EirGrid and SONI Decision

Mitigation of COVID-19 Impact in Procurement of DS3 System Services

27 November 2020



Disclaimer

EirGrid as the Transmission System Operator (TSO) for Ireland, and SONI as the TSO for Northern Ireland make no warranties or representations of any kind with respect to the information contained in this document. We accept no liability for any loss or damage arising from the use of this document or any reliance on the information it contains. The use of information contained within this consultation paper for any form of decision making is done so at the user's sole risk.

1 Executive Summary

On 31 August 2020 EirGrid and SONI published a consultation paper on the mitigation of the impact of COVID-19 in the procurement of DS3 System Services. The TSOs considered that it may be reasonable to introduce limited changes to the procurement process to assist existing and prospective service providers seeking to contract for the provision of System Services to alleviate some of the difficulties being encountered as a result of COVID-19.

The scope of the consultation was the Volume Uncapped (Regulated Tariff) Arrangements.

The TSOs proposed three potential amendments to the Volume Uncapped procurement process:

- A) That an additional (third) procurement gate could be conducted in 2021;
- B) That limited exceptional testing could be allowed at the two scheduled gates in 2021;
- C) That the two scheduled gates in 2021 could be delayed by two months apiece.

Question 1 of the consultation paper asked: Which of the 3 options proposed help to mitigate issues that you may have experienced in relation to the impact of COVID-19 on your ability to tender for DS3 System Services? Please provide as much detail as possible.

The consultation closed on Friday 25 September 2020. In total, 18 responses were received. Respondents set out their preference for option A, B or C or proposed a hybrid approach. Several respondents commented on the ongoing impact of COVID-19 and the continued uncertainty resulting from government measures to contain the virus. A number of respondents commented on the design and structure of the Volume Uncapped Arrangements and suggested amendments to same.

The TSOs' decision on this consultation is to conduct an additional procurement gate in 2021, to be known as Gate 4-B, which will launch in mid to late February 2021, with contracts to execute on 1 July 2021. This is a modification to Option A as proposed in the consultation paper. The TSOs will conduct Gate 4 as per the previously advised indicative gate schedule, with contracts executing on 1 April 2021. Gate 5 contracts will execute on 1 October 2021. Standard testing milestones will apply at Gates 4, 4-B and 5, i.e. exceptional testing – which has the meaning as set out in the consultation – will not be facilitated at any gate in 2021.

The Volume Uncapped Arrangements are scheduled to terminate on 30 April 2023.

2 Table of Contents

| 1 | Executive Summary | 3 |
|---|----------------------------------|---|
| | Table of Contents | |
| | Introduction | |
| | DS3 System Services Arrangements | |
| | Consultation Summary | |
| | Responses to Consultation | |
| | Consultation Decision | |

3 Introduction

On 31 August 2020 EirGrid and SONI published a consultation paper on the mitigation of the impact of COVID-19 in the procurement of DS3 System Services¹. The purpose of the consultation was twofold: to seek industry-wide feedback on the impact that COVID-19 has had on service providers' ability to tender for DS3 System Services under the Volume Uncapped Arrangements within previously planned timelines; and to propose limited amendments to procurement processes in order to mitigate some of the financial risk that existing or prospective providers of System Services may have encountered arising from government measures introduced to prevent the spread of the COVID-19 virus.

Section 4 of this paper presents a background on the procurement processes under the DS3 System Services Volume Uncapped Arrangements.

Section 5 summarises the rationale and scope for the consultation and sets out the three proposed amendments to the procurement processes.

Section 6 documents the responses to the consultation.

Section 7 sets out the TSOs' decision.

 $^{^{\}rm 1}$ Consultation Paper on Mitigation of COVID-19 Impact in Procurement of DS3 System Services: http://www.eirgridgroup.com/site-files/library/EirGrid/Consultation-Mitigation-of-COVID-19-on-Procurement-of-DS3-System-Services.pdf

4 DS3 System Services Arrangements

EirGrid and SONI are the Transmission System Operators (TSOs) in Ireland and Northern Ireland. It is our job to manage the electricity supply and the flow of power from providers to consumers.

