



**Firm Access Methodology in Ireland decision  
“EirGrid – proposed methodology”**

**SEM-23-004**

**25/01/23**

## EXECUTIVE SUMMARY

### Introduction

The purpose of this paper is to determine a new Firm Access methodology in Ireland. This decision paper is being presented by the SEM Committee. The RAs note that this decision paper is only in relation to a firm access methodology in Ireland. Any possible changes to this policy in Northern Ireland in the future would be a separate decision. A Firm Access Methodology offers a trade-off between promoting investment in generation and protecting consumers from higher levels of constraints costs.

Since 2017 the CRU has been examining the impact of connection policy and Irelands ambitious renewable targets. Following extensive consultation over a number of years the CRU introduced a new connection policy Enduring Connection Policy (ECP-1 in 2018 and ECP-2 in 2020). In those decisions the CRU directed the system operators (EirGrid and ESB Networks) to issue connection offers on a non-firm basis. This was a move away from the previous policy in which connection offers were issued on a firm basis.

In June 2020 decision paper (CRU/20/060) Enduring Connection Policy Stage 2 (ECP-2) the CRU directed the TSO to develop a new methodology in Ireland to schedule Firm Access Quantities (FAQs) for contracted projects based on network development plans. The level of Firm Access available in the transmission network for a generator is that generator's FAQ. Following that decision EirGrid commenced development of a new firm access methodology for Ireland.

### Background

The purpose of firm access is to achieve a balance between granting generators access to the network in advance of transmission network reinforcements while protecting the end consumer from high constraint payments. This will help facilitate the connection of renewable generator projects towards Irelands ambitious renewable electricity targets for 2030.

Firm Access is primarily related to receiving compensation payments when dispatched down, a unit which has no firm access will receive no compensation for

lost output. Generators connecting to parts of the network with available capacity can receive firm access, while generators in parts of the network with limited capacity can connect on a non-firm basis.

It should be noted that firm access is separate to the physical access a generator would achieve to the transmission system once all deep connection work is completed. The concept of firm access is a market measure which flows through the SEM settlement process as set out in the Trading & Settlement Code (TSC) which determines the compensation payments a generator will receive when it is dispatched down (constrained) from its original market position.

The previous Firm Access methodology for Ireland (Gate 3 ITC approach) was similar to the equivalent firm access approach in Northern Ireland. However, these approaches had some differences in practice with Ireland's approach carried out in batches with no firm access methodology in place since the Gate 3 Group Processing Approach closed. The Northern Ireland Firm Access approach has operated on a continuous basis.

### [Firm Access Methodology consultation](#)

In December 2021 EirGrid published the Firm Access Methodology Review paper, this paper set out their proposed core concepts and approach taken in the development of a new Firm Access methodology in Ireland. In June 2022, following engagement with industry and the RAs, the TSO (EirGrid) submitted an updated Firm Access Methodology Review paper.

In light of the impact that firm access policy may have on the SEM, the CRU engaged with SEM Committee regarding EirGrid's proposed methodology. Following consideration, the SEM Committee decided that Firm Access policy on the island is a SEM matter and therefore should be consulted upon on an all-island basis. In September 2022 the SEM Committee published a consultation paper on determining a new Firm Access methodology in Ireland. This was published alongside EirGrid's updated Firm Access Methodology Review paper. This consultation remained open for 6 weeks, closing in early November 2022. In this paper the RAs requested further detail from EirGrid on certain elements of the methodology. It was reaffirmed that the

proposed Firm Access methodology if decided upon will be implemented in Ireland only.

### Firm Access Methodology decision

The purpose of this decision paper is to determine a new Firm Access methodology in Ireland. In section 2 of this paper a summary of the consultation paper (SEM/22/068) is provided. In section 3 of this paper there is a summary of consultation responses and RA feedback on the different key elements of the detailed methodology. In section 5 of this paper a summary of the decisions on different key elements of the detailed firm access methodology is provided.

### Treatment of offshore

Having considered the feedback received through the consultation and in light of the tight timings, the RAs are conscious that offshore developers entering the ORESS 1 (Offshore Renewable Electricity Support Scheme) auction need further certainty regarding their Firm Access status as soon as possible. Not having this certainty in advance of ORESS 1 may impact on their ability to finance their offshore development projects.

SEMC has decided the following treatment for offshore phase 1 projects successful in ORESS 1:

- Firm Access Date is provided in Full Connection Offer based on the firm access methodology in this decision.
- Backstop of 2030 for full firm access in the worst-case scenario. Irrespective of whether the ATRs are completed the project would receive FAQ for its Maximum Export Capacity (MEC) as specified in Full Connection Offer with a backstop date of 2030 at the latest.
- If the Connection Agreement is not executed by 31 December 2025, then the firm access allocation will fall away in line with the Full Connection Offer validity.<sup>1</sup>
- If Connection Agreement is executed but is subsequently terminated due to contractual longstop dates being exceeded (or any other appropriate reason),

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<sup>1</sup> Refer to CRU/2022/968 for Full Connection Offer validity and extension

the firm access allocation falls away. For clarity, if a project loses its Marine Area Consent then the firm access allocation falls away

Firm access policy for offshore Phase 1 projects unsuccessful in ORESS 1 and Phase 2 projects will be determined after the Department of the Environment, Climate and Communications' (DECC's) decision on the Phase 2 project selection.

A summary of the decisions on different key elements of the detailed firm access methodology in Ireland are outlined in table 1 below.

### Interim jurisdictional settlement

The RAs propose a jurisdictional settlement measure that is triggered if the expected delivery of reinforcements is delayed beyond the FAQ date. In this approach if the related network re-enforcements are not completed by the allocated FAQ date, then the associated generator(s) FAQ are moved to separate jurisdictional TSO cost recovery, paid for by the consumer in the relevant jurisdiction. When these re-enforcements are completed, this unit's FAQ is then moved into the existing all-island settlement and paid from there. This measure is designed to ensure that all island consumers are not adversely affected by any jurisdictional policy, while still not preventing the implementation of jurisdictional measures as required. In light of this jurisdictional settlement measure, future decisions on Firm Access Methodology can remain with the relevant jurisdictional Regulatory Authority.

The RAs note that there are a number of areas that will require further consideration beyond this decision paper. The interim settlement measure would capture any legacy generation made firm, any partial firmness and interaction with firm threshold where re-enforcements are delayed beyond original FAQ date. These elements will require further engagement with EirGrid to develop more detail on how these will be defined and work. Further analysis from EirGrid will help inform the appropriate allocation of costs on a jurisdictional and on an all-island basis. It is envisaged that this work will be captured as part of a more detailed methodology paper led by the CRU.

	<b>SEM Committee decision</b>	<b>Further detail</b>
Time bound	Agree with the proposed	

Firm Access date	approach of having a time bound Firm Access date.	
Partial Firm Access Quantities	Agree with the proposed approach of allocating partial Firm Access Quantities in discrete blocks of 20MW.	A review of the size of this partial FAQ block can be included as part of a more detailed methodology paper led by the CRU.
Stage of development project considered for firm access	The SEM Committee are of the view that certainty needs to be provided earlier in the project process timeline, proposing the connection agreement stage for projects to meet committed status.	
Inclusion of longstop date		Further detail on longstop date element as part of more detailed methodology paper led by the CRU.
Batteries and other system service providers	Agree with proposed approach of treating batteries and other service providers as outside the scope of this Firm Access methodology.	Following completion of Electricity Storage Policy Framework by DECC a review will be carried out.
Maximum Export Capacity floor of 1MW	Agree with proposed MEC floor of 1 MW.	
Allocation frequency	Agrees with the introduction of an Annual Review process.	Further detail and an indicative timeline of how the Annual Review process will work as part of a more detailed methodology paper led by the

		CRU.
Firm Threshold	Agree with concept of a Firm Threshold.	Further detail and analysis as part of a more detailed methodology paper led by the CRU.
Order of allocation	Agree with proposed order of allocation approach of First to be committed – first to be Firm.	
Transmission Development Plan		Further engagement by CRU with EirGrid regarding data to improve forecasting of ATR completion dates for future assessments.
Look back and look forward approach		Further detail on look-back and look-forward approach as part of a more detailed methodology paper led by the CRU.
Delivery incentives		CRU will continue to review the TSOs performance against existing PR5 incentives. CRU will look to review and potentially develop further incentives as part of a wider review during PR6 development.
Independent assurance	Support view that there is a need for independent assurance around the Firm Access process in the form of an independent Audit.	The Auditor Terms of Reference will be developed and implemented on a jurisdictional basis by CRU.

Legacy generation	Connected legacy generation in Ireland which currently does not have firm access should be included in this firm access methodology.	
Jurisdictional cost recovery	Introduction of a jurisdictional settlement measure, if the related network re-enforcements are not completed by the allocated FAQ date, then the associated generator(s) FAQ is moved to separate jurisdictional TSO cost recovery, paid for by consumers in the relevant jurisdiction. When these re-enforcements are completed, this unit's FAQ is then moved back into existing all-island settlement.	

*Table 1: Summary of decisions*

### Next Steps

This decision paper outlines the SEM Committee's view on a number of the key design elements of a new Firm Access methodology in Ireland.

The RAs are of the view that there are a number of areas that will require further consideration beyond this decision paper. These elements will require further engagement by CRU with EirGrid to develop more detail on how these will be defined and work. It is envisaged that this work will be captured as part of a more detailed methodology paper led by the CRU.

