

# TSO Local Security of Supply

Multi-Year Incentive Plan 2023-2027

Consultation Response Paper

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## Abbreviations

BGE	Bord Gáis Energy
CAP	Climate Action Plan
CRM	Capacity Remuneration Market
CRU	Commission for Regulation of Utilities
DAO	Distribution Asset Owner
DSO	Distribution System Operator
DS3	Delivering a Secure Sustainable Electricity System
ESBN	Electricity Supply Board Networks
ESB GT	ESB Generation and Trading
LSoS	Local Security of Supply
NDP	Network Delivery Portfolio
PR5	Price Review 5
RES-E	Renewable Energy Source - Electricity
SOEF	Shaping Our Electricity Future
TAO	Transmission Asset Owner
TOP	Transmission Outage Programme
TDP	Transmission Development Plan
TSO	Transmission System Operator

## 1. Introduction

EirGrid as Transmission System Operator (TSO) published a consultation paper on 8<sup>th</sup> February 2023<sup>1</sup> seeking interested parties' views on the proposed structure of and approach to the TSO's Local Security of Supply (LSoS) multi-year incentives plan 2023-2027. The consultation remained open until 8<sup>th</sup> March 2023 and included the following consultation statement and question for consideration by stakeholders:

*As per CRU/20/154 (section 7.11) the purpose of the Local / Dublin Security of Supply incentive is to ensure that the electricity supply to Dublin would not be materially impacted by the loss of generation in the area. EirGrid has developed a programme of planned infrastructure developments with the aim of maintaining a secure electricity supply in the Dublin and greater Dublin regions.*

*Do you have comments on the infrastructure delivery metrics to achieve this aim as part of Local / Dublin security of supply multi-year plan?*

The consultation paper contained a proposed methodology to incentivise and assess the TSO's LSoS incentive during 2023-2027 using a multi-year Balanced Scorecard approach as requested by CRU. The TSO will submit an updated multi-year plan to the CRU on an annual basis.

The TSO takes a consultative approach to infrastructure delivery and this paper outlines the TSO's consideration of and responses to the feedback provided. We would like to take this opportunity to thank and acknowledge the inputs and constructive feedback of the consultation respondents. For practical reasons, consultations are conducted on one specific topic or area of activity at a time. Where the feedback received is within the scope of this consultation, a detailed response is provided. However, the TSO also appreciates that overlapping issues between various consultations and strands of activity are inevitable. Stakeholder feedback received as part of this consultation, that is not specific to the LSoS incentive arrangements and outside the scope of this response, has been brought to the attention of relevant teams in the TSO.

In the following sections we summarise and respond to the submissions received.

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<sup>1</sup><https://consult.eirgrid.ie/consultation/eirgrid-pr5-localdublin-security-supply-%E2%80%93-multi-year-plan-2023-2027-consultation>

## 2. Consultation Responses

The consultation respondents welcomed the opportunity provided by the LSoS consultation process to comment on the PR5 LSoS multi-year incentive plan. The TSO is pleased that there is support for the consultative approach taken to the development of the LSoS incentive and we will continue to work with relevant parties.

Responses to the LSoS incentive consultation were received from two organisations;

1. Bord Gáis Energy (BGE)
2. ESB Generation and Trading (ESB GT)

The following sections provide an overview of the submissions received and our responses to the issues raised.

### 2.1 Bord Gáis Energy

#### **Comments Received:**

With regard to the 2023 LSoS plan BGE stated that:

*“It needs to be more clearly demonstrated to stakeholders that the work behind this incentive is fully aligned to the vision for the incentive outlined in section 7.11 of the PR5 Decision.”*

*“The PR5 Decision also requires the TSO to “clearly identify the underlying technical scarcities responsible for the constraints such that technology-neutral service definitions can be developed”. It is not evident in the plan that this has been included and we ask the TSO to update the plan accordingly.”*

*“We ask that the projects in the plan are updated against the CAP 2023 targets”.*

#### **TSO Response:**

The TSO advises that the specific programme of transmission projects included in the LSoS incentive plan for 2023 is aligned with the strategic objectives of the PR5 decision contained in CRU/20/154, section 7.11. The TSO’s outturn reporting for 2022 and 2023 for this metric will demonstrate how the TSO is advancing the right transmission projects across different categories, tranches and timeframes to ensure that local security of supply is maintained and secured in the Dublin region.