DS3 Programme

The TSOs have a responsibility to enable increased levels of renewable electricity sources on the power system while continuing to ensure that the system operates securely and efficiently. Our Delivering a Secure Sustainable Electricity System (DS3) Programme seeks to address the challenges of increasing the allowable System Non-Synchronous Penetration (SNSP) up to 75% in 2021.

A key component of the DS3 programme is the System Services work stream. Its aim is to put in place the correct structure, level and type of services in order to ensure that the system can operate securely with these higher levels of non-synchronous generation.

DS3 System Services Volume Uncapped Arrangements

Under the DS3 System Services Volume Uncapped (Regulated Tariff) Arrangements, 14 System Services in total are being procured, which are set out in Table 1 below.

Table 1: DS3 System Services

| Service | Service Name | Procured to Date |
|---------------------------|---------------------------------------|------------------|
| SIR | Synchronous Inertial Response | Yes |
| FFR | Fast Frequency Response | Yes |
| POR | Primary Operating Reserve | Yes |
| SOR | Secondary Operating Reserve | Yes |
| TOR1 | Tertiary 1 Operating Reserve | Yes |
| TOR2 | Tertiary 2 Operating Reserve | Yes |
| RRD | Replacement Reserve (De-Synchronised) | Yes |
| RRS | Replacement Reserve (Synchronised) | Yes |
| RM1 | Ramping Margin 1 Hour | Yes |
| RM3 Ramping Margin 3 Hour | | Yes |
| RM8 | Ramping Margin 8 Hour | Yes |
| SSRP | Steady State Reactive Power | Yes |

| DRR | Dynamic Reactive Response | No |
|--------|---------------------------------------|----|
| FPFAPR | Fast Post Fault Active Power Recovery | No |

12 services have been procured to date. It is intended that two additional services – DRR and FPFAPR – will be procured at a future date.

Under the Volume Uncapped Arrangements, the means by which Providing Units may tender and contract for the provision of System Services is through a Qualification System.

The Qualification System refers to the system that is in place to enable interested parties to submit a tender and subsequently qualify for award of contract for the provision of services. The Qualification System will last until 30 April 2023. There is an option to extend the arrangements, at the TSOs' discretion and subject to the approval of the Regulatory Authorities (RAs), for two periods of up to 18 months apiece.

Under the Qualification System, interested parties must demonstrate the capability to provide a service, via an established testing process, in order to be eligible to be contracted for the provision of the service. It is not possible to be issued with a contract for the provision of services prior to having demonstrated the capability to do so.

The Qualification System was established in May 2018 when the TSOs contracted with service providers for the provision of 11 services, excluding FFR. The TSOs began contracting for FFR in September 2018.

A gate process allows for prospective service providers to tender and contract for the provision of System Services, or for existing providers to amend their contracted services or capabilities, at periodic intervals. The previous indicative timetable for gates under the Qualification System, prior to this consultation decision, is set out in Table 2. The TSOs reserve the right at our full discretion to amend the gate timetable as is deemed appropriate.

Table 2: Pre-Consultation Volume Uncapped Arrangements Procurement Gate Timetable

| Gate No | Indicative Contract Execution Date | |
|---------|------------------------------------|--|
| 4 | April 2021 | |
| 5 | October 2021 | |
| 6 | April 2022 | |
| 7 | October 2022 | |

5 Consultation Summary

Rationale for Consultation

EirGrid and SONI considered that it may be reasonable to introduce limited changes to the procurement process to assist existing and prospective service providers seeking to contract for the provision of System Services to alleviate some of the difficulties being encountered as a result of COVID-19.