Following this decision, the CRU will request EirGrid to carry out an initial firm access run in early 2023 capturing existing connected non-firm generation and offshore phase 1 projects. This will allow bidders in ORESS 1 to have certainty regarding their firm access status in sufficient time to efficiently reflect this in their bids.

The CRU will continue to engage with EirGrid on the detailed aspects of the implementation of a Firm Access methodology in Ireland.

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## Glossary of Terms and Abbreviations

Abbreviation or Term	Definition or Meaning
1999 Act	Electricity Regulation Act, 1999
ATR	Associated Transmission Reinforcements
CRU	Commission for Regulation of Utilities (formerly, Commission for Energy Regulation)
DECC	Department of the Environment, Climate and Communications
DSO	Distribution System Operator (ESB Networks)
ECP	Enduring Connection Policy
ECP-1	First stage of the Enduring Connection Policy; includes the 2018 batch and non-batch processes.
ECP-2	Second stage of the Enduring Connection Policy.
FAQ	Firm Access Quantity
FCO	Full Connection Offer (for Offshore Phase 1 projects)
GPA	Group Processing Approach
MEC	Maximum Export Capacity
MW	Megawatt

Non-GPA	Non-Group Processing Approach
ORESS 1	Offshore Renewable Electricity Support Scheme 1
PR5	Price Review 5 for TSO and DSO
RA	Regulatory Authorities
SEM	Single Electricity Market
TSO	Transmission System Operator (EirGrid)

## 1. Introduction

### 1.1 Legal context in Ireland

Under section 34 of the Electricity Regulation Act 1999, as amended, (the 1999 Act), the CRU may give directions to the transmission system operator (TSO) and distribution system operator (DSO), collectively the “System Operators” (SOs) on the terms and conditions of access to the distribution and transmission system.

The CRU’s functions and duties are set out principally in section 9 of the 1999 Act. Section 9 (4) (a) of the 1999 Act, the CRU shall carry out its statutory functions in a manner which does not discriminate unfairly between relevant stakeholders, and also have regard, among other things, to the need to:

- protect the interests of final customers and to secure that all their reasonable demands for electricity are satisfied;
- promote the continuity, security, and quality of supplies of electricity;
- promote competition; and
- promote efficiency and the use of renewable, sustainable, or alternative forms of energy.

The CRU has a requirement as set out in EU legislation (Article 59(7) of 2019/944 common rules for the internal market for electricity) to approve national methodologies such as this Firm Access methodology. It is in the context of this approval requirement that the RAs carried out this consultation process. The purpose of this paper is to summarise responses received and outline the RA’s views and assessment of EirGrid’s proposed methodology.

### 1.2 SEM matter

In light of the impact that firm access policy may have on the SEM, the SEM Committee decided that Firm Access policy on the island is a SEM matter and therefore should be consulted upon on an all-island basis. Section 8A of the 1999 Act defines a SEM matter as:

*(5) For the purposes of this Act a matter is a SEM matter if the SEM Committee determines that the exercise of a relevant function of the Commission in relation to that matter materially affects, or is likely materially*

*to affect, the Single Electricity Market.*

### 1.3 Firm Access methodology proposal

In December 2021 EirGrid published the Firm Access Methodology Review paper. This was following the CRUs direction in ECP-2 (CRU/20/060). EirGrid's review paper set out EirGrid's proposed core concepts and approach taken in the development of a new Firm Access methodology.

Following engagement with industry and the RAs, EirGrid submitted an updated Firm Access Methodology Proposal paper in June 2022 reflecting this feedback. This paper was published alongside the consultation paper SEM-22-068. This consultation paper summarised EirGrid's proposed methodology.

### 1.4 Purpose of Paper

Following the closure of the consultation window the purpose of this paper is to summarise responses received and outline the RA's views and assessment of EirGrid's proposed methodology.

### 1.5 Related Documents

- **CER/01/072** – Firm and Non Firm Access to the Transmission System direction
- **CER/01/111** - Firm and Non Firm Access to the Transmission System decision
- **CER/03/036** – Commission Decision on Future of Direction on Firm and Non Firm Access to the Transmission System
- **CER/05/107** – Renewable Connection Offers and Transmission Reinforcement Works
- **CER/08/260** – Criteria for Gate 3 Renewable Generator Offers & Related Matters
- **CER/09/031** – Treatment of Conventional Generator Connection Applicants;

- **CER/09/191** – Direction on Conventional Offer Issuance Criteria and Matters Related to Gate 3;
- **CER/11/102** – Celtic Decision on calculation of interim Firm Access Quantities for Gates 1 & 2 Generators;
- **CRU/20/060** – Review Enduring Connection Policy Stage 2 (ECP-2) Decision.
- **SEM-22-068** - Firm Access Methodology in Ireland decision “EirGrid – proposed methodology” consultation.

## 1.6 Structure of Paper

This paper is structured as follows:

- **Section 1** provides an introduction and background information to this paper;
- **Section 2** sets out, a summary of the RA’s consultation paper SEM-22-068;
- **Section 3** sets out a summary of responses received and RA’s view on different methodology elements;
- **Section 4** sets out treatment of phase 1 offshore projects;
- **Section 5** sets out a summary of SEM Committee decisions; and
- **Section 6** sets out the next steps.

## 2. Consultation summary

The purpose of the paper Firm Access Methodology in Ireland “EirGrid – proposed methodology” (SEM-22-068) was to set out, for consultation, a proposed new Firm Access methodology in Ireland. It described how a Firm Access Methodology offers a trade-off between promoting investment in generation and protecting consumers from higher levels of constraints costs.

### 2.1 Background of Firm Access in Ireland

Consultation SEM-22-068 provided a background of Firm Access in Ireland since 2001. Figure 1 below provides a summary of the different Firm Access methodologies developed in Ireland.

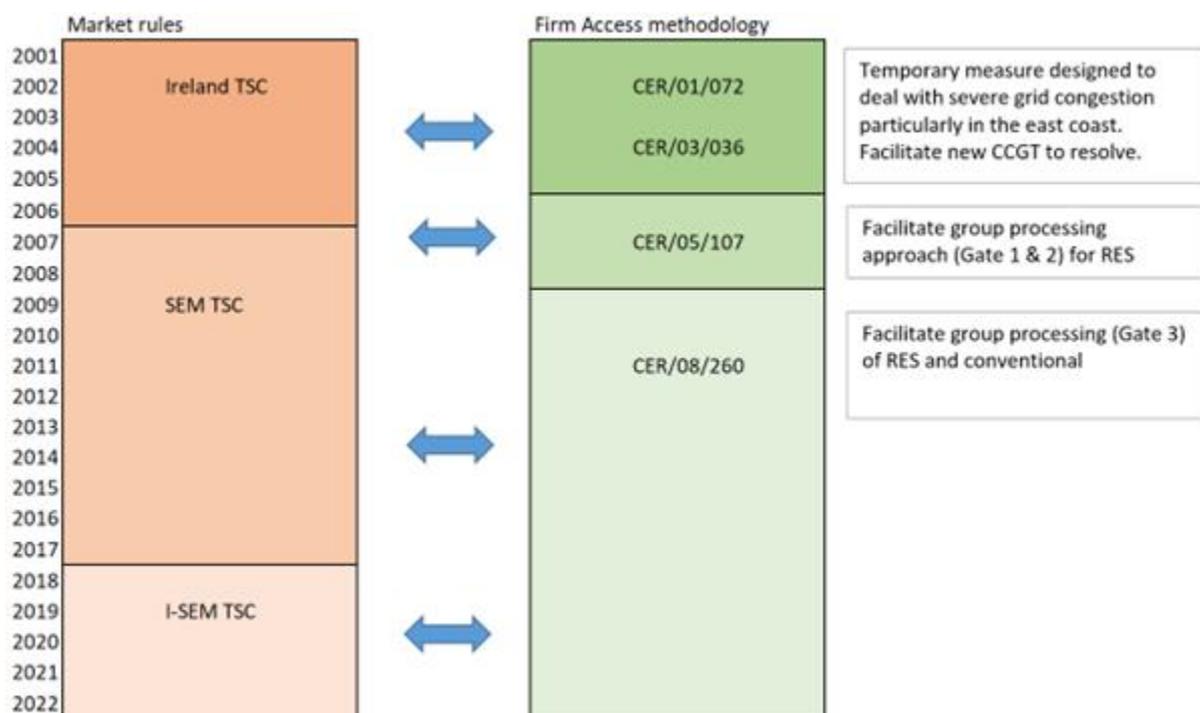


Figure 1: Summary of Firm Access in Ireland

### 2.2 Firm Access Methodology Principles

Consultation SEM-22-068 described the purpose of Firm Access to achieve a balance between granting generators access to the network in advance of transmission reinforcements and to protect the end consumer from high constraint payments through better locational signals.

A Firm Access methodology attempts to both:

1. Promote investment in Generation

- Provide certainty on access rights earlier in the development process
- Increase the certainty on the nature and timing of access rights
- Increase the likelihood of being allocated Firm Access at an earlier date

## 2. Safeguard consumer costs

- Minimise current and future constraint costs
- Incentivise efficient network and generator investment
- Share risks in a cost-reflective way

These trade-offs are summarised in figure 2 below.

