

Imperfections & Constraints

Multi-year plan (2022-2026)
Consultation Response Paper
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The Oval, 160 Shelbourne Road, Ballsbridge, Dublin D04 FW28
Telephone: +353 1 677 1700 • www.eirgrid.ie

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Introduction

This paper responds to the feedback received, by EirGrid, as Transmission System Operator (TSO), to the public consultation on the multi-year plan for the Imperfections and Constraints incentive under Price Review 5 (PR5) for the period 2022-2024 as well as 2025 and 2026 at high level

The PR5 Regulatory Framework, Incentives and Reporting Decision Paper (CRU/20/154)¹ contains direction and guidance to EirGrid as the TSO on incentives and reporting arrangements for the PR5 period, 2021-2025.

As per Section 7.12 of the decision paper, the TSO is required to publish a detailed multi-year plan for 2022-2024 as well as a high-level plan for 2025-2026 for consultation.

The Imperfection and Constraints Multi-year Plan for 2022-26 was published on 28 October 2021 for a 4-week public consultation. The consultation sought the views of stakeholders on the proposed structure of and approach to the proposals in the Imperfections & Constraints multi-year plan.

This paper outlines EirGrid's response to the feedback received. Some comments received related to matters outside the scope of the consultation and as a result, these comments have not been addressed in this consultation response document. Where comments are out of scope, they have been relayed back to the relevant part of the EirGrid business for consideration.

We would like to thank all those who took the time to respond to this consultation. All responses received have been reviewed and considered. A total of 4 responses were received from the following organisations:

- Bord Gáis Energy (BGE)
- Wind Energy Ireland (WEI)
- Electricity Supply Board Generation and Trading (ESB GT)
- Demand Response Association of Ireland (DRAI)

Consultation Responses

Below we have outlined a synopsis of the responses received and our response to the matters raised therein.

1. Reserve Policy Review

One respondent is of the opinion that a review of reserve policy following the implementation of new technologies is an important step in integrating these technologies. Another respondent is of the view that the plan would benefit from quantified steps as to how reserve requirements will be met from alternative sources going forward.

EirGrid Response

Holding Operational Reserve is a key enabler for the safe, secure and reliable operation of the Transmission System; however, the holding of reserve, particularly from conventional generation does increase imperfections costs. Using reserve provided by new technologies, such as batteries, does help to decrease imperfections costs. However, it is prudent for the TSO to monitor performance of new technologies regarding provision of reserve, during real time events, prior to relying on it, given the

¹ <https://www.cru.ie/wp-content/uploads/2020/12/CRU20154-PR5-Regulatory-Framework-Incentives-and-Reporting-1.pdf>

clear link between operating reserve and system security. The TSO is actively monitoring the response of new technologies, such as batteries from commissioning onwards. This forms part of the ongoing plan to reduce operating reserve held on conventional units, in a controlled manner.

The TSO is in the process of developing an Operational Policy Roadmap to 2030 (including reserve requirements), which is scheduled to be completed in 2022. This Operational Policy Roadmap will, among other things, detail the plan to review reserve policy, given the new technologies providing reserve that have recently connected, and that are planned to connect, to the transmission system. It is planned to update the Operational Policy Roadmap every two years. The further detail provided in the Operational Policy Roadmap will be considered in the development of future multi-year plans.

2. Transmission Constraint Groups

Two respondents commented that the CRU clearly requires the TSO to identify constraints that have been in place longer than 12 months and the TSO must set out:

- i. The technical scarcity that is causing the constraint;
- ii. The estimated annual cost of the constraint;
- iii. The options considered to remove the constraint, at least including,
 - a. Market-based measures;
 - b. Infrastructure-based measures; and
 - c. Operational-based measures.
- iv. The TSO's plan to remove the constraint (if the TSO considers it is not economic to resolve the constraint the CBA should be included).

Another respondent welcomes the outcomes in relation to the removal/relaxing of constraints due to the Ballyvouskil Reactor and the Moneypoint Synchronous Condenser but notes that this will not happen until operational experience is attained by the TSO and more information on what this means and how long it will take, including any potential delays, should be communicated in the final document.

EirGrid Response

EirGrid acknowledges the comments made by the respondents. It is our interpretation that the text taken from CRU/20/154 (listed i to iv above) is intended to apply to “the balanced scorecard evaluation” as per the text in CRU/20/154, which immediately precedes it. We will liaise with the CRU to clarify this point further.

In terms of the annual cost of the constraint, as noted in CRU's Price Review Five: 2021 Balanced Scorecards information paper (CRU202226)², the TSO will develop a methodology for calculating cost reductions. This methodology will be used in future submissions by the TSO, for subsequent years, in multi-year planning, to indicate which measures are likely to be most effective in curtailing, or reducing, imperfections costs. The TSO is developing this methodology and is engaging with CRU on its development.

Changes in operational constraints are published on a weekly basis here under the dropdown 'constraints'. When constraints have been removed or relaxed, they are captured in the weekly operational constraints update. For example, it would have been in the week operational constraints update that a voltage TCG in the SW was removed in January 2022, as a result of the commissioning of the Ballyvouskill reactor.

² <https://www.cru.ie/wp-content/uploads/2022/03/CRU20226-2021-Balanced-Scorecard-Information-Paper-1.pdf>

3. Request for further detail

BGE noted in their response the Multi-Year Plan fell short of the extent of information required under CRU's PR5 Decision (CRU/20/154). It was also noted by DRAI notwithstanding the dependencies called out in the document that the document itself was extremely vague in terms of describing the likely outcomes of the work and without this level of detail it is impossible to ascertain how the outcomes would be measured, assessed or deemed to have met the review criteria.

EirGrid Response

As mentioned above, the TSO is in the process of developing an Operational Policy Roadmap to 2030, which is scheduled to be completed in 2022. This Operational Policy Roadmap will set out the TSO's plan to review Operational Policy, taking cognisance of new technologies connecting to the system and their contribution to system services, that would have been traditionally provided by conventional generation units. It is planned to update the Operational Policy Roadmap every two years. The further detail provided in the Operational Policy Roadmap will be considered in the development of future multi-year plans. As also mentioned above, the TSO is liaising with the CRU, to develop a methodology for calculating imperfections cost reductions.

DRAI in their response referred to the dependencies called out in the multi-year plan, in particular in relation to the publication of the Shaping Our Electricity Future programme of work in late 2021. The TSO will include updated information if appropriate to do so in future imperfections and constraints multi-year plans. As per the requirement in CRU/20/154, the TSO will consult annually on the multi-year plan for this incentive. We acknowledge DRAI's comment on the outcomes and the TSO will endeavour to provide further detail with regards to outcomes in future iterations of the multi-year plan.

4. Weighting

A number of the respondents commented on the weightings proposed. One respondent was of the view that the Reserve Policy Review is a core part of the TSO's role and therefore falls within the business-as-usual processes and suggests that the 25% weighting of the incentive would be better assigned to identifying and quantifying constraints. Other respondents noted that while they were in support of enhanced reporting and greater transparency, they were of the opinion that the proposed weighting is out of proportion and should reflect the importance of reducing imperfections and constraints.

EirGrid Response

EirGrid acknowledges the comments received with regard to weightings of the initiatives. We are of the view that the proposed weightings are reasonable. The applicable weighting which will apply to the initiatives outlined for this incentive will ultimately be a decision made by the CRU.