Prior to the publication of the consultation paper, EirGrid and SONI had received representations from service providers and representative bodies stating the impact of COVID-19 on their, or their members', ability to tender for the provision of System Services. The views expressed noted that there was a risk that challenges experienced by service providers in meeting established procurement timelines could have a potential negative impact on their income from System Services. Diverse proposals were suggested to the TSOs as to how amendments to the Volume Uncapped procurement process might mitigate this risk.

The TSOs considered that it was prudent and fair to endeavour to understand the impact of COVID-19 on an industry-wide basis and to seek industry views on selected proposals before recommending the implementation of any limited change to the procurement process.

In setting out the proposals in the consultation paper, the TSOs did not intend to address every issue experienced by each service provider arising from COVID-19, as this would not have been possible. It was made clear at the outset of the consultation that, at most, one of the proposals would be implemented.

Scope of Consultation

The consultation applied to the DS3 System Services Volume Uncapped Arrangements only.

The consultation did not propose any extension to the Volume Uncapped Arrangements for a period beyond 30 April 2023 for reasons related to COVID-19, as it was our understanding that the RAs were not minded to do so. The consultation referred service providers to the RAs' scoping paper on System Services future arrangements².

² SEM Committee System Services Future Arrangements Scoping Paper SEM-20-044: https://www.semcommittee.com/sites/semc/files/media-files/SEM-20-044%20System%20services%20future%20arrangements%20scoping%20paper.pdf

Consultation Proposals

The TSOs proposed three potential amendments to the Volume Uncapped procurement process to assist existing and prospective service providers in alleviating some of the financial risk associated with the COVID-19 related difficulties in tendering for System Services

These amendments had been formulated following consideration of some of the suggestions received from industry prior to publication of the consultation.

A) The TSOs proposed that an additional gate could be conducted in 2021.

Under this proposal, three procurement gates, with contracts executing in February, June and October, would be conducted in 2021 (instead of the scheduled two – Gate 4 and Gate 5 in April and October 2021). The proposed amended timetable is set out in Table 3 below. Under this proposal, shorter gate durations would be required, there would be no exceptions permitted to any gate milestones, and all testing would have to be completed by the tender submission deadline applicable to each gate.

Table 3: Consultation Proposal Procurement Gate Timetable with Additional Gate in 2021

| Gate No | Indicative Contract Execution Date |
|---------|------------------------------------|
| 4A | February 2021 |
| 4B | June 2021 |
| 5 | October 2021 |
| 6 | April 2022 |
| 7 | October 2022 |

B) The TSOs proposed to allow limited exceptional testing at Gates 4 and 5 in 2021.

Under this proposal, the TSOs would allow tenderers to test to demonstrate the capability to provide a service beyond the standard testing completion milestone of a given gate, which is normally two months before contract execution. This would be subject to units demonstrating to the TSOs in a written submission that their ability to test for a gate had been delayed due to the impact of COVID-19. A fixed 'exceptional testing' deadline of a maximum of two weeks after the standard testing completion milestone would apply, as would tighter deadlines for the submission and approval of test reports. The feasibility of this proposal would depend on the number of tenderers seeking to avail of 'exceptional testing' and be subject to the usual TSO resource and scheduling constraints.

C) The TSOs proposed to delay Gates 4 and 5 until June and December 2021.

Under this proposal, the contract execution of Gates 4 and 5, along with all preceding gate milestones, including testing, would be pushed out by two months. The proposed amended timetable is set out in Table 4 below. The standard gate duration and testing milestones would apply to each gate. Gate 5 would no longer align with the beginning of the capacity year in 2021.

Table 4: Consultation Proposal Procurement Gate Timetable with Amended Gates 4 and 5

| Gate No | Indicative Contract Execution Date | |
|---------|------------------------------------|--|
| 4 | June 2021 | |
| 5 | December 2021 | |
| 6 | April 2022 (tbc) | |
| 7 | October 2022 | |

6 Responses to Consultation

The TSOs would like to thank all those who responded to this consultation. The feedback received has been valuable in enhancing the TSOs' understanding of the ongoing impact to industry of the COVID-19 pandemic.

