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Emailed to: info@eirgrid.com and stephen.osullivan@esb.ie

RE: 2018 Annual Electricity Transmission Performance Report

Dear All,

The Irish Wind Energy Association (IWEA) is the representative body for the Irish wind industry, working to promote wind energy as an essential, economical and environmentally friendly part of the country's low-carbon energy future.

IWEA would like to thank EirGrid and ESB Networks (ESBN) for the opportunity to provide feedback on the 2018 Annual Electricity Transmission Performance Report. IWEA welcomes the introduction of the new reporting requirements outlined in the CRU's PR4 Reporting and Incentives Framework decision and considers the annual performance report a useful format for bringing together all TSO/TAO activities for the relevant period in one place while helping to provide transparency to stakeholders.

In general, we are supportive of the report structure and the different reporting areas and consider that these provide greater insight into System Operator processes and how these tie in together. It is useful to have the various transmission incentives consolidated in one report along with some rationale as to how incentive rewards/penalties were allocated for the year.

There is some very positive and productive work being carried out by EirGrid and ESB Networks in areas such as DS3, dispatch down reporting and system performance and we welcome ongoing reporting and further progress in these areas.

We would recommend that this reporting framework continues into the upcoming PR5 reporting period and would like to take this opportunity to provide feedback on where certain reporting areas can be improved and where new reporting and incentive requirements could be included.

Strategic Incentives

The report notes that a €5 million allowance was put in place by the CRU in PR4 for the provision of strategic incentives with performance indicators to fall under two headings; delivering the energy transition and managing the impact and costs of the energy transition. 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? It would be useful to understand what the 13 proposed indicators are and the anticipated outcomes of each in terms of facilitating the energy transition, increasing renewable generation and lowering emissions.

For instance, it is not clear in the report how the three indicators set out - RoCoF changes, Fast Frequency Response (FFR) procurement and Volume Capped procurement - are meant to deliver on strategic objectives such as achieving RES-E targets, increasing SNSP levels or lowering power sector emissions. More specific detail on how these indicators contribute to strategic objectives such as these would be useful.

We believe that incentives and metrics should be introduced in relation to areas such as achieving SNSP increases, removing system operational constraints such as minimum generation (Min Gen) levels and lowering the CO2 emissions outputs from the TSO's scheduling and dispatch process. For example, a recent study carried out by Baringa titled *'Store, Respond and Save – Cutting two million tonnes of CO2'* estimates that removing system operational constraints and procuring all System Services from zero-carbon sources would avoid 700,000 tonnes of CO2 emissions per year by 2021, increasing to 1.9 million tonnes avoided per year by 2027[1]. We are not aware that EirGrid are currently monitoring the emissions impacts from the scheduling and dispatch process but would suggest that this be incorporated as a key reporting metric going forward.

We note that EirGrid's new strategy for 2020-25 contains specific objectives to deliver a 70% RES-E system, reach 95% SNSP and connect 10,000 MW of additional renewable generation by 2030. The framework for TSO/TAO incentives and reporting going forward should be developed with these objectives in mind and the reporting outcomes should demonstrate how specific activities facilitate the delivery of these objectives.

Further to this, Min Gen appears to be the more binding system operational limit at present, rather than the SNSP limit, which leads to curtailment. As well as reporting on progress to increase SNSP limits, IWEA would welcome more information and reporting on progress and future plans to help reduce Min Gen limits in future reports.

[1] https://www.iwea.com/images/files/iwea-baringastoreandsavereport.pdf

Dispatch Down

While the section on managing network constraints contains information on dispatch down volumes for 2018, no contextual information is provided on the wider impact of this dispatch down of renewable generation. For instance, dispatch down of wind generation, due to curtailment, constraints or network outages, was a major issue in 2018. Analysis completed by IWEA suggests that at least 460,000MWh of renewable energy was dispatched down in 2018 in Ireland alone. This equated to approximately 1.5 per cent of total electricity demand and led to a 2 per cent increase in CO2 emissions for the electricity sector. This dispatch down also equated to around €30 million of lost revenue for the wind industry in 2018. We have not analysed the financial impact of this lost renewable energy on electricity consumers but would suggest that this type of analysis, along with the impacts on CO2 emissions output and renewable energy targets, be considered as reporting metrics going forward.