The Capacity Remuneration Mechanism (CRM) and the Dublin Locational Capacity Constraint (LCC) in the CRM, sets the minimum generation that is required to meet the demand in Dublin and ensure the security of supply for the Dublin region. The TSO is progressing several grid reinforcements in the greater Dublin region (including the “Powering Up Dublin” programme) and outside the greater Dublin region, which will support the security of supply across the transmission network, facilitating west to east power flows into Dublin. The CRM and LCC for Ireland, Northern Ireland and Dublin are critical for ensuring security of supply across the island and in Dublin.

The TSO will also incorporate and demonstrate additional aspects relating to LSoS in its outturn reporting, as requested by CRU, which further aligns with the strategic aims of this incentive.

## 7.11 Local Security of Supply

### Objective

The CRU highlighted the importance of resolving the local security of supply issues within its PR5 Strategic Objectives. Given the significant forecasted growth in demand in the Greater Dublin Region, constraints in the Dublin Region represent a security of supply risk. The aim of this incentive is for the TSO to demonstrate progress in addressing and managing key transmission network security of supply / constraint areas during PR5.

### Comments Received:

With regard to the chosen solutions BGE stated that:

*“the optimum solution from the perspective of costs and time given the negative impacts to both that some solutions can give.....given however the increased level of cost and longer delivery schedules the installation of these underground cables incur, we ask the TSO to demonstrate in a Cost Benefit Analysis (CBA) that the choice of underground cabling is the best solution in each of the projects where it is identified”.*

### TSO Response:

The TSO advises that investment decisions are made at the end of steps 1-3 of its framework for Grid Development following a rigorous assessment which includes using a multi-criteria decision-making approach within the six-step process. The appropriate solutions are then progressed through the consenting, detailed scoping and design phases to construction and project delivery with ESB Networks.

### Comments Received:

With regard to the coordination with the DSO BGE stated that:

*“we believe that the Plan does not provide clarity on the co-ordinated approach by the TSO with the DSO on the security of supply in the Dublin region.”*

### TSO Response:

The TSO advises that it regularly consults and coordinates plans with the Distribution System Operator (DSO). As part of the feedback to EirGrid Shaping Our Electricity Future public consultation in 2021 the DSO highlighted to EirGrid its emerging needs in the Dublin area. In November 2021, following the consultation period, EirGrid published the final Shaping Our Electricity Future report which included high level plans to cater for these new bulk supply points (BSPs) in the Dublin area. Since then, EirGrid has continued to engage extensively with the DSO on these DSO related needs and throughout the internal investment planning stages in order to bring forward specific DSO driven security of supply projects to EirGrid capital approval in step 3 of the Framework for Grid Development. Several network reinforcements are planned in the Greater Dublin Area, in addition to the projects in the “Powering Up Dublin” Programme. There are a number of other major projects that will also support and ensure transmission adequacy and security of supply, namely Kildare-Meath Grid Upgrade (CP0966), and East Meath-North Dublin Grid Upgrade (CP1021) and multiple new Bulk Supply Point projects and (associated circuits) in North County Dublin, West County Dublin, North Wall and Dublin Central. These projects received Gateway 2 approval in 2022.

### **Comments Received:**

With regard to the prioritisation and project delivery BGE stated that:

*“the delivery period for the changes needed to the network to deliver the government RES and decarbonisation targets is tight. Projects need to be prioritised for the impact they will have on a net-system benefit basis of lowering constraints, lowering losses, improving security of supply, and the integration of RES generation into the Greater Dublin region at an optimal cost to the consumer.”*

### **TSO Response:**

The TSO publishes status information on all projects included in SOEF in its Network Delivery Portfolio (NDP) on its website on a quarterly basis as part of the enhanced PR5 reporting obligations under CRU/20/154.

