

TSO Strategic Objectives

Multi-year Plan 2022-2026
Consultation Response Paper
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1. Introduction

This paper responds to the feedback received, by EirGrid, as Transmission System Operator (TSO), to the public consultation on the multi-year for the Strategic Objectives incentive under Price Review 5 (PR5) for the period 2022-2024 as well as 2025 and 2026 at high level¹.

The consultation sought the views of stakeholders on whether the proposed approach is aligned with the objectives of the TSO Strategic Objective Incentive per the PR5 Regulatory Framework set out in CRU/20/154.

EirGrid believes that consultation and engagement are core and essential business activities. They provide stakeholders with the opportunity to participate in a meaningful way and help us understand and where possible incorporate or address stakeholders' comments.

EirGrid welcomes the responses received, the content of which was broadly complimentary of the content and format of the proposed approach.

2. Background

CRU/20/154 Decision Paper contains direction and guidance to EirGrid as the TSO on incentives and reporting arrangements for the PR5 period, 2021-2025. The objective of the CRU's PR5 reporting and incentives, as per the Executive Summary of CRU/20/154, is to ensure that network companies are focused on delivering better outcomes for customers; using innovation to deliver services more efficiently; and meeting key national strategic objectives.

Further to this, as per Section 7.10 and Annex 11 of CRU/20/154, the CRU has identified three key areas for consideration when proposing the TSO Strategic Incentives - facilitating a secure low carbon future; increasing efficiency and protecting customers; and anticipation of future investments.

These objectives are strongly aligned to the EirGrid Group Strategy and to the initiatives and actions that we are now implementing to deliver it. Guided by these, EirGrid published a paper TSO PR5 Strategic Objectives multi-year plan 2022-2026² for consultation which ran from 12 November 2021 to 10 December 2021. In the consultation document EirGrid sought views of stakeholders on whether the proposed approach is aligned with the objectives of the TSO Strategic Objective Incentive per the PR5 Regulatory Framework as set out in CRU/20/154. In the consultation document EirGrid outlined key deliverables for the 2022, 2023 and 2024 calendar years. The future years of this plan will be refined as part of the rolling annual submission of the multi-year incentive proposal.

Thank you to all those who responded to this consultation. All responses have been reviewed and considered. We received a total of four responses from the following organisations:

- Wind Energy Ireland (WEI)
- Demand Response Association of Ireland (DRAI)

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

² <https://www.eirgridgroup.com/site-files/library/EirGrid/PR5-Strategic-Objectives-Multi-Year-Plan-Consultation-Paper.pdf>

- Bord na Móna (BnM)
- Bord Gáis Energy (BGE)

Where possible, we have updated the TSO Strategic Objectives Multi-Year Plan for 2022-2026 with your feedback. In addition, relevant feedback that was not incorporated will be considered for inclusion of future multi-year plans. Finally, some comments received related to matters outside the scope of the consultation. As a result, these comments have not been addressed in this consultation response document.

3. Related Documents

The main documents that will be of benefit when reviewing this paper are the following:

- [CRU/20/154 - Reporting and Incentives under Price Review 5](#)
- [TSO PR5 Strategic Objectives multi-year plan 2022-2026 – consultation paper](#)

4. Consultation Responses

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

4.1. Wind Energy Ireland

In general, WEI support the proposed work areas and structure in the plan, but also emphasise that the workstreams in this plan must be considered in the context of the updated national policy target of 80% RES-E by 2030. With regard to the section ‘How we manage Network Constraints’ of PR5, the respondent is very supportive of the initiative to increase grid capacity, improve the efficiency of the network and facilitate the build out of renewables.

WEI stated: *“the TSO/TAO cooperation will be essential to the success of these initiatives and welcome in subsequent reports how TSO/TAO joint working approaches improves delivery time and what project is delivered”*.

With regards to the section on operations, WEI welcome the operational policy roadmap and hope to be able to engage on the development and output of this and build on what has worked well so far in the DS3 programme.