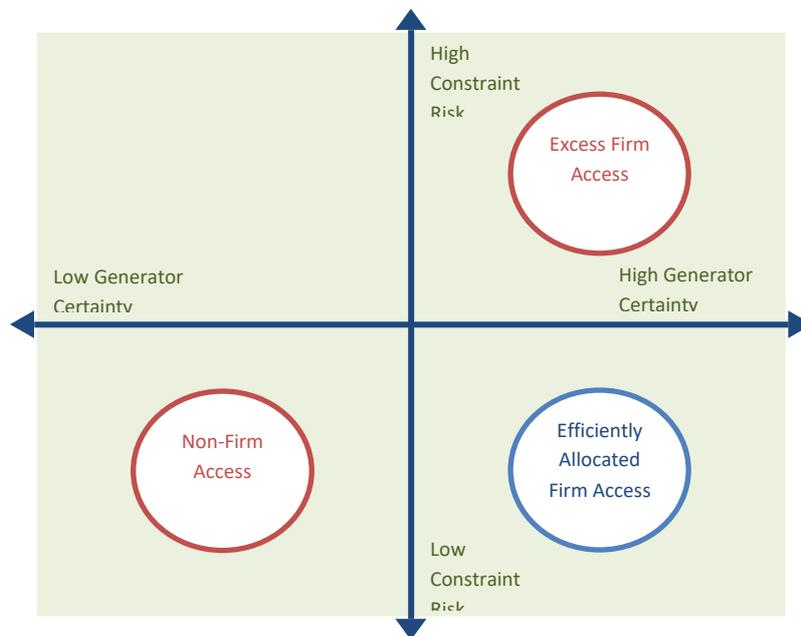


Figure 2: Trade-offs in Firm Access

### 2.3 Delivery incentives on the TSO

Consultation SEM-22-068 described delivery incentives on the TSO and assessed if the objectives of the Firm Access Methodology were aligned with these.

### 2.4 Level of firm versus non-firm generation in Ireland

It was described in consultation SEM-22-068 that there is circa 1.4 GW of connected legacy generation in Ireland which remains non-firm, with approximately 1 GW of this

wind and majority of the other 0.4 GW conventional thermal generation. Table 2 sets out the approximate proportion of connected firm versus non-firm generation in Ireland.

	<b>Total capacity<sup>2</sup> (MW)</b>	<b>Non- firm (MW)</b>	<b>Non- firm (%)</b>	<b>Firm (%)</b>
Dispatchable generation	7,313	400	5%	95%
All renewables	5,475	1,000	18%	82%
<b>Total</b>	<b>12,788</b>	<b>1,400</b>	<b>11%</b>	<b>89%</b>

*Table 2: Summary of firm versus non-firm generation in Ireland*

It was also described that there is circa 400 MW of wind generation which has still not connected but has full Firm Access. There is another circa 500 MW of contracted generation which is linked to ATRs but is still not connected.

### 2.5 CRU's direction in ECP2 decision (CRU/20/060)

Consultation SEM-22-068 described how the CRU in decision paper (CRU/20/060) Enduring Connection Policy Stage 2 (ECP-2) directed the TSO to develop a new methodology to schedule Firm Access Quantities (FAQs) for contracted projects based on network development plans. It was described how, in response, EirGrid published a Firm Access Methodology Review paper in December 2021 and, following engagement with industry, submitted an updated Firm Access Methodology Proposal paper in June 2022 which was published alongside consultation SEM-22-068.

### 2.6 Summary and assessment of EirGrid's proposal

EirGrid described how the key objectives for the Firm Access methodology were to ensure renewables targets can be met while maintaining security of supply.

EirGrid described the following high-level concepts in their methodology:

- The new methodology to provide time bound Firm Access dates, initially derived based on the timeline for delivery of planned reinforcements, but not directly linked to the final completion of these specific reinforcements.

<sup>2</sup> From [Generation Capacity Statement 2021](#).

- Firm Access to be allocated via annual reviews. The review will cover any connected and committed non-firm generators.
- Annual reviews will also provide location signals for future Firm Access capacity based on the TDP.
- Firm Access test for renewable energy sources will consider a minimum level of acceptable constraint (Firm Threshold). This threshold will be reviewed on an annual basis. Where the analysis demonstrates that constraints are expected to be below this Firm Threshold, that generator will be granted Firm Access.
- An MEC “floor” of 1 MW will be applied. Firm Access is not considered relevant below this level.

EirGrid described the high-level methodology using the below diagram figure 3 in their proposal.

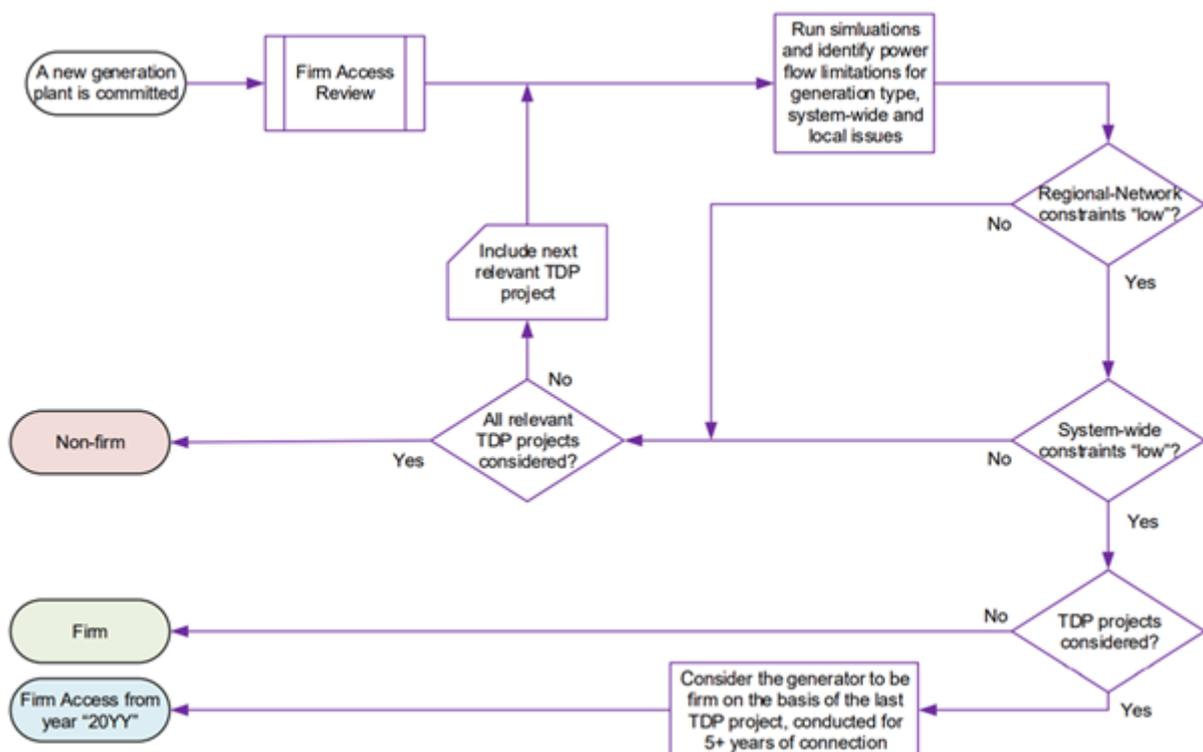


Figure 3: Methodology for Firm Access Annual Review

A summary of the EirGrid proposed methodology in the consultation is outlined in the table below in table 3.

<b>Element</b>	<b>Description</b>	<b>Previous Gate 3 ITC approach</b>	<b>RA assessment</b>
<b>Time bound Firm Access date</b>	Generators are guaranteed to receive Firm Access on the date associated with a Scheduled FAQ offer.	Generators receive FAQ only once Associated Transmission Reinforcements (ATRs) are completed.	Proposed approach provides more certainty for investors in generators but may increase the constraints costs risks for end consumers.
<b>Partial Firm Access quantities</b>	EirGrid proposed an updated approach whereby a generator cannot be firm for the total MEC, partial Firm Access in blocks of 20 MW will be considered.	Gate 3 ITC process offered FAQ in granularity of 0.5MW.	Partial FAQ approach may add more complexity to the allocation programme versus the original proposal. However larger discrete blocks (e.g. 20MW blocks) than previous ITC granularity of 0.5MW. RAs note that this is also positive for locational signals and therefore competition.
<b>Stage of development</b>	EirGrid proposed an updated approach to allocate Firm Access to committed projects (beyond Consents Issue Date).	Contracted projects were considered in Incremental Transfer Capacity (ITC) process.	The stage of development at which a project becomes eligible for Firm Access represents a trade-off between investor confidence pre-connection and efficient allocation. Proposed approach by EirGrid has the effect of reducing uncertainty for generators and investors before connection.
<b>Batteries and other service providers</b>	EirGrid proposed that for the purposes of the Firm Access methodology, Firm Access for service providers is outside scope.	Different approach taken.	RAs note the level of uncertainty in this area but also the trend of increased storage in recent years. RAs recognise the increasing importance of battery storage and need to facilitate the increased inclusion of this technology.
<b>Maximum Export Capacity (MEC) floor of 1MW</b>	EirGrid describes a MEC “floor” of 1 MW will be applied, with Firm Access not considered relevant below this level.	No change, MEC floor of 1 MW applied to ITC.	MEC floor of 1 MW currently aligns with the controllable limit.