This section lists the respondents who submitted non-confidential responses to the consultation and summarises all responses to Question 1 in the consultation paper. This section also notes additional comments from respondents related to COVID-19, the duration, design and structure of the Volume Uncapped Arrangements, and some miscellaneous items. The responses to the consultation have been passed to the RAs at their request.

Respondents to Consultation

The consultation closed on Friday 25 September 2020. In total, 18 responses were received. Those parties that submitted non-confidential responses are listed below.

ABO Wind

Bord Gais

DRAI

Enel-X

Energia

Energy Storage Ireland

ESB Generation and Trading

Irish Energy Storage Association

Low Carbon

Powerhouse Generation

RES-Group

ScottishPower Renewables

Responses to Question 1

Question 1 of the consultation paper asked: Which of the 3 options proposed help to mitigate issues that you may have experienced in relation to the impact of COVID-19 on your ability to tender for DS3 System Services? Please provide as much detail as possible.

Respondents' comments to each of the three proposals are summarised below, together with those relating to a hybrid of two proposals suggested by two respondents.

Table 5 below sets out the first and second (where stated) preference of the respondents of the three proposals.

Table 5: Respondents' 1st and 2nd Preference of Consultation Proposals

| Preference | A: Additional Gate | B: Exceptional Testing | C: Delay Gates | Hybrid of A and B |
|-----------------|-----------------------|---------------------------|----------------|----------------------|
| 1 st | 10 | 5 | 1 | 2 |
| 2 nd | | 2 | | |

A) TSOs' Proposal that an Additional Gate could be Conducted in 2021.

Ten respondents stated a preference for an additional gate in 2021. The reasons are summarised as follows:

- Four respondents, referencing specific projects, said that an additional gate would enable them to contract at the proposed Gate 4B, rather than having to wait until Gate 5;
- Two respondents stated that an additional gate would give some security that units could apply for another gate if the initial gate was missed, to allow units to 'catch-up';
- Two respondents asserted that the current biannual gates are too infrequent to enable service providers to manage COVID-19 related issues;
- One respondent commented that an additional gate provides the greatest flexibility to sites under construction, while retaining the date for Gate 5;
- One respondent said that an additional gate would accelerate the opportunity for individual demand sites to contract for services that were not in a position to do so in 2020.

In addition, five of the above respondents stated that this option would benefit the power system in delivering DS3 System Services in the quickest manner.

Three respondents were not in agreement with an additional gate in 2021:

- One respondent asserted that the proposal does not address issues with projects targeting Gates 5 to 7;
- One respondent stated that there is simplicity and certainty in the current gate schedule, which provides regular access to tenders for services;
- One respondent was concerned that an additional gate would shift gates that some providers may currently be targeting.

Three respondents made no specific comment on this proposal.

Two respondents indicated a preference for a hybrid approach of options A and B (see below).

B) TSOs' Proposal to Allow Limited Exceptional Testing at Gates 4 and 5 in 2021.

Five respondents stated a preference for exceptional testing. The reasons are summarised as follows:

- Two respondents said that exceptional testing was the fairest solution, but requested at least 4 additional weeks for eligible projects;
- One respondent asserted that exceptional testing would aid DSU participants in achieving target capacity planned for Gates 4 & 5, but noted that the requirement to prove the need for exceptional testing may be too arduous for individual demand sites;
- One respondent stated that exceptional testing would enable it to meet Gate 4, which is critical to its business case, and requested at least 4 additional weeks for testing;
- One respondent indicated its preference for exceptional testing without providing a reason.

Three of the above respondents requested that exceptional testing be extended to the 2022 gates.

Two respondents indicated a second preference for exceptional testing:

- One respondent said that exceptional testing would be an added benefit (in addition to Option A) as it would give some security in meeting the gate requirements and allow for some slippage in dates due to COVID-19 supplier issues;
- One respondent indicated a second preference for exceptional testing (in addition to Option C) without providing a reason.

