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## **Brookfield Renewable Ireland**

### **Response to the Call for Evidence on the Review of Electricity Distribution and Transmission Connections Policy in Northern Ireland**

*Submission Date: 11 January 2017*

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Date: 11 January 2017

**RE: Call for Evidence on the Review of Electricity Distribution and Transmission Connections Policy**

Dear Sirs,

Brookfield Renewable welcome the opportunity to provide feedback on the Call for Evidence on the Review of Electricity Distribution and Transmission Connections Policy, published by the Northern Ireland Utility Regulator. This is an important issue for Brookfield Renewable, as well as the wider renewable energy industry, and we fully support the submission made by NIRIG in response to this Call for Evidence.

Brookfield Renewable Ireland is part of Brookfield Renewable Partners L.P., one of the largest publicly-traded pure-play renewable power platforms globally with over 10,700 MW of hydroelectric and wind capacity across 15 power markets and in excess of 470 MW of operating wind capacity with a 200 MW wind development pipeline in Ireland. Our power operating platform employs over 2,200 people globally, including full operating, development, construction oversight, and wholesale power marketing capabilities. In addition to operating a wind portfolio in the Single Electricity Market, Brookfield Renewable also actively trade power across the interconnectors between SEM and BETTA.

## Summary of Our Position

The principal question the Call for Evidence raises is whether and how connections policy should adapt to facilitate efficient connections. Brookfield consider the current connections policy and arrangements to be inappropriate and believe that a new connections process is required in order to grant reasonable access to the grid so that Northern Ireland's renewable energy and energy security objectives can be met.

- We believe that an enduring grid policy, which addresses grid connection and grid capacity, is required for Northern Ireland. It is essential that renewable energy projects have access to a grid connection and that there is sufficient grid capacity available to accommodate these projects. An enduring grid policy is critical

to facilitate project development, improve network capacity, reduce constraints, provide regulatory certainty and develop a route to a grid connection in Northern Ireland.

- In the short to medium term, planning permission should be a requirement for offering a grid connection. The removal of the planning permission requirement when applying for a grid connection has created a significant bottleneck and a largely inefficient system. We acknowledge however that legislative change is required in order to reverse this, which is a lengthy process. We therefore believe that a requirement for full planning permission at the grid connection offer stage is a suitable interim measure to ensure that grid connection offers and scarce network capacity is allocated to legitimate projects in the short to medium term. With this approach, grid connection applications can continue to be submitted without a requirement for planning permission so no legislative change would be required and offers for legitimate shovel-ready projects can be processed on an individual process while we await the enduring policy to be finalised.
- In the long-term an enduring policy is required. Brookfield's proposes that any grid capacity offer should be utilised within a specified timeframe, or according to enforceable milestones, to allow projects a reasonable length of time to achieve operation, after which the grid capacity should be re-allocated to other projects following release. This approach is similar to that outlined in the Progression Milestones Best Practice Guidelines published by the Energy Networks Association in which grid connection offers are only made when certain defined milestones are reached. This approach will minimise the number of speculative applications and grid hoarding and will ensure efficient allocation and release of available grid capacity.
- In parallel to the long-term grid connection policy, the enduring grid policy should also include a commitment to invest in and improve network capacity in Northern Ireland. There has been very slow development of the transmission reinforcements required to provide firm access to the wind farms which are contracted or connected and to minimise constraints. Continued efforts to improve network capacity need to be prioritised and transmission reinforcement needs to be strategically addressed. There is a strong future for renewable energy in Northern Ireland. Renewable Energy is essential to decarbonising Northern Ireland's electricity system, improving security of supply, lowering customer prices and helping to meet growing consumer demand. It is vital that there is sufficient capacity on the system to accommodate these projects and to ensure that renewables are part of the energy mix in Northern Ireland going forward.
- Increased flexibility is required in the system. This includes an over-installation mechanism of 20% for all projects, and not just Phase 1 projects, and also greater flexibility with regard to movement of grid capacity between projects. As-built capacity ratings should be applied and margins of safety reviewed in order to release pre-existing network capacity back into the system. This would maximise the efficient use of existing network infrastructure and minimise constraints.

- Regulatory changes are required to ensure a more efficient grid connection policy. We believe that the Utility Regulator should have increased decision making power and that legislative change should not be required to make changes to the connection policy. We feel this legislative process is inappropriate and leads to unnecessary delays in an already lengthy process. We recommend a review of the Utility Regulator's licence to assess its role in reviewing and approving connection policy, rather than just ensuring that current license requirements are properly implemented. This is of increasing importance given the ongoing changes to the design of energy systems, including the increased penetration of renewables, smart metering, storage devices etc. A robust regulatory framework needs to be in place to facilitate the system adapting to change in a timely fashion.
- Brookfield believe that clustering should be maintained as the approach for development of shallow transmission assets.