<b>Allocation frequency</b>	EirGrid proposes that Firm Access will be allocated in the form of an Annual Review process.	ITC programme was run in batch format, not a regular recurring process.	The result of this approach is that generators that are non-firm in one year may end up receiving Firm Access in a subsequent year. Generators connecting in later years have a transparent route to Firm Access.
<b>Firm Threshold</b>	The Firm Threshold is the threshold at which the maximum level of acceptable constraints for a network area is met in a year of analysis.	Gate 3 ITC programme operated on a n-1 transmission planning standard.	Precise method for calculating the Firm Threshold for a given year or how different Firm Thresholds for different locations might work in practice, will require more detail from EirGrid.
<b>Transmission Development Plan basis</b>	EirGrid's proposed forward-looking assessment used to determine Firm Access dates for Scheduled FAQs is based on the latest Transmission Development Plan.	Gate 3 ITC did not include a forward-looking assessment.	The information in these reports can strengthen the locational signals from the Methodology to potential connections. The information may also increase investor confidence more generally as uncertainty about the future likelihood of Firm Access is reduced.
<b>Order of allocation</b>	EirGrid proposed an updated approach 'First to commit – first to be Firm allocation order'.	Gate 3 ITC programme used date order allocation of applicants for scheduled firm capacity.	Transparent and practical approach. The transparency of this approach in turn promotes fairness.
<b>Look back and look forward approach</b>	EirGrid proposed that at a high level the new methodology would be composed of two steps, a look back and look forward step.	ITC programme run more comparable with look back approach.	In the look back step an annual review is carried out, generators in areas with capacity will be granted Firm Access. The look forward step provides a locational signal for future new capacity.

Table 3: Summary of Firm Access design in consultation (SEM-22-068)

### 3. Consultation responses and RA feedback

#### 3.1 Consultation SEM-22-068

On 27 September 2022 the RAs published the consultation on Firm Access Methodology in Ireland (SEM-22-068). This consultation remained open for 6 weeks and closed on Tuesday 8 November. In this consultation the RA's requested feedback on 19 questions. The RAs received 28 responses to this consultation from a wide variety of industry participants.

#### 3.2 Responses and feedback on detailed methodology

As part of this decision, it is envisaged that certain detailed elements may require further consideration beyond this decision paper. This will require further engagement with EirGrid to inform these areas. It is envisaged that this work will be captured as part of a more detailed methodology paper.

#### Time bound Firm Access dates

##### **EirGrid Proposal**

EirGrid proposed an approach where generators are guaranteed to receive Firm Access on the date associated with a Scheduled FAQ offer. This is in contrast to the legacy Gate 3 ITC approach where the date of completion of all Associated Transmission Reinforcements (ATRs) determined the FAQ date for a generator.

##### **Consultation question(s):**

1. Comments are invited from interested parties on EirGrid's proposed approach of having a time bound Firm Access date. Comments are also invited on alternative options (i.e ATRs etc). Should scheduled FAQ date be linked with ATRs, with more targeted delivery incentives? Please provide reasons and rationale for any views provided.
2. Comments are invited from respondents regarding EirGrid's historical performance on delivering ATRs. How can EirGrid's performance be improved? Please provide reasons and rationale for any views provided.

##### **Consultation responses**

### Question 1:

The majority of respondents broadly supported this approach, with some citing it is the best way of meeting the twin objectives of ensuring investor confidence while minimising cost to consumers. It was suggested this approach is in line with EU regulations. Some respondents stated that it places the risk of grid reinforcement delivery on EirGrid and ESBN who are best placed to manage it. It was described by one respondent how linking Firm Access to the delivery of the associated ATRs is not effective as planned grid reinforcement activities are regularly rescheduled by the TSO, outside of any input or control by the generation developer. Some respondents suggested that Firm Access dates should be brought forward if ATRs are delivered earlier than forecast.

Some respondents suggested the firm access date should be based on a realistic estimate of the timelines required to complete ATRs. It was noted by one respondent that the value or impact of this approach is highly sensitive to the actual dates specified for time bound firm access in respect of each Connection Agreement. Another respondent stated it is important that the time-bounds applied by EirGrid are standardised or capped in some way to avoid FAQ dates which are infeasible for investment cases. One respondent stated that the scheduled Firm Access Quantity date should be linked to projected delivery of ATRs, as this provides some protection for customers.

One respondent suggested as an alternative that cost versus risk could be shared between the generators and customer on the basis of a deemed firm access increasing on a linear glide path.

One respondent stated that there needs to be a clear understanding as to how this is going to be implemented for units that are already connected to the system, citing that some units have been connected for more than 5 years and are still non-firm. One respondent proposed that in the look back analysis that these projects should have the original ATR dates applied when determining a connected generators Firm Access year. Another respondent suggested repowering projects need to be incentivised as much as new renewable projects.

A number of respondents in favour of time bound firm access date suggested appropriate delivery incentives on EirGrid and ESBN to ensure they deliver needed

grid infrastructure to schedule. One respondent stated they did not agree with the SEMC suggestion that this approach would weaken the incentive on the TSO to deliver transmission reinforcement works.

One respondent stated they do not agree with EirGrid's time bound approach to firm access dates. They described that EirGrid's ATRs tend to be overly optimistic in their delivery timelines. This respondent suggested that in order to send appropriate locational signals to the market, EirGrid should project appropriate timelines for the delivery of reinforcements.

#### Question 2:

A number of respondents stated many ATRs have not been delivered as projected by EirGrid, with substantial delays to ATR completion in many cases. It was described how a significant percentage of the Gate 3 ATRs still haven't been delivered with some being pushed out to the end of this decade. One respondent stated that this has had a very damaging impact on renewables in Ireland. One respondent described how delays to ATRs can arise well into the staged delivery of the transmission reinforcement project, with multi-annual delays announced within a couple of years of the original planned delivery date.

One respondent stated that EirGrid's ATRs tend to be overly optimistic in their delivery timelines, particularly in cases that involve permitting, property agreements and areas where construction of infrastructure is challenging such as the Dublin region. It was acknowledged by respondents that EirGrid were not exempt from project delivery challenges, whether it be landowner issues, technical, resourcing etc.

One respondent suggested EirGrid and ESBN should be incentivised to expedite projects which create grid capacity such as new circuits projects. One respondent suggested it is critical that EirGrid be allowed to deliver Anticipatory Investment in the Irish grid. It was suggested that it is the responsibility of the RAs to control, manage and oversee the SOs on delivery of ATRs.

A number of respondents suggested that the maximum duration allowable for ATR completion should be based on standard timelines rather than based on a measure of historical/actual timelines for recent ATRs. It was described how this would drive reliable and efficient delivery of future ATRs. One respondent stated that it is important

that EirGrid should develop appropriate project projections as to do otherwise would be to mislead the market.

A number of respondents stated that stakeholder engagement regarding the progress of ATRs has been poor. A number of respondents suggested improvements in this area such as a more transparent and collaborative industry engagement process that would enhance investor confidence/awareness of issues, while also increasing the scrutiny on how individual projects are progressing. Also the establishment of localised delivery boards was raised to ensure there is a more focused and efficient delivery of a defined list of transmission reinforcement projects.

### **RA comment**

The RAs note that the majority of respondents broadly supported this approach, with some citing it is the best way of meeting the twin objectives of ensuring investor confidence while minimising cost to consumers, suggesting it places the risk of grid reinforcement delivery on those who are best placed to manage it. The RAs noted in the consultation that this approach provides more certainty for investors in generators, however this approach may also increase the constraints costs for end consumers as a result of potential delays in reinforcements and forecasting error. The RAs acknowledge the concerns raised by respondents that under the previous Gate 3 ITC approach project developers had FAQ dates impacted by delays outside of their control. The RAs note one respondent suggested that cost versus risk could be shared between the generators and customer on the basis of a deemed firm access increasing on a linear glide path. In examining this issue the RAs have engaged with EirGrid regarding the historic performance of ATRs delivery. The RAs recognise the benefits of introducing a timebound firm access date and removing this uncertainty from generators. The RAs can see the benefit and certainty provided to generators by breaking the link between the date of completion of all Associated Transmission Reinforcements (ATRs) determining the FAQ date for a generator. The RAs note that costs from this methodology will be clearly quantified and published to ensure transparency.

The RAs note that some respondents put forward different suggestions as to when the firm access date (to complete ATRs) should be based upon (standard versus

historic/actual timelines). The RAs are of the view that this issue falls more under the discussion on the Transmission Development Plan (TDP) later in this paper.

The RAs note respondent's comments and experiences on historic ATR delivery. The RAs note respondents views on stakeholder engagement regarding the progress of ATRs, and suggested improvements in this area such as a more transparent and collaborative industry engagement process.

### **SEM Committee decision**

The SEM Committee agrees with the proposed approach of having a time bound Firm Access date, with generators assured to receive Firm Access on the date associated with a Scheduled FAQ offer.

### **Partial Firm Access quantities**

#### **EirGrid Proposal**

EirGrid initially proposed in their methodology published in December 2021 that Firm Access Quantity (FAQ) would be provided in full or not at all. In this approach there would be no partial or incremental FAQ. EirGrid described how the previous ITC Firm Access approach had a granularity tolerance down to 0.5 MW. Following engagement with industry and completing some test analysis, EirGrid adjusted this element in its updated proposed methodology. In certain situations, EirGrid will now consider allocating steps of partial Firm Access in discrete blocks i.e. 20MW blocks. EirGrid described how where a generator cannot be firm for the total MEC, partial Firm Access in blocks of 20 MW will be considered and allocated where possible.

#### **Consultation question:**

3. Comments are invited on whether stakeholders agree with the proposed approach of allocating partial Firm Access Quantities. Please provide reasons and rationale for any views provided.

