would need to be a clear end date and ATRs cannot be relied upon as a binding requirement presently, with respect to TSO meeting the deadlines outlined within these. It is also the case that partial firm access does still expose a unit to costs in operation that would otherwise be protected if the unit were fully firm. Whilst partial firm access prior to getting full firm access can lower the risks for project development, it remains essential that projects understand when they will become fully firm, given the impact this can have on future revenues, as well as the RESS, CRM & ORESS bids needed to support those projects.

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.*

The proposals set out in EirGrid's Firm Access Methodology suggest that the deemed Firm Access date and quantity for each new generator will only be provided once the generator has achieved "Committed Status", i.e., after Consents Issue Date, and is included within the Annual Review following achievement of Committed Status.

In SSEs view this is too late to provide firm access certainty for projects going into an ORESS or RESS auction. There is a particular concern with the impact of constraints on proposed projects going into ORESS auctions, the relative size of these projects needs to be taken into consideration when assessing the consumer detriment associated with efficiency of bids into these 15-year contracts. SSE argues that failure to provide sufficient firm access information prior to any auction could affect the accuracy of bids into any support mechanism. Failure to understand when firm access will be delivered is likely to result in a risk premium being added to auction bid. The outworking's of which could result in a sustained detrimental cost to consumers for the duration of any support mechanism.

As already set out in response to question 2 there remains some risk to the consumer,

- EirGrid/ESBN are the best placed to manage this risk through their performance.
- CRU need to actively monitor EirGrid/ESBN performance to protect consumers against this risk.
- SSE would recommend that CRU actively engages with Reinforcement Delivery Boards to effectively challenge EirGrid and ESBN
- As set out in question 1 and 2 appropriate incentives should only reward over performance and should adequately penalise underperformance.

#### *Specific proposal for Phase 1 Offshore Projects only*

The locations of the Phase 1 offshore projects have been predetermined. They can only be built and connected into the areas originally identified in their foreshore leases or connection agreement. Consequently, the Phase 1 developers cannot opt to locate elsewhere, and therefore there is no potential application for any forward-looking locational signal.

The reinforcements set out in EirGrid's Shaping Our Electricity Future (SOEF) are designed to ensure the delivery of the 2030 targets to deliver the Government's policy objectives and legally binding carbon reduction targets.

The proposals set out in EirGrid's *Firm Access Methodology* suggest that the deemed Firm Access date and quantity for each new generator will not be available in advance of phase 1 offshore projects being required to post bid bonds in February 2023.

Furthermore, there is no certainty that a SEMC decision to confirm the proposed EirGrid methodology will be issued before January 2023, given there are still multiple areas that require additional detail (as noted by the RAs).

Given the size and scale of the uncertainty relating to constraints, Phase 1 projects need to have certainty on their deemed Firm Access date by early January 2023 so that this can be factored into the financial modelling required for ORESS1 bid submission, as well as getting the relevant internal approvals to pre-qualify and submit Bid Bonds by 1st February 2023.

#### Proposal to mitigate ORESS 1 auction risk due to lack of Firm Access

- All Phase 1 offshore projects bidding into ORESS1 are to be provided with a binding deemed Firm Access date of 1<sup>st</sup> January 2030.
- Compensation for Firm Access will be calculated at 100% of the lost revenues from that date.
- As only a successful ORESS 1 participant will be able to apply for a Final Connection Offer; the deemed Firm Access Date, granted as part of this arrangement, of any unsuccessful ORESS 1 participant will be rescinded.
- When EirGrid complete the forward-looking firm access analysis, if this provides an earlier deemed firm access date than 1 January 2030 then the deemed firm access date would be amended to reflect the earlier of the two dates.

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.*

SSE is of the view that, for new projects, firm access should be linked either the connection agreement or GCA. This would remove any requirement for a separate longstop date for firm access, this would place an onus on developers to deliver in time with either the connection agreement or GCA, otherwise risk losing the firm access date provided to them.

With respect to existing generation, we note there is no solution proposed. It is critical for the optimisation of existing generation for system security, that firm access is addressed for sites that have had a reasonable expectation of firm access for some time. We would also note that it would be a way to better demonstrate the full potential capacity available on the system at any given time for the benefit of security of supply. With respect to treatment of existing generation, as above it is our view that units that have had a reasonable expectation of firm access should be made firm.

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.*

SSE does not feel that there is sufficient information provided in the consultation or EirGrid's proposal to sufficiently justify why this proposed discriminatory policy is being considered at this stage, either for batteries or any other services such as synchronous compensators. Whilst we understand what is trying to be achieved here there needs to be a clear justification for excluding specific services at this stage. We operate within a technology neutral market framework therefore, discriminatory market access will otherwise create confusion and market barriers.

