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Mr Brian Mulhearn  
Electricity Directorate  
Queens House  
14 Queen Street  
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BT1 6ED

Our Ref: EN01-003836

30 May 2013

Dear Mr Mulhearn,

**Re: RES Consultation Response - Utility Regulator Connection Arrangements for Offshore Renewable Generation**

RES UK & Ireland (RES) has been developing wind projects on the island of Ireland since the early 1990s, having developed 14 operating wind farms in Northern Ireland and 4 operating wind farms in the Republic of Ireland, totalling over 241MW. RES currently owns or operates over 134MW of wind capacity across the island. In addition, RES has 62MW of wind capacity in development with planning consent in Northern Ireland and a further 55MW of new wind generation currently in the planning system. RES has been an established presence at the forefront of the wind energy industry for over three decades. Our core activity is the development, design, construction, financing and operation of wind farm projects worldwide. With a portfolio of almost 7.0GW constructed and several gigawatts under construction and in development, RES continues to play a leading role in what is now the world's fastest growing energy sector.

RES companies are also involved in other energy sectors including biomass, photovoltaic power and offshore renewables. With particular focus on offshore renewables in Northern Ireland, RES Offshore is a member of the First Flight Wind (FFW) Consortium that was the winner of a Crown Estate Tender for an Exclusivity Agreement to develop a 600MW wind farm in the waters off the coast of County Down. This response is submitted on behalf of RES only. First Flight Wind will be submitting a separate response to this consultation.

RES welcomes the opportunity to respond to the Utility Director Connection Arrangements for Offshore Renewable Generation Consultation.

**1. Options for physical connection arrangements and wider transmission system reinforcements**

RES understands that FFW has a strong preference to manage the delivery of the connection to the Northern Ireland transmission network, both in terms of design and construction of the connection assets.

RES understands the drivers behind this preference and would urge UREGNI to consider measures to ensure that onshore connections on an equivalent basis. It should be noted that for over three years, NIAUR has been committed to a work stream to review the value of introducing contestability for connections to the electricity network. For 2013/14, NIAUR has now downgraded it to the status of a work-stream, "which we would like to undertake if resources allowed" without consultation or explanation. RES wishes to emphasise that contestability needs to be progressed at both transmission and distribution level as a matter of urgency. RES notes the introduction of the Class Exemptions from the Requirement for a Licence statutory

instrument<sup>1</sup> and this is helpful in clarifying the grey area surrounding private wire development and ownership in Northern Ireland. However, for those developers without plans to expand into the owning and operating of high voltage assets on public or third party land, the only option remains the contracting with NIE for the entirety of connection construction works. As such, contestability in connections would allow the introduction of competition and flexibility to the market without requiring onshore generation developers to also take on the responsibility of owning a private wire.

## 2. Ownership, responsibilities and license arrangements

RES notes and supports the development of new arrangements that introduce flexibility around the rights of parties other than existing transmission licensees to deliver, own and operate transmission wires. RES would encourage UREGNI to ensure that the benefits of new flexibility are not restricted to the offshore sector.

## 3. Changes to the Connection Application Process and the NI Queue for new generation connections

RES supports the practice of only permitting submission of generation connection application upon receipt of planning consent for onshore renewables projects as reiterated in section 3.2.1 of the March 2013 SONI Firm Access Quantities consultation. It is important to understand why this process was first introduced, as it avoided NIE and SONI being swamped with large numbers of speculative generation connection applications with dubious chances of proceeding to construction. Such speculative applications would have wasted limited resources at NIE and SONI and delayed processing of connection applications from more competent projects. This process had the added benefit that Northern Ireland has avoided:

- the connection processing challenges and connection delays seen in GB (particularly Scotland) caused in part by an absence of connection application prequalification requirements and limited user commitment requirements (although such delays are now becoming apparent in Northern Ireland as transmission capacity has been largely used up); and
- the complicated and delay prone gate processing system used for connection applications in Republic of Ireland.