The key priority projects and work programmes that the TSO and TAO are implementing annually to deliver upon the 2030 targets are included in the NDP. The NDP is the most ambitious programme of works ever undertaken on the transmission system in Ireland. The Q4-22 NDP includes 357 projects for completion from now until 2030, which will connect significant volumes of offshore and onshore wind, solar and conventional generation. The NDP is a dynamic portfolio and new projects are added on the regular basis arising from an assessment of their needs. It is also an appropriate tool to monitor the advancement of these projects. This work will also reinforce the power system, enhance security of supply and implement the projects contained in Shaping Our Electricity Future to support the future economic and social development of our country.

### **Comments Received:**

With regard to the relative weighting of the LSoS metrics BGE stated that:

*“we believe there is not enough weighting given to Metric 1 (T-3/T-4 Non Contestable Project Delivery) currently proposed at 30%. We believe the delivery of the T-3/T-4 Non Contestable Projects are a key support to the short/ medium term deliverables for the Greater Dublin region in delivering increased energy to the region as well as connecting potential system service providers to support the planned greater penetration of offshore RES generation to the region. We suggest at least an equal weighting to both these deliverables.”*

*“Also, we ask that double-incentivisation of TSO performance is avoided in the Stakeholder and Public Engagement category where engagement activities may be incentivised here as well as in the wider Stakeholder Engagement Plan for EirGrid. We ask that incentives are paid only once for performance improvement, and not paid again in other incentive areas.”*

### **TSO Response:**

The TSO has reassessed the relative weighting of the metrics and has amended the plan to balance the importance of the T-3/T-4 Non Contestable Project Delivery. This ensures that these project delivery aspects have equal weighting. The amended table below has been included in the TSO’s final proposal of the LSoS incentive plan 2023 as submitted to the CRU.

<b>Metric No.</b>	<b>Area</b>	<b>Weighting</b>
1	Generation Connections (T-3/T-4 Non-Contestable Project Delivery)	40%
2	Major Project Delivery including Dublin Programme	40%
3	Planning & Environment	10%
4	Stakeholder & Public Engagement	10%

The TSO believes that it is appropriate to include a stakeholder and public engagement aspect to the overall LSoS incentive given the strategic importance of these communications to the deliverability of the Dublin transmission infrastructure programme. This does not represent double incentivisation. The TSO appreciates that overlapping issues between various consultations and strands of activity are inevitable however in this case these are seen as complimentary rather than duplication of efforts.

## 2.2 ESB Generation and Trading

### **Comments Received:**

With regard to the T-3 /T-4 Non-Contestable Project Delivery ESB GT stated:

*“Greater clarity is needed in the consultation paper to illustrate how both the CRU Programme of Action and EirGrid Local SoS are different.”*

### **TSO Response:**

The TSO advises that the major differences between the two programmes in respect of project delivery is that the majority of project delivery measures in CRU Programme of Actions are temporary or near-term in nature, such as the provision of Temporary Emergency Generation, and that the delivery of T-3 /T-4 capacity auction projects and major system reinforcement projects are included in the TSO’s LSoS incentive multi-year plan. Security of supply is a broad topic and the TSO’s LSoS incentive multi-year plan is focused on the delivery of different aspects or perspectives than those contained in the CRU Programme of Actions. The stated aim of the CRU Programme of Actions 2021 had a focus on a programme “over the following four or five years” whereas the TSO’s Network Delivery Portfolio spans this delivery period and a longer timeframe.

### **Comments Received:**

With regard to the Clarity on Projects for Performance Assessment ESB GT stated:

*“greater information on the underlying technical scarcities responsible for the constraints needs to be provided otherwise it is not clear if the actions being taken are in line with the CRU’s PR5 decision.”*

*“Additionally, there is a requirement that “the TSO submission should outline the market-based approaches they have taken and identify improvements to be made in the operational measures undertaken”. The information on this appears to be missing from the TSO submission.”*