SSE is of the view that more careful consideration is required regarding the role of batteries, given the potential for batteries to harness excess wind that could be used during times of low wind or alleviate other system constraints. The position adopted by EirGrid would appear to indicate that batteries are only considered as a system services provider and that service providers do not require firm access. Blanket approaches around the provision of services fails to demonstrate an understanding that the market signal for services should be encouraging enough for dedicated service providers as well as services provided by new efficient generation. Both of which require some certainty regarding firm access.



The Firm Access policy needs to be sufficiently robust such that those participants that are seeking to participate in the energy market are afforded the opportunity to be provided Firm Access. Investment in storage going forward may be less reliant on system services revenue and shift towards a combination of energy, system services and capacity, therefore EirGrid should not be seeking to prevent storage from participating effectively in the energy market.

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 SSE’s view the RAs need to be mindful of the potential impact large volumes of uncontrollable generation can have on constraints.

Whilst generation under 1MW currently comprises a small percentage of installed renewable capacity, SSE would recommend that the RAs learn from the experience in Northern Ireland whereby the incentives for small scale and micro generation have resulted in over 400MW of installed capacity connecting to the system without any controllability.

The RAs should consider how EirGrid would be able to facilitate a change in the controllability limit in the future if there is a disproportionate impact on dispatch down of controllable generation. Therefore, SSE proposes that any threshold be set at the controllability level rather than a specified MW threshold, to facilitate future changes where required.

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

SSE would request that further clarity is provided in respect of how this annual review process will work, whilst we do not object to the principle, it is not possible to fully support this proposed process without sufficient detail on how it would work.

We would like confirmation that once a generator has been assessed as part of this annual review process and granted a firm access date then this cannot be removed by EirGrid during any subsequent review periods.

In addition to this SSE is of the opinion that the annual review process needs to allow sufficient time for participants to include firm access information into support mechanism auctions, e.g., Capacity, RESS or ORESS.

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

To ensure delivery of 2030 and 2050 targets will require a better understanding of how the firm threshold will be calculated and how it will work in practice

Any policy being developed should be non-discriminatory. This could be achieved for setting a firm threshold for the whole system, to be applied across the network. SSE does not agree with any proposal to have annual reviews of the Firm Threshold level. This would not take into consideration the project lifecycle and could introduce unnecessary variability and risk in the assumptions underpinning business case development. There is also likely to be an adverse impact on long-term project planning and could introduce frequent changes in locational signals.

SSE notes that EirGrid have already made a 5% allowance for constraints in SOEF it would therefore appear that they have effectively predetermined that the threshold for firm access should be 5%. For reference, please see section 5.4.4 of the SOEF roadmap.

*“Assuming that the generation connects as expected, and that the reinforcements are in place by 2030, the levels of constraint will be minimised. For 2030, this is expected to be of the order of 5% and will correspond to approximately 1,750 GWh. At an average compensation rate of €85/MWh<sup>12</sup>, this corresponds to a constraint cost of €148 million.”*

A full rationale for the justification of this approach would need to be set out. Also, the monitoring of how this 5% allowance is achieved needs to be provided. Further clarity is required to understand how the TSO will be incentivised to ensure that any such allowance is not exceeded.

We already understand that the assumptions under SOEF is to facilitate the connection of 7GW of Offshore, 8.2GW of onshore meeting a RES-E target of 80%.

It is essential that EirGrid the SOEF assumptions are backed up with a firm access policy and firm access threshold that provides developers the certainty they need to deliver on Ireland's 2030 targets.

*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.*

There needs to be a clearer understanding of how this works for both new projects and existing generators. But for the avoidance of doubt, it is our view that firm access must be granted to both in a clear, reliable and transparent manner.

For new projects there is not enough information to understand how this could reduce the uncertainty around firmness. Without being able to understand the impact on that risk we cannot support this for new generation.

It is not quite clear how this process will be applied when taking into consideration the existing generation that is connected but currently non-firm. SSE would like the RAs to provide clarification if those existing generators that are connected to the system longest are likely to be made firm earlier than those connected most recently. We would also like to understand how allocation of firm access for connected generation will impact on new projects being offered firm access.

*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.*

There needs to be a single source of information setting out the network upgrades and reinforcements that are currently being planned. It is not clear that the current Transmission Development Plan (TDP) includes all SOEF reinforcements and therefore does not represent the anticipated reinforcements for 2030.

Having a transparent single source of information is important. Failing to represent all the reinforcements needed to meet the 2030 targets will limit the available firm access that can be offered. Without including all these reinforcements, the TSO could unnecessarily exacerbate project development assumptions and therefore the costs to consumers resulting from ORESS, RESS or even CRM costs.

SSE is also concerned that the SOEF reinforcements will not be included in the TDP until they reach step 3 of EirGrid's 6 step process.

The firm access analysis needs to include all SOEF reinforcements and smart grid solutions to give a true reflection of available firm access. Failure to do so will result in support auction prices do not reflect this necessary information.