## **Consultation responses**

The majority of respondents supported this proposed approach of allocating partial Firm Access Quantities and were supportive of the move away from the previous approach of no partial firmness. One respondent described how this approach can provide developers with a better understanding of the projected constraints impacts on their project; this can result in a positive impact on the support mechanism costs required to develop these projects.

One respondent suggested that not allocating firm access in tranches would make the process ill-defined. Some respondents described how they do not see it as appropriate to consider a different level of allocating firm access based on size of project. One respondent stated it would be discriminatory to large renewable projects if firm access was only allocated on an 'all or nothing' approach. Another respondent described how with partial firm access approach large projects such as offshore will not have to wait many years for a reinforcement date to bring constraints below a certain threshold.

Several respondents sought greater clarity on how the value of 20MW was determined and how it will be allocated to existing and new generators. One respondent asked will the first to commit, first to firm approach be continued with the oldest "committed" projects receiving firm access first or will additional FAQ be divided pro-rata between operational generators.

One respondent suggested allocation of firm access in 10MW tranches, given the number of solar developments in the 30MW to 100MW range relative to other technologies. Another respondent stated it was unclear why the granularity of partial quantities is so greatly reduced, moving discrete blocks of 0.5 MW to blocks of 20 MW. One respondent sought to clarify that where a generator is less than 20MW MEC, the test will be whether there is firm access for that generator, and not just for a full 20MW block. One respondent suggested the MW blocks will need further consideration and we recommended further discussion with industry bodies to detail an appropriate approach. Another respondent suggested smaller FAQ improvements are still helpful to projects, so some flexibility to provide this where a 20MW block cannot be achieved should not be ruled out.

## **RA Assessment**

The RAs in the consultation welcomed the proposed updated approach of in certain situations allocating partial Firm Access in discrete blocks of 20MW. The RAs note that the majority of respondents supported this proposed approach of allocating partial Firm Access Quantities and welcomed the move away from the previous approach of no partial firmness. In the RAs view although this approach may add more complexity to the allocation programme versus the original proposal it provides many benefits. The RAs note how respondents cited benefits of this approach such as providing developers with a better understanding of the projected constraints impacts on their project. It was suggested not allocating firm access in tranches would make the process ill-defined, especially for larger projects.

The RAs note that several respondents sought greater clarity on how the value of 20MW was determined and how it will be allocated to existing and new generators. The RAs note that some respondents questioned the size of allocation tranches, suggesting smaller tranches such as 10MW, and clarity was sought if a generator has less than 20MW MEC. The RAs note that EirGrid's proposed approach is that partial Firm Access in blocks of 20 MW will only be considered where a generator cannot be firm for the total MEC. The RAs are of the view that blocks of 20MW seem appropriate, however this can be given further consideration beyond this decision paper. It is envisaged that this will be captured as part of a more detailed methodology paper led by the CRU.

### **SEM Committee decision**

The SEM Committee agrees with the proposed approach of allocating partial Firm Access Quantities in discrete blocks of 20MW.

The SEM Committee notes that a review of the size of this block can be included as part of a more detailed methodology paper led by the CRU.

## Stage of development

### **EirGrid Proposal**

EirGrid initially proposed in their methodology published in December 2021 that only connected generators would be considered for Firm Access. EirGrid noted in their original proposed methodology that in the Gate process, some connected generators remained non-firm due to Firm Access rights being assigned to projects which never connected. Following engagement with industry and the RAs, EirGrid adjusted this element in its updated proposed methodology moving forward the timeline for when Firm Access is allocated. The new proposed approach proposes to allocate Firm Access to projects once they reach committed project phase (progress beyond Consents Issue Date).

### **Consultation question:**

4. Comments are invited from respondents on the proposed approach of allocating Firm Access to generators once they reach committed project phase (progress beyond Consents Issue Date). Please provide reasons and rationale for any views provided.
5. Comments are invited from respondents on the inclusion of a longstop date with awarded FAQs. Please provide reasons and rationale for any views provided.

### **Consultation responses**

#### Question 4:

Respondents welcomed bringing the timing trigger for the calculation of FAQ earlier in the development process in EirGrid's updated proposal. The majority of respondents stated that Firm Access certainty is required earlier in the project process, in advance of CRM and RESS auction bidding. A number of these respondents proposed that firm access certainty is brought back to an earlier stage such as connection agreement or offshore GCA with measures to prevent hoarding of capacity such as a use-it or lose-it approach. It was described how this would remove a source of uncontrollable risk, reducing auction outturn prices and improve value to the consumer. One respondent

described how this degree of risk is unacceptable for an investor when participating in any of the relevant auctions. Some respondents described how it is essential that certainty is provided earlier in the project timeframe, ideally before RESS auction bidding or securing a CPPA.

One respondent stated there is a particular concern with the impact of constraints on proposed projects going into ORESS auctions, suggesting the relative size of these projects needs to be taken into consideration when assessing the consumer detriment associated with efficiency of bids into these 15-year contracts. Another respondent suggested an allocation of firm access to projects with planning consent or with a Grid Connection Assessment (GCA) may be sufficient for ORESS 1 projects. One respondent suggested using the Consents Issue Date could be appropriate for onshore connections but that this is not the case for offshore developments.

A number of respondents proposed that Second Stage Payment is utilised as the trigger for the calculation of any firm access date rather than the Consents Issue Date. A number of respondents stated CID is not a concept for DSO projects suggesting second stage payment is used by the relevant system operator as the milestone to ensure a consistent approach. One respondent stated the Consents Issue Date is not a fully objective, irrevocable, measure of project progress.

A number of respondents supported the proposed approach for eligibility, given the increased certainty it provides to developers prior to connection. One of these respondents suggested it should be applied to existing connected non-firm generators and “committed” non-firm units. Another respondent described how the Consents Issue Date (CID) milestone is the earliest definitive indicator of whether a project is fully committed to delivering on time. This respondent suggested developers should be provided with a reasonably definitive “indication” of their future FAQ at a stage prior to participating in a RESS or O-RESS auction.

#### Question 5:

The majority of respondents supported the introduction of a longstop date suggesting it is key that firm access is allocated efficiently and is not hoarded. One respondent described how this would ensure that EirGrid have more confidence that these projects will deliver, that their Firm Access capacity will be used, while also protecting

the financial commitments that developers have made. A number of respondents suggested it should be linked to termination of the connection agreement or GCA. One of these respondents suggested this would remove any requirement for a separate longstop date for firm access. Another respondent suggested this date should be defined differently to the longstop date provided in a grid offer. One respondent suggested a longstop date of 5 years post the final ATR associated with a project's grid connection is appropriate, allowing a generator to price in the risk into its bid price or CPPA.

A number of respondents questioned if a longstop date is required if firm access is allocated only after the CID stage of a project's development. One respondent described how projects will have invested significant amounts to reach the point where they are awarded FAQs so the chance of hoarding is diminished. It was described that measures to mitigate the risk of hoarding are much more appropriate if firm access allocation is brought forward from CID stage.

A number of respondents suggested the longstop date should not apply where a unit does not connect as a result of third-party delays which are outside the control of the developer, suggesting derogations should be included to reflect this. It was described how the longstop date needs to be set at a level which filters out infeasible or unlikely projects but will not unintentionally result in projects having their Firm Access rights revoked when nearing completion. One respondent stated it had some concerns with regard to the introduction of longstop dates, suggesting more specific detail was required on enforcement, penalties, and general conditions to ensure that projects are managed compliantly and do not lose their firm access allocation. A number of respondents welcomed further engagement on the best mechanisms to implement and how a longstop date would be evaluated.

## **RA Assessment**

### Question 4:

The RAs welcome the updated approach of allocating Firm Access earlier in the process than when generators are connected. The RAs note that respondents welcomed bringing the timing trigger for the calculation of FAQ earlier in the development process, however the majority of respondents stated that certainty is

required earlier in the project process, such as at connection agreement or offshore GCA, so certainty is provided in advance of auction bidding or securing a CPPA. The RAs note that a number of respondents supported the proposed approach for eligibility, given the increased certainty it provides to developers prior to connection. The RAs recognise that the stage of development at which a project becomes eligible for Firm Access represents a trade-off between investor confidence pre-connection and efficient allocation. The RAs welcome EirGrid's proposed approach of moving the allocation of Firm Access to earlier in the development process for generators. The RAs on balance are of the view that certainty needs to be provided earlier in the project process timeline, suggesting the milestone of connection agreement stage for projects. This approach would ensure certainty is provided in advance of auction bidding or securing a CPPA.

The RAs note that a number of respondents proposed that Second Stage Payment is utilised as the trigger for the calculation of any firm access date rather than the Consents Issue Date. It was suggested that CID is not a concept for DSO projects suggesting second stage payment is used. The RAs are minded to describe this milestone in an appropriate manner to reflect when a project reaches committed project phase. As described above the RAs are of the view that certainty needs to be provided earlier in the project process timeline, using proposed milestone of offer acceptance.

#### Question 5:

The RAs note that the majority of respondents supported the introduction of a longstop date suggesting it is key that firm access is allocated efficiently and is not hoarded. Other respondents questioned if a longstop date is required if firm access is allocated only after the CID stage of a project's development. The RAs note that number of respondents raised some concerns on how this longstop will be developed to ensure it works appropriately, seeking further detail such as on enforcement, penalties, derogations and general conditions. A number of respondents welcomed further engagement on the best mechanisms to implement and how a longstop date would be evaluated. The RAs note that moving the certainty provided on calculation of firm access date to earlier in the project process timeline increases the onus on the operation of a longstop date. The CRU will consider the longstop date element further as part of a more detailed methodology paper.