The Call for Evidence raised a number of questions which are addressed below:

### Q1 – Do you agree with these strategic priorities?

Brookfield agree with the strategic priorities presented in the Call for Evidence however would also include the following priorities:

- Stable and robust regulatory framework – We believe that the Utility Regulator should have increased decision making power and that legislative change should not be required to make changes to grid connection policy. This is of increasing importance given the ongoing changes to the design of energy systems, including the increased penetration of renewables, smart metering, storage devices etc. A robust regulatory framework needs to be in place to facilitate the system adapting to changes in a timely fashion and to ensure a more efficient grid connection policy is in place.
- Enduring grid policy – We believe that an enduring grid policy, which addresses grid connection and grid capacity, is required for Northern Ireland. It is essential that renewable energy projects have access to a grid connection and that there is sufficient grid capacity available to accommodate these projects. We propose that any grid offer should be utilised within a specified timeframe, or according to enforceable milestones, to allow projects a reasonable length of time to achieve operation, after which the grid capacity should be re-allocated to other projects to minimise hoarding and ensure efficient use of the available grid capacity. Furthermore, the development of transmission reinforcements to improve network capacity needs to be prioritised. It is vital that there is sufficient capacity on the system to accommodate renewable energy projects and to ensure that renewables are part of the energy mix in Northern Ireland going forward.

### **Q2- Do you agree that these are the main developments we should be mindful of? Are there any other developments which are important?**

Yes, we agree that these are the main developments to be mindful of however would like to add the following points:

- Renewable Energy and emission reduction targets – the Call for Evidence details the progress with regard to Northern Ireland’s renewable energy targets to date. There is a strong future for renewable energy in Northern Ireland and it is worth noting that further deployment of renewable energy projects needs to happen to ensure that targets are met and to ensure that renewables continue to be part of the energy mix in Northern Ireland going forward. Renewable Energy is essential to decarbonising Northern Ireland’s electricity system, improving security of supply, lowering customer prices and helping to meet growing consumer demand. It is essential that renewable energy projects have access to a grid connection and that there is sufficient grid capacity available to accommodate these projects.
- Network capacity – The Call for Evidence states that there is little or no capacity in many areas of the network. It is worth noting that at times of high demand and low wind speed, capacity remains on the network and therefore there is still potential for further renewables deployment. There has been very slow development of the transmission reinforcements required to provide firm access to the wind farms which are contracted or connected and to minimise constraints. Continued efforts to improve network capacity need to be prioritised and transmission reinforcement needs to be strategically addressed. This can be achieved through installation of new transmission circuits and uprating existing transmission circuits as well as through new smart grid technologies and energy storage. The All Island SEM transmission charging policy is for shallow charging however there has been very slow development of the transmission reinforcements required to provide firm access to the wind farms which are contracted or connected. Continued efforts to improve network capacity need to be prioritised.

### **Q3 – Is there a role for connections policy to promote effective network management? If so, what are the issues which need addressed and potential solutions as part of this review?**

The changing requirements from grid connections, as outlined in the Call for Evidence, reinforce the need for an enduring grid policy and the need for a robust regulatory framework to manage these changes and to maximise efficient use of existing network infrastructure.

### **Q4 – Should we review the distribution charging framework, with a view to making connection charges deeper? If so, how should this be designed? What re the benefits, costs and risks of doing so?**

Brookfield don’t agree with the proposal to return to deep charging and consider deep charging to be an inappropriate locational signal. The All Island SEM transmission charging policy is for shallow charging and Brookfield are of the firm belief this that is the most suitable approach. There has been very slow development of the transmission reinforcements required to provide firm access to the wind farms which are contracted or

connected and to reduce constraints in the system. This is inappropriate and the delays are inconsistent with the SEM connection access policy. Transmission reinforcement needs to be strategically addressed.

Brookfield believe that clustering should be maintained as the approach for development of shallow transmission assets and do not support the proposed batch process.

### **Q5 – Should we review how the connections process and queue is managed? If so, what are the issues which need addressed and potential solutions?**

Brookfield strongly believe that the connections process and queue system needs to be overhauled to facilitate reasonable access to grid. The Call for Evidence states that “the aim is to facilitate the most efficient use of remaining capacity on the grid, whilst maintain system security”.

Brookfield are of the opinion that, in the short to medium term, the best approach to making efficient use of the remaining grid capacity is to make planning permission a pre-requisite in order to process a grid connection offer. The current lack of visibility on a route to a grid application has resulted in a long queue of applications waiting for a connection offer. We believe that a planning permission requirement is a suitable interim measure to ensure that “capacity is effectively allocated and released” and that grid connection offers are made to legitimate projects in the short to medium term. With this approach, there would be no need for legislative change and offers for legitimate shovel-ready projects can be processed on an individual process while we await the enduring policy to be finalised.

