
2018 Transmission APR and IPD Summary of Responses to Consultation

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1. Introduction

This paper summarises the feedback received, by EirGrid and ESB Networks, in their respective capacity as Transmission System Operator (TSO) and Transmission Asset Owner (TAO), to the public consultation on the [Draft 2018 Annual Electricity Transmission Performance Report \(APR\)](#) and [Draft 2018 Investment Planning and Delivery Report \(IPD\)](#) which ran from 2nd of December 2019 to 10th January 2020. The consultation sought to seek the views of customers and stakeholders feedback on the draft reports in advance of their finalisation.

The TSO and TAO believe that consultations and engagements is a core and essential business activity. It provides stakeholders with the information they need to participate in a meaningful way and helps the TSO and TAO understand and where possible incorporate or address their comments.

EirGrid and ESB Networks welcomes the responses received. In addition to specific matters in regard to the APR and IPD, the responses encompassed a wide range of transmission activities, set out views as to potential further incentive arrangements and provides information provision in addition to that in the APR and IPD on detailed technical matters. Many of the items raised are outside of the scope of the backward looking reports for 2018 or the upcoming 2019 reports and as such are not addressed in detail in this paper.

It is envisaged that the reports will evolve over time, respecting their overall purpose to provide a non-technical overview of transmission activities for all customers and stakeholders. Where new incentives or metrics are introduced that pertain to transmission activities in a reporting period they will form part of the reports for that period.

2. Background

In May 2018 and following consultation with industry the Commission for Regulation of Utilities (CRU) published a decision paper, CER/18/087, on [Reporting and Incentives under Price Review 4](#). The document set out a range of decisions for improving reporting and incentives arrangements, covering the totality of the activities undertaken by TSO and TAO on behalf of current and future customers and market participants that will apply for the period 2018 to 2020.

Under Decision 1 of CER/18/087 the TSO and TAO are required to jointly prepare and publish a summary report, the Annual Electricity Transmission Performance Report, documenting how their activities and behaviours over the previous calendar year have delivered outputs relevant to the needs of customers, market participants and other stakeholders.

Under Decision 2 of CER/18/087 the TSO and TAO are required to jointly prepare an annual capex report, the Investment Planning and Delivery Report, a high-level summary report designed for stakeholders to provide an overview of the transmission development programme in the previous calendar year and how the six-step process for grid development worked by reference to projects in that period. This report is intended to be a companion document to the Electricity Transmission Performance Report.

The reports are intended to provide customers, industry participants and other interested parties with a clear, accessible, comprehensive, quantified but non-technical report on performance in the calendar year. In developing the 2018 reports, the TSO and TAO were cognisant of this requirement and the criteria set out in Annex B and Annex D of the CER/18/087 paper.

3. Related Documents

Documents published as part of the consultation are presented below

- [Draft 2018 Electricity Transmission Performance Report](#)
- [Draft 2018 Investment Planning and Delivery Report](#)
- [2017 Electricity Transmission Performance Report](#)
- [2017 Investment Planning and Delivery Report](#)

Relevant CRU papers

- [CER/18/087 - Reporting and Incentives under Price Review 4](#)

4. Consultation Responses

The TSO and TAO were pleased to note that as at the date the consultation closed the consultation page had been viewed 160 times. In terms of responses one response was received in regard to the APR and one response was received in regard to the IPD. Both responses were from a single stakeholder:

- Irish Wind Energy Association (IWEA)

In general, the response from IWEA acknowledges and welcomes this new reporting that bringing together all TSO/TAO activities for the relevant period in one place while helping to provide transparency to stakeholders.

In the following sections we seek to set out and address the comments and feedback received in so far as they relate to the 2018 APR and IPD Reports and set out the next steps.

4.2 [Response on the 2018 APR](#)

Comment:

'The report notes that EirGrid submitted its proposals to the CRU for 13 performance indicators under these headings and that the CRU determined that €0.4 million of these indicators should apply in 2018. It is not clear to us how these indicators or strategic incentives were decided on or whether they are open to stakeholder input?'

Response:

CER/18/087 Appendix F provided that for the 2018 period the TSO submit proposed indicators to the CRU by the 30th June. These initial proposals were not open to

stakeholder input recognising the CRU decision and implementation of this decision fell within the applicable period.

It is noted that the [2019 Strategic Incentive proposals](#) have been consulted on. The consultation document set out the rationale for the incentive and the envisaged outcomes for customer and market participants. High-level summary details of the approved incentives for 2019 and outturn performance will be included in the 2019 APR.

In regard to the details in the 2018 APR, EirGrid recognises that the draft APR is unclear in regard to the indicators applicable in this period. The Final version of the APR has been updated to clarify that 3 indicators were approved by the CRU under the broad heading of “*Managing the impact and costs of the energy transition*”. It is EirGrid performance against these indicators that is reflected in the report.

