TRANSMISSION DEVELOPMENT PLAN 2012

REPORT ON PUBLIC CONSULTATION

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1. INTRODUCTION

EirGrid as Transmission System Operator (TSO) for Ireland issued its draft Transmission Development Plan (TDP)[1] for the ten year period from 2012 in accordance with its obligations under Statutory Instrument 445 (2000), TSO Licence and EU Directive 2009/72. Regulation 8(6) of SI 445/2000 requires the TSO to consult on the plan before submitting it to the Commission for Energy Regulation (CER) for approval and states:

> (e) The development plan shall be submitted to the Commission for approval.
>
> (f) The transmission system operator shall-
>
> (i) engage in a public consultation process, including any other form of consultation that the Commission may direct, before submitting the development plan to the Commission for approval, and
>
> (ii) report in writing to the Commission on the results of that process not later than when submitting the development plan to the Commission for approval

This report is prepared to fulfill regulation 8(6) (f)(ii). It describes the consultation process, provides an overview of the submissions and the EirGrid's response to the issues raised.

[1] Please note that this is not an all island (i.e. Ireland and Northern Ireland) transmission development plan.

2. DESCRIPTION OF CONSULTATION PROCESS

An initial draft was circulated to the CER, the Transmission Asset Owner (TAO), Distribution System Operator (DSO) and System Operator Northern Ireland (SONI) for review and comment. Following on from that a draft of the plan was posted on the EirGrid website on November 12th 2012 for consultation. The period allowed for consultation was five weeks ending on December 14th 2012.

Notification of the plan and the consultation process was made in the following ways:

- A notification, via email, was sent to all EirGrid's stakeholders that are subscribed to EirGrid's info@eirgrid.com mailing list;
- A news item was placed on the EirGrid home page with a link to an information note that described the consultation process and which had a further link to the draft plan itself; and
- A notification, via email, was sent to all CER's stakeholders that are subscribed to CER's info@cer.ie mailing list.

3. RESPONSES TO THE DRAFT TRANSMISSION DEVELOPMENT PLAN 2012

Five submissions were received in response to the consultation on the draft plan, and are attached as separate documents to this report. These were from:

- Members of the Regional Planning Guidelines for the Greater Dublin Area
- Irish Wind Energy Association
- Shannon LNG
- Meitheal Na Gaoithe
- Art Generation

EirGrid would like to thank those who responded to the draft Transmission Development Plan.

The rest of this report deals with the issues raised in the submissions. These are dealt with under a number of category headings:

Section 4 EirGrid's General Response to Stakeholders' Comments

Section 5 Transmission Development Plan – Document, Process and Timing

Section 6 National and EU Legislation

Section 7 Network Development Approach

Section 8 Network Reinforcement Delivery - Project Risk

In the following sections, quotes from the submissions are reproduced in italics, and are followed by EirGrid's responses. It is noted in the response if changes have been made in the final Transmission Development Plan to take account of the comments and suggestions made.

4. EIRGRID'S GENERAL RESPONSE TO STAKEHOLDERS' COMMENTS

A number of comments were received that are not directly related to the Transmission Development Plan (TDP) and are outside the scope of the document; thus, it is useful to outline its purpose.

The TDP forms part of EirGrid's statutory and licence obligations. The primary objective of the TDP is to outline the reinforcements planned for the next 10 years and to raise awareness of those reinforcements. The TDP does not purport to be a strategy-forming nor a policy-forming document and only seeks to record the current projected network development.

The projects in the TDP solve various needs arising from a number of drivers. The projects are the result of studies that include an assessment of various factors such as: diverse demand levels and generation dispatches; different interconnection power transfers; generation closure; and network stability.

EirGrid believes that the combined approach of investing in the network and developing new and innovative operational strategies will be fundamental to enabling the transmission network to meet the future stresses placed upon it. EirGrid's infrastructural programme (Grid25) is integral to ensuring an adequate and appropriate transmission network and is a vital part in helping Ireland meet its renewable targets. Operational strategies, as part of the DS3 project, will also be required to enable Ireland meet its targets. It should be noted that the TDP documents EirGrid's infrastructural programme, the drivers of the programme and the needs being solved by the programme. It does not specifically document the DS3 programme. For further information on the DS3 Programme please go to the EirGrid website (http://www.eirgrid.com/operations/ds3/).