In the long term, an enduring grid connection policy is required to facilitate project development, improve network capacity, reduce constraints, provide regulatory certainty and develop a route to a grid connection in Northern Ireland. We agree with the proposal that any grid capacity offered should be utilised within a specified timeframe, of two years from example, or according to enforceable milestones, to incentivise capacity release. One solution is the approach outlined in the Progression Milestones Best Practice Guidelines published by the Energy Networks Association<sup>1</sup> in which grid connection offers are only made when certain defined milestones are reached. We believe this approach would minimise the number of speculative applications and grid hoarding, and would ensure efficient allocation and release of available grid capacity.

In parallel to the long-term grid connection policy, a commitment need to be made to invest in and improve network capacity in Northern Ireland. There has been very slow development of the transmission reinforcements required to provide firm access to the wind farms which are contracted or connected, and to minimise constraints. The delays in progress to date are inconsistent with the SEM connection access policy. Continued efforts to

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<sup>1</sup> “Fair and Effective Management of DNO Connection Queues: Progression Milestones Best Practice Guidelines”, Energy Networks Association, 3 November 2016.

improve network capacity need to be prioritised and transmission reinforcement needs to be strategically addressed.

We believe that increased flexibility is required in the system. The Call for Evidence specifies that “efficient, timely, high quality connections” are desired and that “the process for delivering connections should also be sufficiently flexible and robust to adapt to and cope with market change”. We are of the opinion that as-built capacity ratings should be applied and margins of safety reviewed in order to release pre-existing network capacity back into the system. This would maximise the efficient use of existing infrastructure and reduce constraints. We also believe that there should be greater flexibility in the movement of grid capacity between projects as this would facilitate more effective use of allocated grid capacity. Furthermore, the Call for Evidence notes that as part of Phase 1, for existing generation connections, a mechanism has been introduced for developers to over-install their Maximum Export Capacity by 20%. Brookfield were of the understanding that this mechanism would be introduced for all developments, including future projects and not just for Phase 1 projects.

Brookfield are also of the opinion that regulatory changes are required to ensure a more efficient grid connection policy. We believe that the Utility Regulator should have increased decision making power, similar to that of the Commission for Energy Regulation in the Republic of Ireland, and that legislative change should not be required to make changes to the connection policy. The Call for Evidence states that any legislative change from the Department for the Economy would take a minimum of two years to introduce. It is unclear why this is required as it leads to unnecessary delays in an already lengthy process.

### **Q6 – Should we consider connections customer service, engagement and pricing transparency as part of this review? What are the issues which need addressed and potential solutions?**

We would welcome further consultation in relation to the area of rebating and also believe there should be clear and transparent rules regarding pricing. Furthermore, we reiterate the need for regulatory changes to ensure a more efficient grid connection policy. We believe that the Utility Regulator should have increased decision making power, similar to that of the Commission for Energy Regulation in the Republic of Ireland, and that legislative change should not be required to make changes to the connection policy. This is of increasing importance given the ongoing changes to the design of energy systems, including the increased penetration of renewables, smart metering, storage devices etc.

### **Q7 – Are there any other issues we should review? Which issues are in your view the most material and why?**

- We believe that an enduring grid policy, which addresses grid connection and grid capacity is required for Northern Ireland. It is essential that renewable energy projects have access to a grid connection and that there is sufficient grid capacity available to accommodate these projects. An enduring grid policy is critical

to facilitate project development, improve network capacity, reduce constraints, provide regulatory certainty and develop a route to a grid connection in Northern Ireland.

- In the short term, planning permission should be a requirement at the grid connection offer stage clear the current backlog and to ensure that grid connection offers are made to legitimate projects and to minimise the number of speculative applications.
- In the long term, an enduring policy is required. We propose that any grid offers should be utilised within a specified timeframe, or according to enforceable milestones, to allow projects a reasonable length of time to achieve operation, after which the grid capacity should be re-allocated to other projects following release to ensure efficient use of the available grid capacity. Furthermore, the enduring policy should also include a commitment to invest in and improve network capacity in Northern Ireland. There has been very slow development of the transmission reinforcements required to provide firm access to the wind farms which are contracted or connected and to minimise constraints. It is vital that there is sufficient capacity on the system to accommodate renewable energy projects and to ensure that renewables are part of the energy mix in Northern Ireland going forward.
- Regulatory changes are required to ensure a more efficient grid connection policy. We believe that the Utility Regulator should have increased decision making power and that legislative change should not be required to make changes to the connection policy.
- Clustering should be maintained as the approach for developing shallow transmission assets.

Should you require any further information in relation to the points raised above please don't hesitate to get in touch.

Kind regards,

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