EirGrid Response:

EirGrid welcomes and appreciates the responses from Wind Energy Ireland, which generally support the proposed plan and provide positive feedback on the work areas and the structure of this plan.

In relation to the comment regarding the consideration of the 80% target, the Climate Action Plan 2021 included an action for EirGrid to undertake the studies to ensure that the increased 80% target was assessed from a networks, operations and markets perspective. It is envisaged that any update to the Shaping Our Electricity Future roadmap would be incorporated into future multi-year plans.

While outside of the scope of this consultation, we fully agree that TSO/TAO co-operation is a critical element. We would note in addition to the programme of work outlined under the Strategic Objectives

incentive, there are two joint incentives that focus on the collaboration between the TSO/TAO and TSO/DSO.

Respondent's comment:

For the section on engagement, WEI stated: *"we support the engagement activities outline but concerned that engagement with renewable industry is not specified or given enough emphasis in the plan"*.

EirGrid Response:

We recognise that stakeholder engagement is critical, however upon balanced consideration of the responses received to this consultation and further engagement with CRU on the 2021 Strategic Objectives incentive, we have opted to remove the engagement workstream from the Strategic Objective incentive multi-year plan. Whilst we will be retaining a focus on delivery in this area given its importance to achieving the goals set out for PR5 and beyond, it has been determined that the incentives for such activity will fall under the Stakeholder Engagement incentive.

4.2. Demand Response Association of Ireland

In its response, the DRAI recognised the pivotal role of the TSO in delivering outcomes in the electricity sector and emphasised the need for the TSO to have sufficient resources to deliver the required transmission system transformation. DRAI states: *"the DRAI agreed with the strong emphasis placed on uncertainty and flexibility within PR5. We recognise that significant levels of change will occur on the power system over the time period, in terms of national and international policy, technical advancements and the challenges of delivering world leading RES-E targets"*.

DRAI further noted that there is a significant amount of overlap between the items listed in this multi-year plan and those outlined in other consultation documentation on incentives related to imperfections and constraints and RES-E. While the PR5 incentive framework is intended to be outcome-based, there is merit in clearly linking the planned activities to the outcomes referenced under each distinct incentive

EirGrid Response:

EirGrid welcomes the response from the DRAI, which agrees with the proposed approach.

4.3. Bord na Móna (BnM)

EirGrid welcomes BnM response to the consultation document.

With regard to the Networks section on the proposal, *BnM notes: "BnM believe that it is important that the Island of Ireland implements innovative solutions such as non-wires grid forming technology to the greatest extent possible – and develops clearly laid plans to trial and implement same. We welcome the inclusion of this workstream in the networks incentive."*

BnM also notes: *"It is clear from the paper that the TSO recognises the need for a transformational step change in the volume of network reinforcement delivered across the transmission network. This is required to support the delivery of the Renewable Ambition in an efficient and effective manner". Bord na Móna fully endorses this statement and its' sentiment."*

The response further notes: *"BnM believes that adaption of innovative solutions including non-wires grid forming technology to the greatest extent possible is fundamental in achieving our RES-E targets. To do this, plans to trial and implement innovative solutions beyond the QTP would be welcome."*

EirGrid Response:

As referenced in BnM response, the adoption of innovative solutions including non-wires grid forming technology is important to achieving the RES-E target whilst the purpose of the Qualification Trial Process (QTP) is to enable new technologies to prove their system services capabilities and to enable participation in the Central Procurement Process for the DS3 System Services Regulated Arrangements. It also assists the TSOs in the development of new codes and standards for new technology classes, and new processes and procedures for the commissioning and testing of new technologies. At the end of January 2022, EirGrid and SONI concluded a [Call for Information](#) process in which we sought stakeholder views on the current QTP process and areas the TSOs should focus on for the future. In that Call for Information paper, we set out our view that there remains potential trials that could be undertaken covering areas such as hydrogen-based technology, hybrids, and grid forming technology. We are currently reviewing the responses received to that process which will help inform the future of the QTP.