## **SEM Committee decision**

The SEM Committee agrees with the proposed approach of EirGrid allocating Firm Access to generators once they reach a specific committed project phase. The SEM Committee are of the view that certainty needs to be provided earlier in the project process timeline, proposing the connection agreement stage for projects to meet committed status.

The SEM Committee are of the view that the longstop date element requires further consideration as part of a more detailed methodology paper.

## **Batteries and other service providers**

### **EirGrid Proposal**

In its proposal EirGrid stated that for the purposes of the Firm Access methodology, Firm Access for batteries and other service providers is outside of scope for this methodology and therefore not applicable at this time. EirGrid stated this approach may be reviewed in the future as part of other work streams directly related to the development of these services.

### **Consultation question:**

6. Comments are invited from respondents on the proposed approach of treating batteries and other service providers as outside the scope of the Firm Access methodology. Please provide reasons and rationale for any views provided.

### **Consultation responses**

The majority of respondents did not agree with the proposed approach of treating batteries and other service providers as outside the scope of the methodology. Respondents stated it is important to consider the beneficial impacts of energy storage in terms of alleviating constraints and the potential for energy storage to create firm capacity in regions of the grid to support renewable development. It was described

how batteries can operate as a local energy sink to enable a higher level of FAQ for non-storage generators.

A number of respondents stated there is no equitable rationale for not applying the same firm access approach for all unit types. Another respondent stated firm access should not discriminate between technology type or service offering, be it inertia/sync comp, system services or energy. One respondent stated this approach would appear to be discriminatory and indirectly anti-competitive as it will impact on the incentive for certain technologies to participate in the capacity auctions. A number of respondents described how as energy storage requires a “Licence to Generate” alongside other forms of licenced generation, the proposed treatment of storage can be considered discriminatory under EU legislation.

One respondent stated that longer duration energy storage is already here and must be considered today. Another respondent stated the commercial case for developing longer duration batteries fails if they cannot participate in the energy market freely. Another stated consideration needs to be applied to battery projects that were successful in the CRM auction and, reasonably, considered firm access energy market revenue to be part of the business case at some point in the future. One respondent described how longer duration technologies create more space for new renewables per MW relative to shorter duration. It was described how the proposed approach ignores the reality that battery storage units will need to participate across all revenue streams, including the wholesale market, capacity market as well as System Services revenues, and therefore an approach which excludes storage from 2 of the 3 future revenue streams will create distortion and risk loss of investment. One respondent described the proposed approach as a clear barrier to developing projects that will not support investor confidence if they are excluded from fair participation in wholesale markets.

A number of respondents looked for confirmation as to how hybrid sites will be treated in terms of Firm Access and if these will be included, with one respondent suggesting it is important that hybrid renewable-BES projects are not in any way disadvantaged.

A number of respondents agreed that it was perhaps more efficient to the overall timely delivery of this Firm Access Policy that batteries and other service providers were excluded, but these respondents urged the SEM Committee to undertake an

urgent further assessment of how to capture batteries and other service providers. One of these respondents suggested the urgent need to resolve the lack of firmness for batteries, as not to do so reduces not only Ireland's ability to achieve CAP targets in the medium term, but also reduces the extent to which batteries can provide price arbitrage to the benefit of present consumers.

## **RA Assessment**

The RAs note that the majority of respondents did not agree with the proposed approach of treating batteries and other service providers as outside the scope of the methodology, with respondents stating it is important to consider the beneficial impacts of including energy storage in the methodology. Respondents stated firm access should not discriminate between technology type or service offering, suggesting the proposed approach would damage investor confidence and act as a clear barrier to developing projects. Respondents also cited the potential benefits of long duration storage. The RAs note the different concerns raised by respondents. The RAs recognise the increasing importance of battery storage, and the need to facilitate the increased inclusion of this technology in order to facilitate meeting Ireland's renewable electricity targets.

The RAs note that a number of respondents agreed that it may be more efficient to the timely delivery of this Firm Access Policy that batteries and other service providers were excluded, but these respondents urged an urgent further assessment of how to capture batteries and other service providers in the methodology. Also, the RAs note that EirGrid stated this approach may be reviewed in the future as part of other work streams directly related to the development of these services. The RAs note that the Department of the Environment, Climate and Communications (DECC) currently have a consultation open on developing an Electricity Storage Policy Framework for Ireland<sup>3</sup>. This consultation closes on 27 January 2023. The outcome of this work will inform the design and delivery of an electricity storage policy framework for Ireland which will be launched next year. The RAs are minded to agree with EirGrid's proposed approach of treating batteries and other service providers as outside the

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<sup>3</sup> [gov.ie - Consultation on developing an Electricity Storage Policy Framework for Ireland \(www.gov.ie\)](https://www.gov.ie/en/consultations/consultation-on-developing-an-electricity-storage-policy-framework-for-ireland/)

scope of the Firm Access methodology for the near term. Following completion of this policy framework by DECC the RAs propose carrying out a review looking at the treatment of batteries and other service providers in the methodology.

The RAs note that a number of respondents looked for confirmation as to how hybrid sites will be treated in terms of Firm Access and if these will be included in the methodology. The RAs note that the treatment of hybrid sites is part of a broader issue which is currently under review. The RAs are of the view that clarity on treatment of hybrid sites must be confirmed before treatment in this methodology can be determined.

### **SEM Committee decision**

The SEM Committee agrees with the proposed approach of treating batteries and other service providers as outside the scope of the Firm Access methodology.

Following completion of Electricity Storage Policy Framework by DECC a review will be carried out looking at the treatment of batteries and other service providers in the Firm Access methodology.

### **Maximum Export Capacity (MEC) floor of 1MW**

#### **EirGrid Proposal**

EirGrid described in the proposed methodology that a MEC “floor” of 1 MW will be applied, with Firm Access not considered relevant below this level.

#### **Consultation question:**

7. Comments are invited from respondents on the proposed approach of having a MEC “floor” of 1 MW. Please provide reasons and rationale for any views provided.

#### **Consultation responses**

A number of respondents supported the application of a 1MW MEC “floor” under the proposed methodology given the TSOs view that Firm Access is not considered relevant below this level. One of these respondents noted that below 1 MW would generally be connected at the MV/LV distribution voltage.

The majority of respondents agreed with the concept of an MEC floor but instead of tying the floor to a fixed MW threshold, they proposed that the floor should be linked to the controllable limit instead as this limit may change over time depending on policy. One respondent who agreed with the principle of aligning the 1MW level to the current controllable limit, suggested there shouldn’t necessarily be an automatic change to the 1MW floor level given the likely resource requirements that could be required if the MEC floor were to be lowered and much smaller sites need to be modelled for Firm Access.

A number of respondents did not agree with the automatic granting of firm access to all generators under 1 MW, describing it as discriminatory and would lead to unfair competition between generators seeking to obtain firm access. It was stated that Microgen and small-scale generation cannot hold off allocation of firm access for large scale projects that had progressed to planning and grid ahead of them. Another respondent stated that whilst generation under 1MW currently comprises a small percentage of installed renewable capacity, it was suggested that the RAs learn from the experience in Northern Ireland whereby the incentives for small scale and micro generation have resulted in over 400MW of installed capacity connecting to the system without any controllability.

One respondent suggested that in the case of community renewable energy projects of less than 5MW, that these projects should be considered non-controllable as was previously the case for sub 5MW projects.

## **RA Assessment**

The RAs note that the majority of respondents agreed with the concept of an MEC floor, with Firm Access not considered relevant below this level. Most respondents supported the application of a 1MW MEC “floor” under the proposed methodology however the majority of these respondents proposed that the floor should be directly linked to the controllable limit instead as this limit may change over time depending on

policy. The RAs noted in the consultation the rationale in EirGrid's proposal that the MEC floor of 1 MW was aligned with the controllable limit. The RAs recognise the rationale of directly linking this value to the controllable limit, however the RAs may want to consider other information as required when reviewing the MEC floor level going forward. In the RA's view if in the event the controllable limit is changed the RAs would still have the flexibility to adjust the MEC floor level if deemed appropriate.

The RAs note that a number of respondents did not agree or had concerns with a MEC floor of 1 MW, describing it as discriminatory leading to unfair competition between generators of different size. The RAs recognise that in setting a MEC floor, a balance has to be struck between a number of competing factors. These include what is practical in terms of modelling and analysis by EirGrid in the firm access assessment, with this floor providing a cut off for units of a certain size. Also it must be considered whether this output from the firm access assessment is of much use to projects of a certain size e.g. if not controllable.

It was suggested by one respondent that in the case of community renewable energy projects of less than 5MW, that these projects should be considered non-controllable as was previously the case for sub 5MW projects. The RAs note that the decision being covered here is purely in relation to the MEC "floor" level that will be applied to the Firm Access methodology. The controllable limit was used to inform this level however this paper is not looking at this controllable limit itself.

As noted by the RAs in the consultation the controllable limit could change in the future, but any change to the MEC floor would be subject to further review.

### **SEM Committee decision**

The SEM Committee agrees with the proposed methodology that a MEC floor of 1 MW will apply, with Firm Access not considered relevant below this level.

## Allocation frequency

### **EirGrid Proposal**

In its proposal, EirGrid proposes that Firm Access will be allocated in the form of an Annual Review process, with assessments made in each Annual Review.

#### **Consultation question:**

8. Comments are invited from respondents on the Annual Review process. Please provide reasons and rationale for any views provided.

