Installed Capacity Cap Decision Review and Implementation Timelines

17th June 2024

EirGrid

ESB NETWORKS

Contents

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1. Glossary

TERM	DEFINITION
MEC	Maximum Export Capacity
CRU	Commission for Regulation of Utilities
ICC	Installed Capacity Cap
IC	Installed Capacity
SO	System Operator
COPP	Connection Offer Policy and Process Paper

2. Introduction

On the 17th of January 2024 the Commission for Regulation of Utilities (CRU) published a Decision Paper on the Installed Capacity Cap (ICC). In summary, the CRU decided:

- To remove the ICC associated with Single Technology Sites, and
- To remove the ICC for Hybrid Co-located Sites, subject to a review and updating of operational processes by the SOs relating to aspects such as forecasting, and availability associated with mixed technology sites.

The decision paper also requested that the SOs carry out a review of the existing codes and standards to identify any changes required for the implementation of this decision, and following this, a timetable for the required updates to be published. The following items were highlighted by CRU as being required:

Over-installation at Single Technology Sites

• Grid Code/Distribution Code & Planning Standards: The SOs will need to consider any impact removing the ICC for single-technology sites will have on Grid Code and Distribution Code. A review is being carried out and any changes will need to be considered by the Grid Code Review Panel.

• Trading and Settlement Code: A review of defined terms is required to ensure the changes are compliant. Any required changes would need to go through the modifications process.

Over-installation at Hybrid Co-located Sites

• Application Process/ Plant Rating: Based on the decisions set out above, relevant sections of the current Connection Offer Policy and Process Paper (COPP) need to be reviewed and updated.

• Grid Code/Distribution Code & Planning Standards: The SOs will need to consider any impact removing the ICC for hybrid sites will have on Grid Code and Distribution Code. A review is being carried out and any changes will need to be considered by the Grid Code Review Panel.

• Scheduling & Dispatch: A review of data feeds will be required to ensure the data is referencing MEC and not registered capacity, and units cannot over declare above contract MEC.

• Trading and Settlement Code: A review of defined terms is required to ensure the changes are compliant. Any required changes would need to go through the modifications process.

As per the request of the CRU, this paper summarises the SOs' findings and sets out implementation timelines,

3. Over-installation at Single Technology Sites

Definition:- For the purpose of this document, Single Technology sites can be defined as "any project consisting of one single form of generation technology behind a single connection point"

Grid Code Review: - EirGrid found no barriers in the Grid Code to prevent the removal of the ICC for Single Technology sites. This does not preclude EirGrid bringing modifications to the Grid Code Review Panel in the future to better facilitate ICC.

Trading and Settlement Code:- EirGrid found no barriers in the Trading and Settlement Code to prevent the removal of the ICC for Single Technology sites. This does not preclude EirGrid bringing modifications to the SEM Committee in the future to better facilitate ICC.

Distribution Code:- ESB Networks found no barriers in the Distribution Code to prevent the removal of the ICC for Single Technology sites. This does not preclude ESB Networks bringing modifications to the Distribution Code Review Panel in the future to better facilitate ICC.

Distribution Planning Standards ESB Networks found no barriers in the Planning Standards to removing the ICC for Single Technology Sites. This does not preclude ESB Networks modifying Planning Standards in the future to better facilitate ICC.

4. Over-installation at Hybrid Co-Located Sites

Definition:- For the purpose of this document, Hybrid Co-Located Sites can be defined as "any project that combines multiple forms of generation technology behind a single connection point. The Generation Units within a Co-located site operate independently of one another, for market, settlement, and dispatch instructions. The only link between the generation units is the Point of Connection".

Grid Code Review:- EirGrid found no barriers in the Grid Code to prevent the removal of the ICC for Hybrid Co-Located sites. This does not preclude EirGrid bringing modifications to the Grid Code Review Panel in the future to better facilitate ICC.

Trading and Settlement Code:- EirGrid found no barriers in the Trading and Settlement Code to prevent the removal of the ICC for Hybrid Co-Located sites. This does not preclude EirGrid bringing modifications to the SEM Committee in the future to better facilitate ICC.

Distribution Code:- ESB Networks found no barriers in the Distribution Code to removing the ICC for Single Technology Sites. This does not preclude ESB Networks bringing modifications to the Distribution Code Review Panel in the future to better facilitate ICC.

Distribution Planning Standards ESB Networks found no barriers in the Planning Standards to removing the ICC for Single Technology Sites. This does not preclude ESB Networks modifying Planning Standards in the future to better facilitate ICC.