In general, all respondents welcomed the publication of the draft Transmission Development Plan and the opportunity afforded them by the consultation process to comment on the plan.

Finally, a number of comments were received that deal with specific customer related issues; these are being dealt with by EirGrid outside of the TDP consultation process.

5. TRANSMISSION DEVELOPMENT PLAN – DOCUMENT, PROCESS & TIMING

IWEA

"*IWEA notes that all project data for this report is frozen as of March 2012 which makes the value of this report questionable especially now given that EirGrid produce an updated ATR spreadsheet on their website. The information on the EirGrid website is of much greater value than the information contained within the draft transmission plan. The report is prepared in accordance with Regulation 8(b) of Statutory Instrument No. 445 of 2000, European Communities (internal Market in Electricity) Regulations & Conditions of the TSO licence. Significant resources are required to produce this report which is currently of little use to stakeholders in the energy industry and while enabling EirGrid to meet their regulatory obligations provides little additional value*."

EirGrid's Response

The TDP captures the status of all network development projects including Associated Transmission Reinforcements (ATRs) that have EirGrid capital approval at a particular time i.e. at the data freeze date. There will always be a time lag between the data freeze date, the publication of the draft TDP for public consultation and the final approval of the TDP. As the ATR spreadsheet is published every quarter the issue of timing and data provision will be a recurring feature in the annual TDP process and quarterly publication of the ATR information. In order to ensure that all users of the TDP know about the timing issue, multiple references to both the EirGrid and CER websites that contain project information are included in TDP 2012. Since the data freeze date the estimated completion dates for a number of transmission system developments have changed; these changes are noted in the draft TDP through the use of "post data-freeze date updates". In addition, draft TDP 2012 underwent considerable revision, in terms of the format, content and information provided, which added to the delay in publication of the current version which should not be the case in future editions.

IWEA

"The Data Freeze should be in Q3 in the year of production (The majority of information in the report is static, and therefore the bulk of the report can be completed before this date)."

EirGrid's Response

In order to complete the annual TDP process of drafting/reviewing/consulting on and finalising the document within the publication year it is prudent to use a data freeze date earlier in the year. The data freeze date for TDP 2013 will be the 31st of March 2013. Draft TDP 2013 will be issued for public consultation earlier this year i.e. in summer 2013.

IWEA

"IWEA questions the need to have a transmission forecast statement and a transmission development plan as separate documents. There may be an opportunity to utilise resources more effectively by producing a single "Transmission 10 year outlook" report."

EirGrid's Response

The TDP is a requirement of EirGrid's TSO licence and both national and European legislation. The TFS is a requirement of EirGrid's TSO licence and national legislation. Both documents form part of EirGrid's statutory and licence obligations. It is important also to note that the emphasis of the 2 documents is different. The TDP outlines EirGrid's approach in Ireland to network development; the drivers of network development; the resultant needs of the network; and the solutions to those needs. While the TFS outlines opportunities for demand and generation connections in Ireland and Northern Ireland. Thus, while there is some overlap in terms of the information provided on transmission projects that are in development, EirGrid does not believe there is any opportunity for resource savings by combining the 2 documents.

6. NATIONAL AND EU LEGISLATION

Shannon LNG

"However there is no reference in the Plan to the equally important TSO obligations contained within the new Energy Efficiency Directive 2012/27/EU. Some of the key TSO obligations to encourage the development of high efficiency CHP projects are set out in Article 15.5 of the Directive include…

a) *guarantee the transmission and distribution of electricity from high-efficiency cogeneration*
b) *provide priority or guaranteed access to the grid of electricity from high-efficiency cogeneration*
c) *when dispatching electricity generating installations, provide priority dispatch of electricity from high efficiency cogeneration in so far as the secure operation of the national electricity system permits*

Annex XII of the Directive goes on to state that for high efficiency CHP projects: the overall process to become connected to the grid should be no longer than 24 months, bearing in mind what is reasonably practicable and non-discriminatory.

We respectively suggest that a section on the TSO obligations as outlined in the Directive and how EirGrid plans to assist in providing the opportunity to meet the 800 MW Government CHP targets be included in the TDP."

EirGrid's Response

EirGrid agrees with the respondent's view that the Energy Efficiency Directive (2012/27/EU) is an important reference defining policy in this area. A specific reference to the directive has been added to the updated TDP. The requirements of the Energy Efficiency Directive must be transposed into Irish law by June 5, 2014, and EirGrid understands that the Department of Communications, Energy and Natural Resources is leading this process.