#### **Consultation responses**

The majority of respondents welcomed the proposed approach of an Annual Review process. It was described that the proposed annual review is a positive change to the methodology and will assist in providing up to date locational signals for future firm access capacity as well as increasing the speed of firm access allocation. Most respondents requested more detail/clarity in respect of how this annual review process will work. Some respondents suggested it is not possible to fully support this proposed process without sufficient detail on how it would work. Respondents asked questions such as when can the first Annual Review of Committed Generators take place? will the Annual Review take place at a regular and specified date each year?

Respondents suggested it would be important that the annual review aligns with the ECP gate type approach and allow sufficient time for participants to include firm access information into support mechanism auctions. It was described that the Annual Review and allocation of firm access must be at a point when developers can take it into account when developing RESS/ORESS/CPPA prices. One respondent suggested that if the calculation of the firm FAQ date cannot be brought forward to before the relevant route-to-market auction (RESS, CRM), consideration should be given to a once-off calculation of the firm access on achievement of reaching the committed project milestone.

One respondent stated that while an annual review will improve the frequency of the investment signal, it is vital that the annual review doesn't result in misleading and inconsistent signals that could leave investors stranded due to no fault of their own.

One respondent noted that similar to grid connection, if a small window is missed in planning a wait of up to 12 months could occur.

One respondent suggested that a high degree of transparency and clarity on how the review is carried out is necessary in order to avoid distortions or unfair outcomes. This respondent suggested the development of the Annual Review process would be best addressed through thorough engagement and workshops with industry and wider stakeholders. Another respondent suggested the allocation process must not be allowed to operate independently of other grid processes such as the ECP to mitigate against divergence of award dates for generators between connection agreements and FAQs.

One respondent proposed as an alternative the continuous allocation of FAQ for projects that meet the committed stage suggesting there is no apparent major need or benefit to completing FAQ analysis in batches of projects on an annual basis. It was suggested an annual review process could introduce a delay of 6-18 months for a project getting FAQ information.

## **RA Assessment**

The RAs note that the majority of respondents welcomed the proposed approach of an Annual Review process, describing it as a positive change to the methodology. As set out in the consultation the RAs welcome the introduction of an Annual Review process. The RAs note that most respondents requested more detail and clarity in respect of how this annual review process will work, with some respondents suggesting it is not possible to fully support this proposed process without sufficient detail on how it would work. Respondents asked when can the first Annual Review take place? Will the Annual Review take place at a regular and specified date each year? Will it be in advance of relevant route-to-market auction? The RAs note the strong interaction between different elements of the proposed methodology in determining when FAQ dates are provided, such as between the allocation frequency and stage of development elements. It was suggested the development of the Annual Review process would be best addressed through thorough engagement and workshops with industry and wider stakeholders. The RAs are of the view that this area will require further consideration beyond this decision paper. This will require

further engagement with EirGrid to develop more detail and an indicative timeline of how the Annual Review process will work. It is envisaged that this will be captured as part of a more detailed methodology paper led by the CRU.

It was described how if a small window was missed in planning a wait of up to 12 months could occur until the next assessment. Also an alternative approach was proposed of continuous allocation once projects meet the committed stage. The RAs note the concerns raised by some respondents of having to wait for the next Annual Review, however the RAs view is that once this element is fully developed that participants will have certainty of being able to receive Firm Access in a subsequent year, having a transparent route to Firm Access.

The RAs note that a number of respondents raised concerns around the design of an Annual Review process, suggesting that transparency and clarity around the process was necessary in order to avoid distortions, unfair outcomes and inconsistent signals. Another respondent suggested the allocation process must not be allowed to operate independently of other grid processes to mitigate against divergence of award dates for generators between connection agreements and FAQs. The RAs agree that generators need certainty and stability from the Annual Review process, however as stated above the RAs consider this area requires more detail beyond this decision paper. The CRU proposes to assess this area further as part of a more detailed methodology paper.

### **SEM Committee decision**

The SEM Committee agrees with the introduction of an Annual Review process.

The SEM Committee notes that this will require further detail and an indicative timeline of how the Annual Review process will work as part of a more detailed methodology paper led by the CRU.

## Firm Threshold

### EirGrid Proposal

EirGrid described in the proposed methodology the introduction of a Firm Threshold. This Firm access test for renewable energy sources will consider a minimum level of acceptable constraint. EirGrid described how the introduction of a Firm Threshold moves the process away from a binary computation exercise and towards a targeted assessment which considers the main bottlenecks on the system which are directly contributing to constraints.

#### **Consultation question:**

9. Comments are invited from respondents on the Firm Threshold. Please provide reasons and rationale for any views provided.

#### **Consultation responses**

The majority of respondents requested more detail and clarity on this proposed approach. Respondents suggested they cannot comment on the merits of this proposal without further detail been provided. Respondents questioned how will Firm Threshold be set? And under what process can it change? Respondents supported the concept of a Firm Threshold and moving away from a binary computation exercise. It was suggested that the methodology should ensure fairness and prevent discrimination across regions and technologies.

One respondent stated it does not seem appropriate that a different threshold should apply in different areas. Other respondents suggested that a firm threshold may deter investment in much needed parts of the network. Clarification was sought as to whether more than one threshold value is required, referring to EirGrid's flow chart which referenced Regional Network Constraints and System Wide Constraints. One respondent suggested it would make sense to have a higher threshold in areas where EirGrid does not have sufficient ATRs planned. One respondent proposed applying a single minimum level of acceptable constraint threshold for projects in all areas however it was suggested the this should not lead to a circumstance by which certain areas of the grid are essentially ignored or de-prioritised for reinforcement.

A number of respondents suggested that the firm threshold should be implemented on technology-neutral basis, stating all unit types (both RES and non-RES) require equal access to firmness to aid their business cases for continuing operations. One respondent described how it is unclear whether the firm threshold would apply to all generation or renewable generation only.

A number of respondents suggested annual changes/reviews to the threshold are not seen as appropriate, suggesting it would have an adverse impact on long-term project planning and could introduce frequent changes in locational signals.

A number of respondents noted that EirGrid have already made a 5% allowance for constraints in SOEF and so suggested it would therefore appear that they have effectively predetermined that the threshold for firm access should be 5%. A number of respondents stated that the Firm Threshold level should be set at 5%, with one respondent suggesting 5% as a minimum.

One respondent requested clarity on the influence of cross-border infrastructure on the Bulk Transmission System constraints. A number of respondents welcomed more detail on the mechanism for calculation and on whether it will be tied to ECP constraints analysis. A number of respondents suggested this issue requires further consultation.

## **RA Assessment**

The Firm Threshold is a new concept for the Irish transmission system, with respondents broadly supporting this proposal. The RAs support the introduction of a Firm Threshold and moving away from a binary computation exercise as in previous Gate 3 ITC approach. The RAs note that most respondents requested more detail and clarity on how this proposed approach would work in practice. The RAs recognise that further detail is required on areas such as how the Firm Threshold will be set, under what process it could be changed, whether different thresholds would apply in different areas and whether it would apply to all technology types. The RAs note the view of some respondents that this issue requires further consultation. The RAs are of the view that the detailed determination of the Firm Threshold will require further consideration beyond this decision paper. This will require further engagement with EirGrid to develop more detail and analysis to inform this decision. It is envisaged that

this will be captured as part of a more detailed methodology paper led by the CRU.

The RAs note that a number of respondents did not support the uncertainty introduced by an annual review to the threshold. The RAs can appreciate this viewpoint but also see the benefit of having this flexibility built into the methodology design to adjust the Firm Threshold as required as experience and outcomes dictate. Without further detail on how the Firm Threshold will be set and under what type of process it would be changed under it is difficult to fully assess this question at this stage. The CRU proposes to assess this area further in the more detailed methodology paper.

The RAs note that a number of respondents suggested that the firm threshold should be implemented on a technology-neutral basis. The RAs are of the view that this seems appropriate and will be assessed further in the more detailed methodology paper.

### **SEM Committee decision**

The SEM Committee welcomes the concept of a Firm Threshold.

The SEM Committee note that this will require further detail and analysis as part of a more detailed methodology paper led by the CRU.

### **Order of allocation**

#### **EirGrid Proposal**

EirGrid initially proposed an order of allocation in their methodology published in December 2021 based on a 'First to connect – first to be Firm allocation' order. Following engagement with industry and the RAs, EirGrid adjusted this element of allocating Firm Access to projects once they are committed. Projects which progress beyond Consents Issue Date are said to have reached committed project phase, these committed projects are made firm until constraints increase beyond the Firm Threshold. This allocation order is now more clearly described as First to be committed – first to be Firm.

### **Consultation question:**

10. Comments are invited from interested parties on the approach of First to be committed – first to be Firm. Please provide reasons and rationale for any views provided.

### **Consultation responses**

The majority of respondents supported the approach of first to commit – first to be firm. Many of these respondents sought further detail, suggesting while the approach may not be optimal, firm access should be granted in a clear, reliable and transparent manner. A number of respondents sought clarity on how this will work for both new projects and existing generators, asking will existing non-firm generators get firm access first. One respondent suggested clarity is needed on how this is treated across different technologies, stating different technologies offer different value to the electricity system. One respondent suggested consideration is needed on how Firm Access is awarded in a tiebreak situation.

One respondent welcomed the proposed change from First to be Connected methodology to the First to be Committed in EirGrid's updated proposal. One respondent stated the first to commit first to be firm approach is optimal, only allocating Firm Access only after a project achieves the CID milestone, mitigating much of the risk that a project allocated firm access will fail to deliver.