It is worth noting that EirGrid has also begun to publish the Network Delivery Portfolio<sup>3</sup> which contains additional information relating to SOEF works. The RAs need to be clear which document is being utilised, the reasons why and the minimum level of information that will be required to be included in that.

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

SSE supports the principle of EirGrid providing binding firm access dates given the certainty this provides for project development. It is important that the market understand the process through which firm access is allocated and therefore a clear and transparent look-back and look-forward approach will aid investors understanding of the decision process.

SSE would also reiterate, and in line with our response to question 9, this review process needs to align with any gate process and support mechanism auctions.

*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.*

SSE has previously provided comments in respect of incentivisation for TSOs in response to questions 1 and 3. The approach to incentives needs to look at delivering outcomes that benefits both consumers and investors. SSE is of the view that EirGrid's incentives should be based on overdelivering against any objectives, and that there should be sufficient incentive to deter under performance.

It is SSE's view that the existing incentives, including the PR5 incentive to manage renewables dispatch down to below 5%, aren't working effectively. There has been no meaningful reduction in the impact of constraints on either consumers or investors, EirGrid's current predictions do not appear to indicate there will be significant improvement in the coming years.

In SSE's view the performance of the TSO should be measured against the costs associated with constraining the system, therefore it should be based on actual constraint levels and constraint payments. SSE would like to see a change in focus that would adequately incentivise the TSO to invest in the network such that they reduce both the volume and cost of all dispatch deviations from the market schedule, including constraints and curtailment.

The TSOs also need to ensure that connection applications can be made firm within a reasonable timeframe such that it does not deter investment. This will likely require the TSOs to consider how to reinforce the network such that the renewable resource needed to meet 2050 net zero targets can be facilitated. The RAs will need to consider that some "no-regrets" reinforcements will be required to facilitate this target. It is worth noting that the costs associated with moving away from the market schedule provides a useful signal for network investment and can be used to justify the needs case for such investment that would ultimately reduce the associated costs of existing constraints.

TSO incentives should also require the RAs to monitor progress of reinforcements, including those set out in SOEF, against original scheduled completion dates. The annual performance incentive needs to ensure that the TSOs are adequately rewarded for overperformance against these timelines, and appropriately penalised for failure to deliver against these timelines.

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<sup>3</sup> <http://www.EirGridgroup.com/site-files/library/EirGrid/NDPQ32022v1.pdf>

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

SSE has already set out substantial comments in respect of TSO incentives in respect of our response to questions 1, 2, 9 and 13 above. The RAs should seek to ensure that any incentives to reduce imbalance costs should be agreed and harmonised across both NI and ROI to ensure a level playing field across the two jurisdictions.

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

SSE understands that independent assurance could provide added confidence in the process, we would like to understand further how the RAs propose to use independent assurance to assess how the TSO is able to deliver firmness (including financial firmness). We would also like to understand the role of independent assurance in respect of monitoring effectiveness of the firm access policy in reducing dispatch down from the market schedule and the benefit to the market. There is potentially a role for independent assurance relating to how the TSO is incentivised, ensuring that TSOs only share in benefits that they deliver to consumers and investors.

*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 SSE's view the proposals set out here provide a start from which a firm access policy can be developed. We would welcome further engagement in respect of the areas of clarification that have been identified in relation to a number of points of detail set out above.

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

SSE has no alternative approach to suggest currently.

*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.*

In SSE's view, legacy projects which have already connected on a non-firm should be assessed against the current network and future planned reinforcements to establish a firm access year. Section 2.7 of CRU's decision on Enduring Connection Policy stage 2 acknowledges that whilst connection offers would be on a non-firm basis, EirGrid would develop a policy that would allow contracted generators to become firm.

SSE would encourage the RAs to ensure that the decision can be fully implemented so as to ensure that all connected legacy generators are capable of becoming firm. We would welcome proposals from the RAs as to how this could be achieved in a fair and equitable manner with those generators seeking to connect.

*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.*

In general SSE would support a joined-up approach across the island of Ireland. Whilst we do not propose having the same approach in NI and Ireland, SSE proposes that a similar approach should be adopted North and South, such that they are able to provide the same effect.

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 as soon as possible.

As we have set out previously, firm access provides investor confidence. Any proposals which allow the risk to sit with those best placed to manage the risks should result in a more efficient cost to consumers. Providing binding commitments over firm access delivery rebalances the risks associated with network delivery, whether it be physical or financial firmness. Both have the potential to reduce the support costs necessary to deliver investment in new renewable generation in Northern Ireland.

One final issue that we would like to raise is that the use of the TDP as set out in the EirGrid proposal would result in NI reverting to an annual TDP, where the UR has only just finished consulting on moving the process in NI from annually to every two years. This does not appear to have been considered as part of this consultation.