

**EirGrid position on issues raised by  
respondents to CER's consultation on  
EirGrid's proposal to calculate FAQs for  
Gate 1 & 2 (ref. CER/10/231)**



## Table of Contents

1	INTRODUCTION.....	3
2	ISSUES RAISED AND EIRGRID POSITION ON EACH.....	3
	2.1 Reasonableness of changing associated transmission reinforcements for Gate 1 & Gate 2 projects.....	3
	2.2 Developers should be provided with a contractually financially firm date for delivery of associated transmission reinforcements.....	4
	2.3 Frequency of future updates of FAQs and associated transmission reinforcements.....	4
	2.4 Clarification on why analysis for Gate 2 is likely to take 5-6 months.....	5
	2.5 Clarification on how EirGrid will communicate the results of its analysis to Gate 1 and Gate 2 generators.....	6
	2.6 Tests to determine associated transmission reinforcements should be robust and reflect the binding reinforcements that will drive material levels of constraint.....	6
	2.7 Clarification on the technical assumptions underpinning the FAQ analysis.....	6
	2.8 Clarification on how FAQs will be awarded.....	7
	2.9 No distinction should be applied between temporary and permanent connections when assigning FAQs.....	7
	2.10 Consideration should be given to special protection schemes being used to provide additional capacity (on a firm basis).....	8

## 1 INTRODUCTION

CER's consultation on EirGrid's proposal to calculate firm access quantities (FAQs) for Gates 1 & 2 (CER/10/231) closed on 21 January 2011. There were seven respondents to the consultation.

Briefly, EirGrid's proposal was as follows:

- For each generator calculate the actual currently available FAQ plus scheduled FAQs for each year up to the year that firm access is calculated to be available for the generator's full MEC (Maximum Export Capacity);
- Identify the transmission reinforcements associated with each generator's FAQ for each relevant year;
- Analysis will be based on the Incremental Transfer Capability (ITC) methodology used in Gate 3;
- Possible options for awarding firm access<sup>1</sup>:
  - (a) by application date order; or
  - (b) by sharing the ITC Program derived FAQs for an Area on a pro-rata or uniform basis;
- The timing of new network roll-out will be based on the most up-to-date information available and, where appropriate, will use standard lead-times;
- Analysis may give rise to a different set of transmission reinforcements to those originally associated with the Gate 1 and Gate 2 generators;
- The expected study timelines:
  - (a) Gate 1: 4-6 weeks from CER's final decision date; and
  - (b) Gate 2: 5-6 months from CER's final decision date.

The following summarises the relevant key issues raised and EirGrid's position (with supporting rationale where appropriate) on each.

## 2 ISSUES RAISED AND EIRGRID POSITION ON EACH

### 2.1 Reasonableness of changing associated transmission reinforcements for Gate 1 & Gate 2 projects

#### 2.1.1 Background

*Scheduled Deep Operational Dates* for a number of Gate 1 and 2 projects could be extended by a number of years if those transmission reinforcements<sup>2</sup> identified during the processing of a customer's application for connection are replaced with transmission reinforcements identified through EirGrid's process for identifying the transmission network projects associated with Grid25. Respondents assert that this re-association is untenable in terms of its impact on the risk profile and financing terms of Gate 1 and 2 projects.

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<sup>1</sup> Refer to Appendix B of EirGrid document 'Proposal to calculate interim Firm Access Quantities for Gate 1 and Gate 2 Generators (April 2011)' for detail on how these apportionment methods would work in practice

<sup>2</sup> Transmission reinforcements are also referred to as deep reinforcements

### **2.1.2 Proposed EirGrid Position**

EirGrid is currently working on a separate discussion paper on this issue. This paper is expected to be submitted to CER within the next c. 2-3 weeks.

## **2.2 *Developers should be provided with a contractually financially firm date for delivery of associated transmission reinforcements***

### **2.2.1 Background**

Currently developers carry the risk of potential delays in the delivery of network reinforcements.

### **2.2.2 Proposed EirGrid Position**

This matter is one of the issues under consideration in the SEM Committee's review of the principles of dispatch and market schedule design (document reference SEM-09-073).

## **2.3 *Frequency of future updates of FAQs and associated transmission reinforcements***

### **2.3.1 Background**

It has been a number of years since Gate 2 offers were issued and in that time no update to the associated transmission reinforcements has been provided.

### **2.3.2 Proposed EirGrid Position**

FAQ (and, if applicable, transmission reinforcement association) updates will be provided annually, commencing in 2011 for Gates 1 & 2 and from 2012 for Gate 3. Each year's analysis will determine for each relevant generator:

- (a) the currently available FAQ;
- (b) the *FAQ expected to become available during the current year* and the transmission reinforcement(s) associated with that FAQ; and
- (c) the scheduled FAQ for each year up to the year that firm access is calculated to be available for the generator's MEC and the transmission reinforcement(s) associated with each future year's scheduled FAQ amount.