Seven respondents were not in agreement with this proposal:

- Three respondents said that the proposal does not mitigate the impact of the construction delays on two specific referenced projects;
- One respondent asserted that the proposal only addresses a two week delay and not the delays of up to three months that units have endured;
- One respondent was not in agreement with exceptional testing as it involved satisfying the TSOs as to the rationale for any request for same;
- One respondent was concerned that exceptional testing was subject to TSO approval, so not a given, and compresses an already tight tender timeline;
- One respondent was not in agreement with the proposal as it did not offer sufficient flexibility in the tender process and did not mitigate the risk of missing a testing deadline given the unit would have to wait for another six months.

Two respondents made no specific comment on this proposal.

Two respondents indicated a preference for a hybrid approach of options A and B (see below).

C) TSOs' Proposal to Delay Gates 4 and 5 until June and December 2021.

One respondent had a preference for delaying the 2021 gates; no reason was provided but it is assumed to relate to the timeline for the respondent's specific project(s).

Ten respondents were not in agreement with this proposal:

- Five respondents were not in favour of delaying the 2021 gates as this would push back the dates of the gates that they were aiming for, negatively impacting their projects;
- One respondent was concerned that delaying the 2021 gates may result in delaying the rollout of renewables and related increases in SNSP:
- Two respondents were not in agreement with this proposal as it would delay when units could contract for services:
- One respondent was not in agreement with delaying the 2021 gates as it would increase
 the number of units seeking to test at each gate, thereby reducing the number of testing
 resources available, and would also negatively impact those units commercially that had
 targeted earlier gates;
- One respondent had a concern with this proposal as it would lead to misalignment with the Capacity Market and would not resolve testing challenges for EirGrid.

Seven respondents made no specific comment on this proposal.

Respondents' Proposal for a Combination of Options A and B.

Two respondents stated a preference for a combination of an additional gate and exceptional testing:

- One respondent had a preference for 2 additional gates, to include a gate in January 2022 to mitigate the risk for those units targeting Gate 5 who may still be delayed due to COVID-19, together with 4-6 weeks of exceptional testing at each gate;
- One respondent had a preference for an additional gate, as this would reduce the number of units seeking to test at each gate and thereby increase the number of testing resources available, and also to allow for exceptional testing, as this would mitigate the impact on units that have to defer testing beyond the testing milestone due to COVID-19.

Additional Comments

A number of respondents made additional comments relating to the proposals contained in the consultation, the ongoing impact of COVID-19 on the industry, and the design and timeframe of the Volume Uncapped Arrangements. There were also some miscellaneous comments.

Comments on Consultation Proposals and Ongoing Impact of COVID-19

Several respondents commented on the perceived limitations of the proposed measures or observed that the impact of COVID-19 is still ongoing:

- Two respondents asserted that the proposals contained in the consultation were not commensurate with the risks involved in the timing of the energisation, commissioning and testing of projects under the biannual gate framework, which are exacerbated by COVID-19 due to unpredictable delays;
- One respondent said that COVID-19 delays impact projects targeting both 2021 and 2022, so any mitigating mechanisms should extend to all future gates;
- One respondent stated that there is still significant uncertainty regarding further COVID-19 restrictions, that any measure may be outdated by the time of its implementation by the TSOs, and that the consultation proposals do not fully mitigate the risk in the medium- to long-term;
- Two respondents asserted that there was still considerable uncertainty and that the impact of COVID-19 was not over, given the recent rise in cases and the incidences of local lockdowns;
- One respondent said that the impacts of COVID-19 are far reaching and longer term impacts cannot fully be understood at this stage;
- One respondent stated that the mitigation measures proposed assume incorrectly that the impacts of COVID-19 are time limited.

Comments on Extension of the Volume Uncapped Arrangements

As noted in the consultation, the TSOs considered that it may be reasonable to propose a short extension of the Volume Uncapped Arrangements beyond 30 April 2023 as a mitigating measure but did not include this in our proposals as we understood that the RAs were not minded to approve this measure.