EirGrid is obliged to offer terms and enter into agreements, where appropriate, for connection to and use of the transmission system with all those using and seeking to use the transmission system. The connection offer process is regulated by the CER and EirGrid does not choose which applications are processed. Our licence requires us to make connection offers to parties seeking connection in accordance with regulatory approved processes, terms, conditions and directions to which EirGrid fully complies – it is through this process that EirGrid will assist in providing the opportunity to meet the government's CHP targets.

Meitheal Na Gaoithe and Art Generation

In respect of RES Directive 2009:

"The three key obligations enshrined in that Article are priority of dispatch, priority or guaranteed access and guaranteed transmission. As regards the decision on access, Government elected for priority access in Section 4.2.7(a) of the NREAP in mid 2010….

Clearly, these obligations require TSOs to take the requisite measures, and presumably they would therefore incorporate these measures into their operational procedures, and in particular the Transmission Development Plans. It is therefore most odd that a search reveals neither the word "priority" not the word "guaranteed" anywhere in the current draft Plan.

Indeed, examination of Section 1.1 of the draft document, which purports to set out the relevant Statutory Obligations, reveals why this is so. The Directive on Renewable Energy and its transposition instrument (SI 2011/147) are completely overlooked, as setting part the legal framework in which the Plan needs to be drawn up. This appears to be a major oversight by EirGrid, in particular by its legal team.

This appears to either lead to, or simply reflect, an almost complete absence of consideration of these legal obligations on the TSO when planning the future transmission system. If these obligations were seriously considered by Eirgrid, then they would have been considerable implications."

EirGrid's Response

EirGrid agrees with the respondents' view that the RES Directive (2009/28/EC) and SI 147/2011 are important references defining policy in this area. Specific references to the directive and the SI have been added to the updated TDP.

EirGrid refutes the allegation that statutory obligations specifically regarding the Directive on renewable energy and its transposition instrument are not considered when planning the future transmission system. Our transmission development plans directly take account of priority access.

Access to the transmission system is accorded firstly through connections to the system and secondly through the development of the system to facilitate full access. In respect of connections, our licence requires us to make connection offers to parties seeking connection in accordance with regulatory approved processes, terms, conditions and directions to which EirGrid fully complies. The current Gate 3 scheme has resulted in offers having been issued to approximately 4,000 MW of renewable projects.

In respect of wider development it is EirGrid's statutory responsibility to develop a safe, secure, reliable, economical and efficient electricity transmission system. In accordance with this responsibility we produce a Transmission Development Plan (TDP) outlining the transmission network developments planned over the subsequent ten year period. In selecting the optimum transmission network development solutions, which ultimately find their way into the TDP, we perform extensive network planning studies where generators are modelled based on a number of key considerations. For example, in the case of wind, we take account of:

- Expected connection dates of generators;
- Availability of wind generation based on historical wind profiles; and
- Priority dispatch of RES generation should it be available (except when curtailed through lack of demand).

This transmission development plan therefore directly takes account of priority access. Consequently, EirGrid does not agree that there are considerable implications for EirGrid's approach to system development as EirGrid considers all statutory and licence requirements when planning the network.

Finally, reflecting the requirement in the renewable energy Directive and SI 147/2011 to provide priority dispatch for renewable generation, the SEM Committee, in its scheduling and dispatch decision SEM-11-062, requested that EirGrid provide priority dispatch for renewable generation. This now forms a central part of system operations.

7. NETWORK DEVELOPMENT APPROACH

Shannon LNG

In respect of Section 3.1 of the Draft Transmission Development Plan:

"We believe the approach being advocated by EirGrid above has the potential to lock Ireland into high electricity costs involving renewable subsidies and grid development which will have a long term impact on Ireland's competitiveness compared to its main trading partners.

We urge EirGrid to review the game changing developments in the world's natural gas industry and include these developments in its forward planning. Ireland should not be involved in picking technology winners (i.e. wind energy) in meeting the sustainability challenges of the future."