With regard to this information the following needs to be noted:

- The *FAQ expected to become available during the current year* only becomes available when ALL the transmission reinforcements associated with that FAQ have been completed. In other words, the expected FAQ will not be realised during the current year if any one of the associated transmission reinforcements have not been completed.
- The *FAQ expected to become available during the current year* is subject to EirGrid's annual outage plan which is a dynamic plan that is subject to change. Outage scheduling is carried out on an annual basis and the outage plan for each year is finalised in March of the year to which it applies. It is quite a volatile plan and typically up to circa 30% of scheduled outages change or are rescheduled during the outage season (end March to end October).
- Scheduled FAQs are forecasted figures which may not reflect the actual FAQs available in future years<sup>3</sup>.

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<sup>3</sup> Influencing factors include any differences between forecast and actual demand growth and network infrastructure delivery timelines

- In accordance with the current Trading & Settlement Code rules, generators are themselves responsible for notifying SEMO of any changes in actual FAQ.
- Each generator will be responsible for notifying SEMO whenever the *FAQ expected to become available during the current year* becomes available i.e. when ALL the transmission reinforcements associated with that FAQ have been completed.
- EirGrid will provide information to generators on the status of transmission reinforcements scheduled within the current year which affect their FAQs.

Appendix A of EirGrid document 'Proposal to calculate interim Firm Access Quantities for Gate 1 and Gate 2 Generators (April 2011)' provides a detailed explanation of the practical implementation of the above.

### **2.3.3 Position Rationale**

The time required to gather data, prepare network models, undertake studies, perform analysis and formulate results means that a more frequent than annual update is not feasible.

The provision of information on the *FAQ expected to become available during the current year* ((b) above) is designed to cover those instances where a transmission reinforcement(s) is due to be completed during the current year, allowing a generator(s) to avail of the corresponding firm access provided by the completion of that transmission reinforcement(s) in SEM (Single Electricity Market).

## **2.4 Clarification on why analysis for Gate 2 is likely to take 5-6 months**

### **2.4.1 Background**

Respondents have questioned the time required to complete the FAQ and transmission reinforcement association studies for Gate 2.

### **2.4.2 Proposed EirGrid Position**

EirGrid believes that the following expected study timelines are appropriate:

- (a) Gate 1: 4-6 weeks from CER's final decision date (refer to section 2.4.3.1 below for more detail); and
- (b) Gate 2: 5-6 months from CER's final decision date.

### **2.4.3 Position Rationale**

#### **2.4.3.1 Gate 1**

EirGrid is currently finalising a review of the ITC methodology used for calculating FAQs (and associated transmission reinforcements) to ensure the applied tests are sufficiently robust. This review is not expected to be completed until end May 2011. Therefore, in order for any changes to the methodology to be incorporated into the Gate 1 analysis, this (Gate 1) analysis can not commence until week commencing 30 May 2011.

#### **2.4.3.2 Gate 2**

Gate 2 analysis can not commence until Gate 1 analysis is first completed. Therefore, the analysis time allotted to Gate 2 is between 3.5 and 5 months. The actual timeline will depend on the time required for Gate 1 analysis and the number of study years required for Gate 2. The proposed timeline for Gate 2 is rather ambitious considering that, for each of the 119 Gate 2 projects (totalling 1336 MW), EirGrid will be calculating (a) the currently available FAQ, (b) the *FAQ expected to become available during the current year* and the transmission reinforcement(s) associated with that FAQ and (c) scheduled FAQs for each year up to the

year that firm access is determined to be available for that project's MEC plus the transmission reinforcement(s) associated with those scheduled FAQs. For the avoidance of doubt, this work has been given top priority status within EirGrid.

## **2.5 Clarification on how EirGrid will communicate the results of its analysis to Gate 1 and Gate 2 generators**

### **2.5.1 Background**

Respondents have queried how EirGrid intends to communicate the results of its analysis to Gate 1 and Gate 2 generators.

### **2.5.2 Proposed EirGrid Position**

EirGrid will formally advise Gate 1 and Gate 2 generators by written correspondence. For distribution connected customers this will be done via the DSO (Distribution System Operator). Under the current rules of the Trading & Settlement Code each generator is responsible for advising SEMO (Single Electricity Market Operator) of any changes in its FAQ.

### **2.5.3 Position Rationale**

Formal written correspondence is considered appropriate.

## **2.6 Tests to determine associated transmission reinforcements should be robust and reflect the binding reinforcements that will drive material levels of constraint**

### **2.6.1 Background**

A number of the respondents expressed concern about the tests used to determine associated transmission reinforcements and whether these tests would lead to reinforcements being associated that would not drive material levels of constraint.

### **2.6.2 Proposed EirGrid Position**

EirGrid is currently reviewing its methodology for calculating FAQs (and associated transmission reinforcements) to ensure the applied tests are sufficiently robust. The outcome of this review will be used as the basis for future FAQ and associated transmission reinforcement studies (including the Gate 1 and Gate 2 studies).