Market and Operational Aspects:- The removal of ICC can be accommodated by existing systems and processes for Hybrid Co-Located sites. However, the sharing of MEC cannot be facilitated at

present. Some changes needed include availability declarations, forecasting, and market registration, in order to accommodate the sharing of MEC. At present, each individual technology type that is part of a Hybrid Co-Located site has its own individual MEC assigned, and this is summated at the connection point. While the ICC limit can be removed, the process of assigning an individual MEC to each technology type and that MEC being summated at the connection point will continue until the sharing of MEC can be facilitated. This means the removal of ICC is not sufficient for fully enabling Hybrid projects. The MEC assigned to each technology type is not permitted to be breached. Figure 1 provides an illustrative example of what is feasible and what isn't.

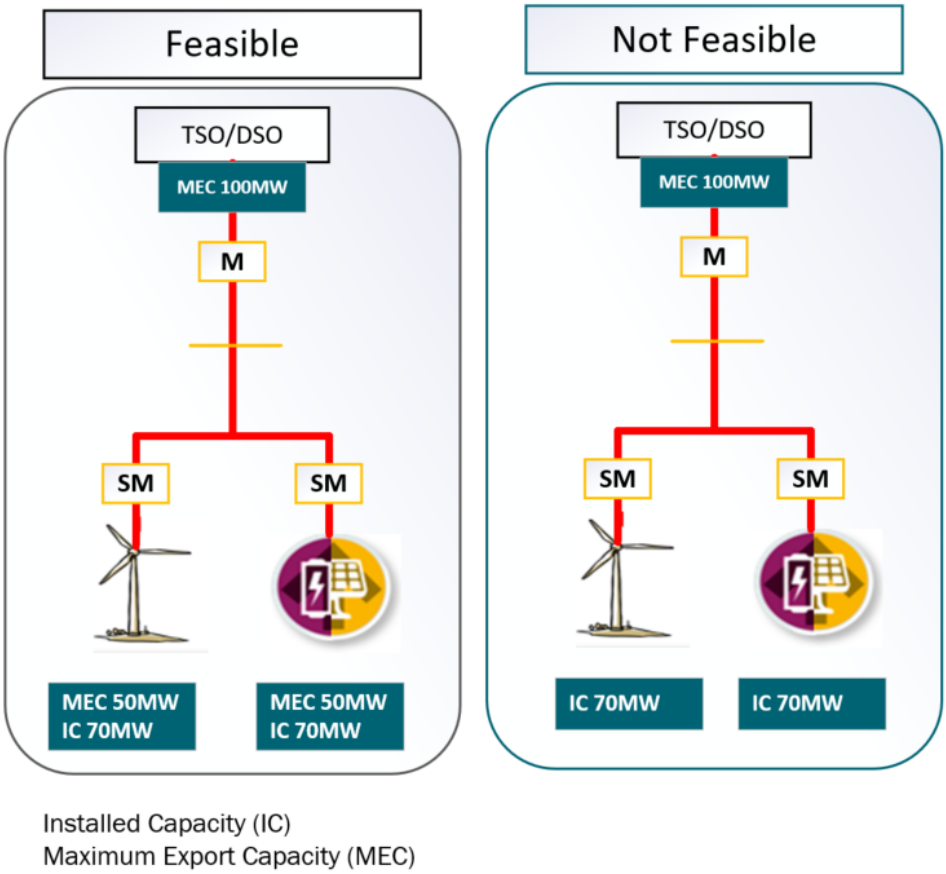

Figure 1

Figure 1 represents an example of how the removal of the ICC will apply for Hybrid Co-located sites. It does not represent the feasibility of what different technology mixes can be accommodated in a Hybrid Co-Located site.

5. Impact on Connection Offer Policy and Process (COPP) and Implementation Timeline

According to COPP rules and CRU decision CER/14/047, generators are allowed to install generation capacity up to the MEC set in their connection agreement with the relevant System Operator in addition to an extra 20% over the MEC. This set an installed capacity cap of 120% of

MEC for generators. As per the CRU decision, this cap will now be removed meaning it will be feasible to install generation above 120% of MEC.

Note this decision does not apply to non-exporting (MEC 0) generator applications to ESB Networks, where a customer is installing single technology or hybrid of generation technologies for self-consumption purposes only.

The go-live date for the removal of the Installed Capacity Cap shall be on the date of this paper's publication. This will apply to both Hybrid Co-Located sites and Single Technology sites, however as discussed in Section 4, the Sharing of MEC **will not be** facilitated at this time. The CRU intends to undertake a consultation on the Sharing of MEC this year and the SOs await the following decision from that process.