RES also understands that offshore renewables projects may reasonably require an offer of terms for connection from the relevant grid licensee in order to have a level of certainty for connection route corridor to permit investment in environmental and sea bed studies necessary to support a formal application to DETI and DOE for an Article 39 consent, a Marine Licence and planning consent. For this reason it seems reasonable that offshore renewables projects should be permitted to submit a connection application, ***in order to receive a SONI connection offer only in order to allow the initiation of such studies*** at a milestone prior to receipt of DETI and DOE consents. Such a practice is also consistent with the approach adopted by National Grid in relation to connection offers for the Crown Estate Round 3 offshore wind projects in Great Britain. However, if SONI sees fit to permit such an approach to offshore renewables connection applications, RES would **NOT** support the proposal to link adding of offshore renewables projects to the ITC list by date of connection application, as this would unduly discriminate against onshore generation projects.

RES considers that, for offshore renewables only:

- the relationship between submission of connection application and adding to the ITC list should be broken; and
- the link between receipt of planning consent and submission of a subsequent generation connection application with adding to the ITC list should be maintained.

RES is strongly of the view that grid constraints are likely to emerge as one of the key risks to effective development of renewables in the All Island market in the latter half of this decade. As the build out of renewables projects in Northern Ireland continues to progress towards 2020 targets so the existing NIE transmission system is going to be operated at or beyond its rated capabilities giving rise to system constraints. The RIDP investments provide the outline of a plan for a transmission system that will support the future electricity generation profile of the All Island market but recent lack of progress in certain network

<sup>1</sup> <http://www.legislation.gov.uk/nisr/2013/93/contents/made>

investments, particularly in relation to the progression of desperately needed connection clusters, does not inspire confidence that necessary investment will be delivered in time to avoid very significant overall system constraints. Of particular concern is the existing North-South tie line, which in the run up to 2020, taking account connection of a large offshore wind farm in Northern Ireland, is likely to become a significant grid bottleneck. This circuit is therefore likely to be the source of significant constraint, until the planned Meath – Tyrone 400kV upgrade is complete. Completion of this transmission reinforcement will be crucial to the limiting of constraints, and therefore protecting investor confidence in Northern Ireland renewables projects, however difficulties with planning application of this planned reinforcement do not augur well for a timely delivery.

This Consultation is proposing that offshore renewables projects be added to the ITC list at the time that they receive development rights from the Crown Estate. RES considers that the definition of “development rights from the Crown Estate” requires clarification.

If a project is permitted to jump the ITC queue by being added to the list before it has received a planning consent, it is potentially acquiring a significant commercial advantage. And if these renewable projects total up to 800MW generating capacity then the effect of the queue jump will be to impose the effects of potentially very significant grid constraints upon those onshore wind projects that have not received planning consent when the relevant milestone is reached. RES is of the view that the effects of this potential for queue jumping will significantly undermine investor confidence in the development pipeline for the onshore renewables sector, a situation that Northern Ireland can ill afford in light of the key role that onshore wind will play in the delivery of the DETI 2020 renewable energy target. RES therefore proposes that offshore renewables should be added to the ITC list in a manner consistent with onshore renewables i.e. once connection application **AND** DOE/DETI consent have been received. FAQ should then be allocated after the following process:

1. SONI has processed a competent (complete) and valid (supported by DOE/DETI consent) connection application;
2. Generator has accepted the connection offer (ITC queue place backdated to time of competent and valid connection application) within a reasonable validity period; and
3. FAQ should be allocated to generators in the ITC queue (in order dictated by the ITC methodology) following completion of necessary Associated Transmission Reinforcements (ATRs).

If another process were to be adopted it may result in undue discrimination (as detailed in Condition 15 of the SONI Licence) against onshore generator connection applicants. It will therefore be essential for investor confidence in Northern Ireland and for the achievement of the DETI 2020 targets that such discrimination does not arise.

I hope that you find the comments contained in this response helpful. If you wish to discuss please do not hesitate to contact me.

Yours sincerely,



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