Separately, EirGrid and SONI published our [2021 Annual Innovation Report](#). This report captures the innovative programmes that have progressed during the 2021 calendar year, as well as the future potential for these programmes. In addition, some proposed future innovative programmes are introduced for the first time including a Flexible Network Strategy which would involve live demonstrations/trials of new non-wires technologies (subject to regulatory funding).

Respondent's comment:

BnM is supportive of the deliverables identified under the markets incentive to enable the evolution of the current market design to achieve the 2030 targets. BnM also referenced the SEMC consultation on the High-level design for system services future arrangements in its response.

EirGrid Response:

BnM made reference to the SEMC consultation on the High Level design for system services future arrangements in its response. The SEM Committee has recently published its System Services Future Arrangements High Level Design³. Following this the Detailed Design phase of the Future Arrangements will commence. Going forward the multi-year plan will continue to reflect the SEMC decisions on Future Arrangements.

Respondent's comment:

For engagement, BnM commended *“the inclusion of a specific incentive related to increasing EirGrid’s engagement with key stakeholders to socialise the need for grid project and to foster support at grass roots level is encouraging. This targeted work should help to increase community acceptance of infrastructure projects ultimately benefiting consumers, the TSO and developers.”*

EirGrid Response:

BnM in general supports and provided positive feedback in response to the proposed approach to the TSO Strategic Incentives and the specific incentive related to increasing EirGrid’s engagement with key stakeholders to socialise the need for grid project and to foster support at grass roots level. Stakeholder engagement is a valued component and we welcome BnM comments however on reflection and feedback received more broadly we have determined that engagement is more appropriately incentivised under the stakeholder engagement incentive.

³ <https://www.semcommittee.com/publications/sem-22-012-system-services-future-arrangements-high-level-design-decision-paper>

4.4. Bord Gais Energy

Respondent's comment:

The response from BGE proposes that the planned strategic objective milestones and measures should demonstrate the appropriate path to ensure delivery of the 2030+ targets in a manner that delivers optimum value for consumers from a cost and service perspective and provide existing and new investors with confidence around market access and opportunities. BGE stated that the current plan must have clear milestones around actions and target outcomes at a minimum for 2022 in detail and at a higher level for each of the next three years to allow a robust year-end assessment of delivery against those that warrants payments of the incentive.

BGE sought further details on the milestones to be delivered across the PR5 period against the wider Shaping Our Electricity Future (SOEF) expectations, the SOEF is a plan for achieving 70% of renewables in electricity by 2030 so the actions/ milestones in these Strategic Objectives should take account of the increased ambition for up to 80% renewables in electricity by 2030, the specific measures against which annual delivery can be measured and how the PR5 milestone will evolve into PR6 milestone forming the basis for the longer-term achievement of the 2030 aims.

EirGrid Response:

The overarching response from BGE is that the approach should align with the Shaping our Electricity Future roadmap. We would fully agree with the sentiment outlined in the BGE response and would note that the milestones in each year of the roadmap do align with those in the SOEF roadmap. The Climate Action Plan 2021 included an action for EirGrid to undertake the studies to ensure that the increased 80% target was assessed from a networks, operations and markets perspective. It is envisaged that any update to the Shaping Our Electricity Future roadmap would be incorporated into future multi-year plans.

Respondent's comment:

With regard to the networks workstream, *BGE proposes "the Plan should demonstrate the 2022 milestones and measures for delivering the network capacity availability studies, and publishing the initial onshore grid plans demonstrating impacts from expected offshore grid development and growth in interconnectors, and the proposed plans to alleviate these impacts"*.

EirGrid Response:

As noted in the draft multi-year plan document, the offshore workstreams are being progressed via separate initiatives and hence are not covered under the approach for the strategic incentives.