EirGrid's Response

A pillar of national and European energy policy is sustainability. In the electricity sector this has primarily translated into the promotion of RES Integration. In response to the EU 202020 targets the Irish Government has set a specific target of 40% of our electricity needs being met by renewable energy by 2020; wind energy will contribute the majority of this target. Grid access for renewable generation is provided through the Group Processing or Gate Approach and is a fundamental part of meeting the government objectives by 2020; the connection offer process is regulated by the CER and EirGrid does not choose which applications are processed. As the independent TSO in Ireland, EirGrid adopts a market neutral approach to the range of different generation technology options available. Nonetheless, in accordance with the appropriate legislative requirements, EirGrid is working to fulfill its mandate and support government policy.

Meitheal na Gaoithe and Art Generation

"The plan does recognise the important and growing role of renewable energy, as this country moves towards producing some 40% of its electricity from those sources by 2020, primarily from wind energy projects. This is mentioned in the Introduction, and elaborated on in section 3.2.2 on Pages 34-35.

However, the approach is one focused purely on the binding national targets. The Plan sets out the measures to develop the Transmission system believed to be necessary to achieve wider national objectives, including meeting those renewable energy targets. Experience to date suggests that the measures foreseen will be completely inadequate, even if they were delivered on time. That is because the circumstances in which wind energy projects are obliged to connect and operate compromise their viability, meaning that they cannot be built.

This arises from three main issues:

- severe delays in connecting projects via their shallow assets, which can amount to 15 years from the date of the original connection application;

- further long periods of delay in achieving firm access, which can add another 5 years or even more;

- even after nominal firm access, the ongoing imposition of constraint and curtailment of wind projects of unknown extent, which undermine the payment of supports.

All of these issues arise as result of inadequate grid development in the widest sense of that phrase (ie: including operational measures)."

EirGrid's Response

The TDP forms part of EirGrid's statutory and licence obligations. The primary objective of the TDP is to outline the reinforcements planned for the next 10 years and to raise awareness of those reinforcements. The TDP does not purport to be a strategy-forming nor a policy-forming document and only seeks to record the state of play at a moment in time.

The scope of the TDP does not extend to commenting on or discussing connection related issues or the viability of wind energy projects. Connection related issues are dealt with through the established Group Processing Approach. Information regarding firm access is updated on the EirGrid website[2]. The dispatch down of renewable generation is being actively managed and mitigated by EirGrid; please see EirGrid and SONI's 2011 Curtailment Report[3].

EirGrid refutes the suggestion that the grid has been inadequately developed. EirGrid has and is developing the grid in order to have network reinforcements in place as the reinforcement needs arise taking cognisance of lead-times associated with these projects. EirGrid always has and continues to develop and operate the grid in accordance with its statutory and licence obligations.

[2] http://www.eirgrid.com/customers/gridconnections/generatorconnections/firmaccessquantities/

[3] http://www.eirgrid.com/media/2011%20Curtailment%20Report.pdf

8. NETWORK REINFORCEMENT DELIVERY - PROJECT RISK

IWEA

"The risk associated with projects should be identified (i.e. N-S interconnector indicates 2016 initially and having changed to 2017 post data-freeze. The risk of this date not being met given the projects current status is extremely high. IWEA would contend this will be delivered in fact much later and would request that reasonable timeframes are set for all projects). It should be noted that the generator bears the risk of delays to transmission infrastructure and information regarding the risks should be made available."

EirGrid's Response

Project implementation risk exists from the moment a project is conceived. EirGrid's risk management plans and processes seek to identify, analyse, respond, monitor and control project and programme risks as part of the management and governance of the Grid25 programme. These processes facilitate the management of high risk project dependencies and critical path issues within the context of a changing environment.

Project completion dates in the TDP are forecasts based on the best project information available at the time of the data freeze date. Certainty with regard to completion dates increases as a project moves through the various phases in its lifecycle. The project schedule at the concept stage is developed based on standard lead times for generic project types. As a project moves forward a detailed schedule is developed, milestones are achieved and greater certainty as to the completion date exists.

Regarding the provision of project risk information - EirGrid will investigate on how best to report on project risk in aggregate in future TDPs.

IWEA

"Details on the success of project roll-out to date based on dates provided in previous TDP's should be provided. This will enable stakeholders to have a reasonable estimate of future success."

EirGrid's Response

Regarding the provision of information on project roll-out/success - EirGrid, while reviewing how best to report on project risk, will also investigate on how best to report on project rollout/success in future TDPs.