### **TSO Response:**

The TSO advises that the specific programme of transmission projects included in the LSoS incentive plan for 2023 is aligned with the strategic objectives of the PR5 decision contained in CRU/20/154, section 7.11. The TSO’s outturn reporting for 2022 and 2023 for this metric will demonstrate how the TSO is advancing the right transmission projects across different categories, tranches and timeframes to ensure that local security of supply is maintained and secured in the Dublin region. The Capacity Remuneration Mechanism (CRM) and the Dublin Locational Capacity Constraint (LCC) in the CRM, sets the minimum generation that is required to meet the demand in Dublin and ensure the security of supply for the Dublin region. The TSO is progressing several grid reinforcements in the greater Dublin region (including the “Powering Up Dublin” programme) and outside the greater Dublin region, which will support the security of supply across the transmission network, facilitating west to east power flows into Dublin. The CRM and LCC for Ireland, Northern Ireland and Dublin are critical for ensuring security of supply across the island and in Dublin. The 2022 CRU Balanced Scorecard is weighted towards infrastructure measures, which aligned with the TSO’s proposal and focus for 2022, the TSO considers the same approach to be reasonable for 2023 and as a result the TSO proposal reflects this.

### **Comments Received:**

With regard to the Powering Up Dublin Programme (CP1021) ESB GT stated:

*“Firstly, in relation to the PR5 TSO PR5 Local/Dublin Security of Supply, it isn’t clear how this project can form part of the incentive scoring if the sole aim is to displace fossil fuelled generation with renewables rather than the removal of the CRM constraint and/or ability to manage (orderly) exit of one unit.*

*Secondly, and more importantly, this statement seems at complete odds with (1) the delivery of T-3/T4 fossil fuelled generation projects and (2) a market-based approach to solutions as it seems to be discriminating against existing Dublin based conventional assets for Renewable and Rest of Ireland based units. ESB GT is concerned that such an incentive would be incorporated by EirGrid and compensated by the CRU. ESB GT is seeking clarity on how this project can be included in the Major Project Delivery metric.”*

### **TSO Response:**

CRU2022989, section 10, Local Security of Supply, states that the success of this incentive by the end of PR5, i.e., by 2025, should include the removal of the CRM constraint and/or the ability to manage (orderly) exit of one unit. The TSO’s understanding of this is that the CRU is ultimately aiming to remove the CRM constraint i.e., bringing the Dublin LCCA to 0 MW. The CRM mechanism and the Dublin Locational Capacity Constraint (LCC) in the CRM, sets the minimum generation that is required to meet the demand in Dublin and ensure the security of supply for the Dublin region. In order to remove the CRM constraint, the demand in Dublin would be required to be met by generation located outside of Dublin.

The TSO is progressing several grid reinforcements in the greater Dublin region (including the “Powering Up Dublin” programme) and outside the greater Dublin region, which will support the security of supply across the transmission network, facilitating west to east power flows into Dublin. For instance, the East Meath to North Dublin Network Reinforcement is a proposed development that will help remove a constraint to the transfer of electricity in the east of the country, in between the east of Meath and the north of Dublin. This means the power produced elsewhere in the country, for example renewables or more efficient conventional generation, is transported to where it is needed around Clonee, Corduff, Finglas, and Belcamp on transmission circuits. To solve this emerging issue, the transmission network needs to be strengthened between Woodland in east Meath, and the Corduff, Finglas and Belcamp substations in north Dublin. This is further detailed in the Transmission Development Plan.<sup>2</sup> There has been 2468 MW of awarded capacity (new and existing) for the Dublin region, which provides for the orderly exit (or equally the non-delivery) of one unit of up to 368 MW de-rated, which exceeds the size of the largest unit in Dublin.

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<sup>2</sup> [Transmission Development Plan](#)

### 3. Conclusion

The TSO would like to thank those who responded to this consultation, which was specifically to receive feedback on our LSoS multi-year plans for 2023-2027 as set out in the consultation paper from February 2023.

All responses were reviewed and considered and the TSO agrees that having considered the responses received that the multi-year plan will be amended with the following change:

- The relative weightings of the metrics have been amended in section 4.2 of the final LSoS incentive plan document.

In addition, relevant feedback will be noted and will be considered for our future plans as we continue to enhance our LSoS multi-year plan.

Following engagement with the CRU, the multi-year plan has been amended to also include further detail on the milestones and activities applicable to the 2023 deliverables.