Respondent's comment:

In regards to the operations workstream, BGE notes: *"We consider that the Plan milestones and measures for Operations in 2022 must plan for an earlier provision of the product definitions and high-level design of the SSFA, and the provision of updated SSFA product volumes requirements from the initial volumes provided in December 2021."*

EirGrid Response:

The SEM Committee has recently published its System Services Future Arrangements High Level Design. Following this the Detailed Design phase of the Future Arrangements will commence. Going forward the multi-year plan will continue to reflect the SEMC decisions on Future Arrangements.

Respondent's comment:

On the markets workstream, BGE stated: “...the Markets area of the Plan for 2022 needs to show milestones and measurables delivering the scoping requirements for the System Services Future Arrangements (SSFA), participant involvement with the principles and concept of the Capacity Market alignment with a high-RES world and system requirements, and the integration of the SEM into the GB market and forwards trading on the interconnectors”.

EirGrid Response:

In relation to the level of detail presented on the deliverables, we consider that sufficient detail is provided at this juncture to enable an assessment of delivery to be made at the end of each year and we also propose to continue to further refine each year as part of the annual submission of the multi-year incentive proposal.

Respondent’s comment:

Referring to the section on Engagement, BGE stated: “we believe that incentivisation of engagement under the Strategic Objectives should only be for those areas of engagement that are new for the TSO due to the transition to a low carbon energy system such as the engagement and encouragement needed to develop Energy Communities or Active Customers.”

EirGrid Response:

With regards to the engagement workstream, we see engagement as a critical element of the required activities to deliver on 2030 targets and beyond, and that the majority of items outlined under the workstream are new to the TSO. However, noting the points raised by BGE in its response and after further consideration we have decided to remove this workstream from the Strategic Objectives proposal.

5. Summary of Responses

Four responses were received in total to the consultation on the PR5 Strategic Objective Multi-Year Plan Consultation, from Wind Energy Ireland, the Demand Response Association of Ireland, Bord na Mona and Bord Gáis Energy. In general, their views on whether the proposed approach is aligned with the objectives of the TSO Strategic Objective Incentive per the PR5 Regulatory Framework set out in CRU/20/154 were positive and in support of the approach and its alignment with the objectives for the incentive as outlined by CRU.

WEI supported the proposed work areas and structure in the plan. WEI noted that it is essential industry and EirGrid cooperate closely to deliver and integrate the renewable generation, and supporting technologies, needed to meet our decarbonisation goals. They welcome the rollout of new technology solutions and non-wires solutions to enhance grid capacity and the need for capacity market reform and alignment with our longer-term decarbonisation objectives.

DRAI in their response recognised the pivotal role of the TSO in delivering outcomes in the electricity sector. Generally, feedback on the consultation were positive and according to DRAI activities proposed in the multi-year plan are welcomed and they are invested in the success of these initiatives which are needed achieve targets for decarbonisation in the coming decade.

BnM in their response fully endorse the plan and support the TSO PR5 Strategic Objective incentive proposal as it recognises the proposed workstreams are imperative to enable the low carbon transition and the delivery of the renewable ambition in an efficient and effective manner.

Finally, BGE, sought greater alignment of the plan with the SOEF roadmap and sought additional detail on the milestones to be delivered; the specific measures against which annual delivery can be measured; and how the PR5 milestones will evolve into PR6 forming the basis for the longer-term achievement of the 2030 aims.

In principle the consultation responses received evidently show that the EirGrid proposed approach aligns with the objectives of the TSO Strategic Objective incentive per the PR5 Regulatory Framework set out in CRU/20/154. We have ensured alignment between the proposed approach to the Strategic Objective incentive and the SOEF roadmap. Sufficient detail is outlined in the plan to enable an assessment of delivery to be made and subsequent revisions as part of the annual reporting process will enable the refinement of this plan as the various workstreams progress.

Finally we have remove the engagement workstream in our updated proposal submission to CRU to reflect feedback received and acknowledging that whilst the proposals outlined are strategic and a critical element of delivering the objectives as outlined by CRU in for the Strategic Objective incentive, there is an alternative incentive structure for stakeholder engagement under the PR5 incentive framework.