### **2.6.3 Position Rationale**

EirGrid recognises the concerns expressed by respondents.

## **2.7 Clarification on the technical assumptions underpinning the analysis**

### **2.7.1 Background**

Some of the respondents queried some of the technical assumptions underpinning the FAQ analysis.

### **2.7.2 Proposed EirGrid Position**

The detail of the technical basis of the FAQ (and associated transmission reinforcements) analysis is captured in the document '*Technical assumptions to be applied in the calculation of Firm Access Quantities (FAQs) for Gate 1 and Gate 2 Generators*<sup>4</sup>.

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<sup>4</sup> This document is included as an appendix to EirGrid document 'Proposal to calculate interim Firm Access Quantities for Gate 1 and Gate 2 Generators (April 2011)'

### **2.7.3 Position Rationale**

Similar to Gate 3, EirGrid has documented the technical assumptions underpinning the FAQ/transmission reinforcement association analysis.

## **2.8 Clarification on how FAQs will be awarded**

### **2.8.1 Background**

EirGrid's original proposal<sup>5</sup> (which formed part of CER/10/231) outlines possible options for allocating FAQs to individual projects:

- (a) on an application date order basis; or
- (b) by sharing the total FAQ determined by the ITC Program<sup>6</sup> for an Area equally (or pro-rata) among all the respective Gate's projects located within that Area.

Appendix B of EirGrid document 'Proposal to calculate interim Firm Access Quantities for Gate 1 and Gate 2 Generators (April 2011)' provides a detailed explanation of each of these options.

### **2.8.2 Proposed EirGrid Position**

EirGrid is largely neutral on how FAQs should be awarded to individual projects within a Gate but does generally favour option (a).

### **2.8.3 Position Rationale**

Chronological ordering of applications has been a consistent methodology for determining which projects are included in the various Gates, having been the sole criteria for Gates 1 and 3 plus a key criterion for Gate 2. Additionally it was the basis for allocating FAQs in Gate 3. It is more straightforward to model and has been the basis of network access rights to date. Furthermore, the alternative approaches (outlined in (b) above) may give rise to some issues. For example, there may be local network problems that are uniquely linked to a sub-set of generators' FAQ within a region/Area, which could lead to these generators receiving a higher FAQ than would be the case under the strict application date order approach, and therefore could ultimately lead to higher constraint costs.

## **2.9 No distinction should be applied between temporary and permanent connections when assigning FAQs**

### **2.9.1 Background**

A number of Gate 2 generators are seeking temporary connections into the existing 110kV network in advance of the completion of the 220kV works associated with their permanent shallow connection.

### **2.9.2 Proposed EirGrid Position**

EirGrid's annual ITC analysis will assess the level of FAQ available for each generator at the respective transmission node to which that generator's (permanent) connection is fed from.

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<sup>5</sup> 'Proposal to calculate interim Firm Access Quantities for Gate 1 and Gate 2 generators (December 2010)'

<sup>6</sup> The generators would be added to, and tested by, the ITC Program on an application date order basis

There may be instances where the FAQ calculated to be available for a generator at the respective transmission node to which that generator's (permanent) connection is to be fed from can be availed of by that generator connecting to the same node on a temporary basis. It is proposed that these are considered by EirGrid on a case by case basis<sup>7</sup>.

### **2.9.3 Position Rationale**

Modelling generators in the ITC analysis at a different transmission node to which that generator's (permanent) connection is to be fed, even for a limited period of time, is a change from what was originally studied for Gate 2 and may detrimentally impact on the access rights (and dates) originally indicated to other Gate 2 generators. Furthermore, the purpose of temporary connections is not about the provision of firm access consistent with the long term development of the necessary transmission reinforcements but rather about enabling and facilitating early connection of generators pending the completion of their permanent shallow connection works. As noted above (2.9.2) there may be instances where the FAQ calculated to be available for a generator at the respective transmission node to which that generator's (permanent) connection is to be fed from can be availed of by that generator connecting to the same node on a temporary basis.

## ***2.10 Consideration should be given to special protection schemes being used to provide additional capacity (on a firm basis)***

### **2.10.1 Background**

SPSs have been used to reduce constraints in Republic of Ireland.

### **2.10.2 Proposed EirGrid Position**

For the reasons outlined below EirGrid does not propose to model SPS in its FAQ analysis for Gates 1 and 2.

### **2.10.3 Position Rationale**

The purpose of SPS is not about the granting of financially firm access consistent with the long term development of the necessary transmission reinforcements but rather about enabling and facilitating additional export by generators pending the completion of these reinforcements.

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<sup>7</sup> These assessments will not form part of the annual ITC analysis and will only be carried out following a generator's request to EirGrid. They will be desk-top based evaluations based on the System Operator's best judgment.