Nine respondents to the consultation requested an extension of the arrangements beyond April 2023:

- Seven respondents said that an extension to the Volume Uncapped Arrangements for a period beyond April 2023 should be considered specifically to address issues related to COVD-19;
- Two respondents stated that an extension to the Volume Uncapped Arrangements beyond April 2023 should be considered both due to COVID-19 and to ensure certainty for investors in any transition period in implementing new arrangements.

Comments on the Design and Structure of the Volume Uncapped Arrangements

Four respondents commented on the design and structure of the Volume Uncapped Arrangements:

- One respondent said that the existing biannual gates are too infrequent and that more flexibility is required in testing and contracting to allow for development lead time;
- One respondent stated that its preferred solution is for the dependency on the completion of testing in order to qualify for a DS3 System Services contract to be removed – due to the risk that not meeting testing requirements may mean that a unit has to wait for 6 months to tender again – and that an alternative would be for payment for contracted services to be dependent on the completion of testing;
- One respondent asserted that the existing procurement framework could be more flexible (referencing previous correspondence with the TSOs), is a barrier to investment, and suggested the implementation of a long-stop date (as per the Capacity Market);
- One respondent asserted that the existing procurement framework is too rigid and is a barrier to investment.

Miscellaneous Comments

Two respondents made additional comments on the procurement of DS3 System Services:

- One respondent stated that it understands units have curtailed their DS3 contracting ambition in 2020 due to the difficulty in conducting testing on individual demand sites;
- One respondent requested that the TSOs remove the pre-requisite to assign customers to DSUs before commencing DSU registration, that the TSOs reduce the registration and testing timelines for DSUs, and that the TSOs publish a timeline for the procurement of the DRR and FPFAPR services.

7 Consultation Decision

This section sets out the TSOs' decision on the consultation, the rationale for same and addresses some of the broader comments that were made relating to the DS3 Volume Uncapped procurement process.

In conducting the consultation, the TSOs have endeavoured to implement limited changes that may help to alleviate the prevalent financial risks that have been encountered by industry. It has not been our intention to address every issue that has been, or will be, experienced by each service provider as a result of COVID-19, as any changes to the procurement process must also be practically implementable and should not adversely impact either the procurement process or other service providers.

Decision on Consultation

The TSOs will conduct an additional gate in 2021, to be known as Gate 4-B, with contracts executing on 1 July 2021, while retaining the dates for Gate 4 and Gate 5, as per the timetable set out in Table 6 below.

Table 6: Indicative Procurement Gate Timetable with Additional Gate 4-B

| Gate No | Indicative Contract Execution Date |
|---------|------------------------------------|
| 4 | April 2021 |
| 4-B | July 2021 |
| 5 | October 2021 |
| 6 | April 2022 |
| 7 | October 2022 |

The Gate 4 tender was published on the OJEU on 25 November 2020. The Gate 4-B tender will be published in mid to late February 2021.

A standard testing milestone will apply at Gates 4, 4-B and 5 in 2021: these dates will be published in the tender documentation and will be approximately two months before the applicable contract execution. For the avoidance of doubt, exceptional testing, which has the meaning as set out in the consultation, will not be permitted at Gates 4, 4-B and 5. Providing Units that do not meet the testing milestone for a gate may wish to tender for the next gate.

Per the standard testing process, testing dates will be allocated on a first come, first served basis. A service provider may request a particular test date, or the next available date; the TSOs will review resource availability and open slots and agree a test date with the service

provider. As with all testing of System Services, the TSOs strongly urge all prospective tenderers to schedule testing as early as possible.

The TSOs are implementing Gate 4-B in response to an extraordinary situation and to help mitigate some of the financial risk that service providers may encounter as a result of not meeting the Gate 4 tender milestones due to COVID-19. This requires that the TSOs implement special arrangements with respect to gate resources and processes, which will necessarily impact on the delivery of other projects and services. The TSOs request that service providers observe the rationale for Gate 4-B and only tender for the gate where it has not been feasible to tender at Gate 4. In general, we ask that service providers only tender for those gates where there is a reasonable prospect of meeting the testing deadlines applicable to the gate.

