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By email: ronan.mckeown@uregni.gov.uk

Dear Ronan,

CONTESTABILITY IN CONNECTIONS: RESPONSE TO THE UTILITY REGULATORS CALL FOR EVIDENCE

1. INTRODUCTION

ABO Wind NI Ltd (ABO) is a subsidiary of a group wind farm development company headquartered in Wiesbaden, Germany (ABO Wind AG) which currently operates in 10 countries around Europe and South America. ABO have built and commissioned 70 MW of wind generation plant in the Republic of Ireland (ROI). We constructed the first contestably built distribution connection in ROI and therefore have direct experience of the teething problems that can arise as contestability is introduced. We are also active in Northern Ireland where we have an established office in Belfast and are in the planning process or EIS preparation stage for numerous projects.

2. ABO EXPERIENCES WITH CONTESTABILITY

From a policy perspective contestability rules can be relatively simple. Contestability in ROI is asset based. Assets which are contestable and non-contestable are agreed as a point of policy. At a high level, the approach in ROI has been that communications, protection, metering and work in live stations are carried out on a non-contestable basis. Other assets can be contestably built. We would strongly recommend drawing on the available experience and documentation of UR's and SO's in both ROI and UK to expedite the process.

It has been our experience that contestability has resulted in significant time and cost savings. We have found the option of contestability to be a critical risk management tool for our projects. Developers are best placed to weigh the risks arising during the project management of grid delivery. The project value is a function of both cost and time and developers are better able to judge the circumstances under which it is appropriate to incur additional costs or cost risks to save time thereby optimising project values.

The first contestably built distribution connection that we worked on with the DSO in Ireland was a difficult process and there were a number of lessons learnt by both ourselves as developers and by the DSO. We engaged constructively to provide feedback at the end of the process and I understand that the lessons learnt were documented by the DSO. A number of key points that we took from the process would be as follows:

- i. Preparation of functional specifications in parallel with the introduction of policy rules is critical. Otherwise considerable additional time will pass before contestability would be a reality in practise.
- ii. Problems can arise on stations that involve both distribution and transmission assets where sections of the specifications are prepared independently by the TSO and DSO. We would suggest that it would be beneficial for NIE and SONI to work closely together to develop the clear specifications that interface correctly together.
- iii. It is critical that the assets being handed back to the SO's on completion of contestable works are to the standard expected by the SO's. This requires a clearly defined design review / approval process, an element of site supervision and a clearly defined quality assurance process. These should be incorporated and clearly documented in the functional specifications and indicative timelines for the each phase provided. Charging rules for these works should also be clear and transparent.

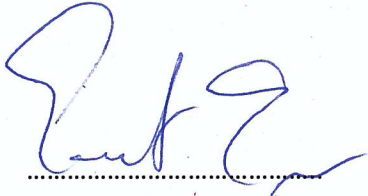
3. WIDER CONSIDERATIONS

Non-contestable grid delivery is currently slowing the deployment of renewable projects. This has a number of potential negative consequences for Northern Ireland

- i. It could impact on Government's ability to meet 2020 targets.
- ii. The benefit of reduced wholesale market prices associated with increased on shore wind penetration levels is curtailed.
- iii. Lost opportunities for local communities in terms of employment, commercial rates, and community benefit schemes.

4. SPECIFICATION & CHARGING ISSUES

The TSO / DNO should have flexibility to set functional specifications such that provision for future possible network requirements are considered in the interest of prudent system development. However where standards are set over and above those required by the specific connection a mechanism for compensating the IPP for the associated additional costs should be provided for.



Emmet Egan (Director)

ABO Wind NI Ltd

Enc. Questionnaire