Comment:

In regard to the issuance of connection offers, the respondent noted that

‘[] we would suggest benchmarks should be included such as performance relative to annual targets and performance relative to past years in order to better assess the quality of that year’s performance and whether there have been incremental efficiency improvements over time.’

Response: Issuance of connection offers as a metric for the assessment of performance can be difficult to benchmark and year on year statics are not a measure of performance. EirGrid issues connection offers in line with directions issued from time to time by the CRU. In regard to generator connections the issuance of such directions and the scale of MW to receive offers under same are variable and not in EirGrid’s direct control. In addition the number of offers associated with the scale of MW, the individual applicants’ requirements, complexity, modification requests etc are key influencing factors in the offers that are issued. However EirGrid welcomes defined incentives in this area, such as that in place for ECP-1.

The TSO will report on the outcome of such incentives in future APR reports.

4.3 [Response on the 2018 IPD](#)

Comment:

‘[] as it is intended that these reports will inform an incentive mechanism, we suggest that further detail is needed on project timelines and progress against which TSO/TAO performance can be judged.’

Response:

Under Decision 2 of CER/18/087 the TSO and TAO are required to jointly prepare an annual capex report, the Investment Planning and Delivery Report, a high-level summary report designed for stakeholders to provide an overview of the transmission development programme in the previous calendar year and how the six-step process for grid development worked by reference to projects in that period. This report is intended to be a companion document to the Electricity Transmission Performance Report. This report does not inform an incentive mechanism on project implementation or delivery. Rather the incentive mechanisms to be established under Decision 5 and Decision 6 of

CER/18/087 will inform the metrics to be reported upon in the IPD. As the incentive metrics under these respective decisions were not in place at the time the report was being prepared and the outturn performance yet to be confirmed for both the TSO and TAO it is not possible to include such information in the 2018 IPD. Where such information is available the TSO and TAO will include same in future IPDs.

Comment:

“[] a reporting and incentive mechanism that facilitates timely and effective grid development is very important.”

Response:

The CRU under Decision 5 and Decision 6 of CER/18/087 is establishing incentive mechanisms for the TSO and TAO respectively associated with Investment planning and delivery and Project Delivery. The outcome of these mechanisms once in place will inform the Annual IPD Reports.

Comment:

“[] we believe that this report would benefit from more detail on project timelines and progression []”

Response:

The Investment Planning and Delivery Report (IPD) as set out in CER/18/087 is separate to the project-level reporting to the CRU. The IPD consistent with the criteria in Annex D of CER/18/087 is intended to enable a non-technical reader to understand the methodology used by the TSO in planning the development of the transmission network, and by the TAO in supporting that development. The report itself does not inform an incentive mechanism on project implementation or delivery.

Comment:

‘ “At the end of 2018 the forecast outturn programme cost was €186 million lower than the PR4 allowance” but it is not clear what the reasons for this decrease were. Could further detail be provided on this change and the rationale for any further changes in subsequent reports?’

Response:

The PR4 programme continues to evolve overtime as projects are completed; removed; added or individual projects are rescheduled or modified in scope. It is a combination of these drivers that result in a change to the forecast outturn for the PR4 period. The detailed rationale behind the changes is beyond the scope of the purpose of the IPD. The TSO and TAO will however, look to include, where possible, information as to the key drivers behind the change. In terms of the 2018 IDP we have included in the Final version of the APR the following information

‘The primary driver for decreased in the PR4 programme outturn forecast are changes to the project programmes for the North-South 400kV Interconnector and Coolnabackey 400kV Station projects which encountered planning and consent difficulties that will result in a significant element of the forecast expenditure on these projects being deferred into

PR5. The decrease is offset somewhat by the costs associated with the new projects added to the PR4 programme over the PR4 Period. ‘

Comment:

‘...more clarity would be useful as to how projects are identified from the Tomorrow’s Energy Scenarios System Needs Assessment are transitioned through EirGrid’s six step Grid Development Framework, particularly the early stages of development.’

Response:

EirGrid welcomes the suggestion to include information on the interaction between the development framework and the Tomorrow’s Energy Scenarios System Needs Assessment in the IPD. We will work to incorporate such details in the 2019 IPD Report.

5. Next Steps

EirGrid and ESB Networks have incorporated a number of amendments to the 2018 APR and IPD reports and a final version has been provided alongside this paper to the CRU for approval.

EirGrid and ESB Networks are now moving forward to prepare the 2019 ARP and IDP reports and will engage with the CRU and through consultation with customers and stakeholders in Q4 2020 on these documents prior to their finalisation.