The TSOs will not conduct any additional gates over and above those set out in the indicative gate timetable in Table 6.

Rationale for Decision

This decision is being made following an evaluation of the responses to the consultation and in consideration of the most practical measure that ensures an ongoing, predictable capability for service providers to tender for DS3 System Services while also providing limited additional flexibility to industry during an evolving pandemic situation. In coming to this decision the TSOs have also taken into account the need to align with TSO processes that have been put in place to safeguard the ongoing operation and control of the transmission system during the pandemic.

The biannual gate schedule maintains the predictability of the procurement of System Services and aligns the autumn gate with the Capacity Market. The addition of a gate effective 1 July 2021, midway between Gate 4 and Gate 5, aims to address issues that service providers may experience in meeting the tender requirements and testing milestones of Gate 4 due to COVID-19.

In implementing this decision, the TSOs will be undertaking concurrent DS3 System Services procurement gates under the Volume Uncapped Arrangements for the first time. The TSOs' have clarified that there is no legal impediment in running concurrent gates. To date, the TSOs have only conducted consecutive procurement gates in line with EirGrid procurement best practice in managing OJEU tenders and in order to manage the operational risk associated with running a gate. Launching a gate after the previous gate has been completed and its outcome has been published ensures that the gate can be managed with no resource or operational conflicts with another gate. There is an increased risk that

gates will not complete to schedule when run concurrently: the TSOs will implement all reasonable measures to mitigate this risk.

One such measure is to ensure that testing milestones are scheduled to allow for sufficient time to carry out all activities necessary for a gate to complete, including approval of test reports, obtaining agreement on contracted technical parameters, and execution of contracts. It is also important that a clear distinction can be made between testing that is being undertaken for different gates. With this is mind, the TSOs are strongly of the view that exceptional testing is not feasible when gates are run concurrently. As such, exceptional testing cannot be facilitated at the 2021 gates.

We acknowledge those responses noting the ongoing impact of COVID-19 on the industry. The TSOs are of the view that no single measure at our disposal may be sufficient in mitigating against ongoing and unknown impacts to service providers. Furthermore, we would expect that those service providers targeting Gate 5 and beyond would have implemented their own controls in managing the risk to the delivery of their development programmes to schedule.

TSOs Responses to Additional Comments

The TSOs note that nine respondents to the consultation requested an extension of the current Volume Uncapped Arrangements beyond 30 April 2030. We wish to reiterate that any such extension is subject to approval by the RAs. We did not propose an extension as a mitigating measure in the consultation paper as the RAs had indicated to us that they were not minded to approve it. The RAs may make further comment in this regard in the context of the design and implementation of the future arrangements.

We note that four respondents commented on the design and structure of the Volume Uncapped Arrangements, asserting that the arrangements could be more flexible and suggesting how they may be changed – particularly the dependency on completing the test process prior to contracting for services. The TSOs wish to reiterate that the Qualification System that underpins the procurement of services in the Volume Uncapped Arrangements requires that a service provider must demonstrate the capability to provide a service prior to being contracted to do so. This is how service providers qualify to provide services – it is the fundamental basis of the Qualification System and ensures the equitable treatment of all tenderers. In addition, the testing process for reserve services, as set out in the DS3 System Services Compliance and Testing Capability Management Guidance Document³, aligns with

³ DS3 System Services Compliance and Testing Capability Management Guidance Document: http://www.eirgridgroup.com/site-files/library/EirGrid/SS-Guidance-document.pdf

the prequalification process set out in the relevant articles of EU Regulation 2017/1485 (SOGL). It is the TSOs' intention that the Qualification System will be in place until 30 April 2023.

Next Steps

The TSOs will proceed with implementing three procurement gates in 2021 as per the schedule set out in Table 6 above. The tender documentation for each gate will set out the requirements for the gates, including testing milestones.