This information for the analysis for the above is mainly derived from the dispatch down reports issued quarterly by EirGrid. However, we do not believe these reports include all dispatched down renewable generation as they may not incorporate lost energy output from outages of windfarms caused by network outages. This likely means that Ireland is not accurately calculating and reporting on the dispatch down of renewable generation, as required by the 2009 RES-E directive.

The current quarterly dispatch down reports have been provided since 2014 and have been a good source of information for industry. However, we believe it is timely to review the information and formats of these reports. IWEA would welcome the opportunity to engage with EirGrid in a review of these reports in order to assess where improvements can be made.

IWEA welcomes the development of the Celtic Interconnector as detailed in the report. However, IWEA and its members have concerns that the existing interconnectors are not being used to their maximum potential to minimise the dispatch down of renewable generation. For example, in 2018 IWEA analysis shows that during curtailment events the EWIC interconnector was on average only exporting at 36% of its capacity. We believe that the performance of the interconnectors during dispatch down events should be monitored by EirGrid as it is directly related to RES-E and emissions reduction targets. This should be included in the annual performance reports as interconnector performance is having a major impact on the curtailment levels of wind generation. This should also be a major consideration in future electricity market design changes made by SEMO over the coming years.

Transmission Delivery Incentives and Outages

As already mentioned, outages of the transmission network have a major impact on the dispatch down of wind generation. At a high level, we welcome that there were less days of actual outages against scheduled outages in 2018. However, there appears to be no monitoring

and reporting on the impact of the outages on the dispatch down of renewable generation i.e. how many of the 5,201 actual outages days resulted in the dispatch down of wind generation and what was the impact on lost renewable energy and increased CO2 emissions? We would request significantly more monitoring and reporting on outages and their impact. With the limited information provided it is difficult to see either the impact of outages on the dispatch down of renewable generation or how ESB Network and EirGrid have actively sought to reduce outage days.

IWEA believe more can be done to reduce the periods of outages, particularly the outages that impact on renewable generation. However, to better understand how much these outages could be reduced there is a need for more information and transparency on system outages. Although we welcome the fact that the outage programme is published and updated regularly it can very difficult to understand the impact of these outages on renewable generators for the reasons outlined in the previous paragraph. More detailed information would help us better understand this issue and allow us to work with EirGrid and ESBN on potential solutions.

As well as reducing the period of outages we believe greater work can be done to review and optimise the timing of outages to minimise the dispatch down of renewable generators. We note the positive ongoing engagement with EirGrid on South West outages in 2019 but point out that this has shown that the order in which outages for capital works are taken can materially impact on the dispatch down of wind generators local to these outages.

Managing Constraint Costs

IWEA notes the TSO's progress in managing dispatch balancing costs (DBC), however it is unclear how the management and incentives to reduce DBC are being weighed against the requirement to minimise the dispatch down of renewable generators, as required under the 2009 RES-E directive. It is possible that minimising the dispatch down of renewable generation may require a corresponding increase in DBC, for instance counter trading on interconnectors or changing the dispatch of the Turlough Hill power station. Analysis by IWEA appears to show that more could be done in the management of the interconnectors and Turlough Hill to minimise the dispatch down of renewable generators. We have requested more engagement with EirGrid on these issues and would also welcome more information and reporting on the implementation of the RES-E directive within this performance report.

Again, for these reasons we would suggest that reporting and incentives be developed holistically based around broader objectives such as national RES-E targets and emissions reductions. This is why we suggest new incentive and reporting metrics in relation to emissions outputs and objectives such as SNSP increases and the removal of operational constraints such as Min Gen.

Managing New Connections

This section of the report contains information on the number of generator connection offers issued and connection offer agreements executed in 2018 but 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. As we move into RESS auctions and annual ECP batches it will be extremely important that large amounts of connection offers are processed efficiently and on time in order to facilitate the delivery of national RES-E targets.

Finally, we would like to thank EirGrid and ESBN for the opportunity to engage with you on this report and we are available to discuss any of the points raised above in more detail.

As the largest association in the Irish renewable energy sector, IWEA would consider ourselves a proactive partner, willing to step out in explaining the benefits of an effective, modern and climate friendly Irish electricity system, and we look forward to continuing our work alongside EirGrid and ESBN in this regard.

Please feel free to contact us should you have any questions.

Best Regards,

Bobby Smith
Senior Policy Advisor, IWEA