A number of respondents did not agree that a first to connect first to be firm approach is an appropriate or prudent approach. One respondent suggested careful consideration needs to be applied to the trade-off between allocating Firm Access in the most optimised manner and the risk of increased costs that the generator, and ultimately consumer, will have to pay. One respondent described a scenario that certain generators (due to their time-of-day production profile) trigger constraints above the Firm Threshold, whereas other generators with later commitment dates, such as solar with day-time production may not. One respondent suggested that the role of EirGrid as the Offshore Transmission Asset Owner will need careful consideration when allocating Firmness on a first come first served basis.

## **RA Assessment**

The RAs are of the view that EirGrid's proposed approach of First to be committed – first to be Firm is a transparent and practical approach. The RAs note that most respondents agreed with this approach, with some of these respondents seeking clarity on certain areas such as how it will work for new projects versus existing generators. In the RAs understanding the order of allocation between existing non-firm generators and new projects would be dictated by the timing of these projects reaching committed status. Another respondent queried if treatment is different across different technology types. In the RAs understanding the First to be committed – first to be Firm allocation approach is technology neutral. One respondent raised question of how Firm Access is awarded in a tiebreak situation. The RAs agree that some provision would need to be developed to deal with this scenario.

The RAs note that a number of respondents did not agree with this proposed approach, describing the trade-off between allocating Firm Access in the most optimised manner and the risk of increased costs that the generator, and ultimately consumer, will have to pay. The RAs consider that the transparency of the proposed approach in turn promotes fairness. It is a straightforward approach to understand and replicate.

## **SEM Committee decision**

The SEM Committee agrees with the proposed order of allocation approach of First to be committed – first to be Firm.

## **Transmission Development Plan basis**

### **EirGrid Proposal**

EirGrid's proposed forward-looking assessment to determine Firm Access dates for Scheduled FAQs is based on the latest EirGrid Transmission Development Plan. Reinforcements in the plans and their expected completion dates are considered as part of the process to see if, and when, the capacity in an area will increase above the

Firm Threshold.

### **Consultation question:**

11. Comments are invited from respondents on the use of the Transmission Development Plan as part of the Firm Access methodology. Please provide reasons and rationale for any views provided.

### **Consultation responses**

A number of respondents did not object to the use of the Transmission Development Plan (TDP) however these respondents raised different concerns with the current TDP. Respondents saw the benefit of having a transparent single source of information. A number of respondents suggested that it is not clear that the current TDP includes all Shaping our Electricity Future (SOEF) reinforcements. A number of respondents suggested the TDP needs to encompass broader system needs that have been identified by EirGrid in their other forward-looking assessments such as Tomorrow's Energy Scenarios (TES) System Needs Assessment, SOEF roadmap and the All-Island Generation Capacity Statement. Respondents raised the timing of the TDP process and how it will interplay with the Annual Review process.

Respondents suggested that greater transparency is required as to why EirGrid are not looking to deliver reinforcement in certain locations within TDP reports, raising concerns about areas of the network that may be undesirable or inconvenient for the TSO to develop.

It was noted that both the TDP & SOEF only extend to 2030. One respondent stated the process is unclear regarding how many years the firm access methodology will look forward when considering ATRs. It was suggested consideration should be given to longer term projects beyond 2030.

A number of respondents noted that EirGrid publishes a more frequent Network Delivery Portfolio (NDP) which is likely to contain more up to date information. More detail was requested on how the NDP publications will tie into the TDP, and the firm access review process. It was described that the NDP delivers updated ATR status quarterly suggesting that this could be a superior source of information for ATRs when

calculating any available firm FAQ date.

A number of respondents suggested that the TDP should not be the sole basis for scheduling FAQs, highlighting that information in the TDPs can be years out of date due to data freeze date. Respondents suggested the Firm Access methodology should be based off appropriate timeline for addressing known system needs, such as those identified in the TES System Needs Assessment and Shaping our Electricity Future (SOEF). A number of respondents suggested using standard timelines for progressing through steps 1-3 of the Grid Development Framework. One respondent who disagreed with the use of the TDP suggested projections in these plans are often unrealistic and overly ambitious. It was described if projects rely on these dates to support their auction bids, then undoubtedly this will cost the consumer money. As raised in timebound firm access date section one respondent stated it is important that the time-bounds applied by EirGrid are standardised or capped in some way to avoid FAQ dates which are infeasible for investment cases, while another respondent stated that the scheduled Firm Access Quantity date should be linked to projected delivery of ATRs, as this provides some protection for customers.

## **RA Assessment**

In the consultation the RAs noted the approach of the Transmission Development Plan (TDP) flowing into the Firm Access methodology. The RAs note that most respondents suggested the TDP should include forward-looking assessments from EirGrid in other documents such as Tomorrow's Energy Scenarios (TES) System Needs Assessment, SOEF roadmap and the All-Island Generation Capacity Statement. The RAs see merit in engaging further with EirGrid to confirm whether they envisage including some of these forward-looking assessments as part of the firm access assessment process.

Respondents also raised issues highlighting that information in the TDP can be years out of date due to the data freeze date. The RAs note that respondents suggested using the quarterly Network Delivery Portfolio (NDP) as it is likely to contain more up to date information. The RAs note that some respondents saw the benefit of having a transparent single source of information. The RAs note concerns raised about the TDP reflecting out of date information and can see the merits in exploring the use of more regular information such as the quarterly NDP. The CRU proposes to engage further

with EirGrid regarding using data that is sufficiently up to date to support the firm access assessment process.

The RAs note that some respondents put forward different suggestions as to what the firm access date (to complete ATRs) should be based upon, whether to use standard or historic/actual timelines. The RAs note that a number of respondents raised the standard timelines used for progressing through steps 1-3 of the Grid Development Framework, while another respondent suggested projections in the TDP plans are often unrealistic and overly ambitious. The RAs note the different views raised on this and note the need to engage further with EirGrid regarding how they propose to forecast expected ATR completion dates as part of this firm access methodology.

### **SEM Committee decision**

The SEM Committee notes that there will be further engagement by CRU with EirGrid regarding data to improve forecasting of ATR completion dates for future assessments.

### **Look back and look forward approach**

#### **EirGrid Proposal**

EirGrid proposed that at a high level the new methodology would be composed of two steps, a look back and look forward step. In the look back step an annual review is carried out, generators in areas with capacity will be granted Firm Access. Generators in areas where the TDP will create future capacity will be allocated a set date for Firm Access. The look forward step provides a locational signal for future new capacity. The locational signal will consider the TDP against the new Firm Access methodology to signal areas of the power system with Firm Access.

#### **Consultation question:**

12. Comments are invited from respondents on the proposed look-back and look-forward approach, and the interaction between these steps. Please provide reasons and rationale for any views provided.

## **Consultation responses**

A number of respondents suggested the value of the look-forward approach is reliant on its consistency of approach with the subsequent look-back calculation. One respondent suggested there can be years between participating in an auction on the basis of a look forward approach, and finally having the look-back calculation performed. Another respondent suggested that fixing the Firm Threshold value and/or ATR dates would materially contribute to that consistency between the two processes. One respondent suggested that developers receive as close as possible to a definitive indication of what their FAQ will be such that it can meaningfully inform their bids for RESS/O-RESS support.

A number of respondents support the look-back and look-forward approach. Many of these respondents sought more detail on the methodology. A number of respondents suggested that a clear and transparent look-back and look-forward approach will aid investors understanding of the decision process.

Respondents raised the timing of the look-back and look-forward approaches. One respondent suggested that the look-back is needed immediately to address the existing issues with the grid and the look forward is needed ahead of ORESS 1 and RESS3. Another respondent stated it seems the most acceptable approach to apply the look-back approach first before applying the look-forward step.

Some respondents sought clarity on statements in Appendix D of EirGrid's proposal. In Appendix D "Step 2 Look Forward Approach" it states "[t]he early projects to connect in these areas are made firm until constraints increase beyond the Firm Threshold". This respondent sought clarity on what this statement means, to confirm that once a project is provided with firm access that it retains it. Another respondent stated it is unclear from Appendix D if the "First to commit – First to be Firm" under the Look Back approach will also be applied to the Look Forward approach. It was suggested that the "First to connect – First to be Firm approach" may increase risk on generators and could subsequently impact on bid price in the auctions.

Some respondents supported the concept of a look forward step as a locational signal for future capacity. Other respondents raised concerns about the potential for EirGrid to issue locational signals based on their planned ATRs and constraints in regions. It

was suggested it grants the TSO the power to decide where and which parts of the network they choose to develop, at the same time effectively freezing new generation out of these areas. One respondent described how many renewable projects under development are already well advanced in terms of landowner engagements, ecology studies and planning preparations. A number of respondents suggested that it is not the place of a TSO to influence developer investment in a competitive market.

## **RA Assessment**

The RAs note respondents suggestion that the look-forward approach should be consistent with the look-back calculation. The RAs note how EirGrid in Appendix D of the proposal stated that the Look Forward approach follows a similar concept to what was outlined for the Look Back section. This section subsequently described the look forward approach stating reports will signal the potential constraints trajectory, based on expected connection dates and development projects arising from the TDP. The RAs note that the exact form of the look-back and look-forward approaches, although consistent may differ for practical reasons, in what information and signals these are trying to provide to the market. The RAs note that respondents sought more detail on the methodology. It is envisaged that a more detailed methodology paper will provide more clarity on the look-back and look-forward approaches.

The RAs note that respondents raised the timing of the look-back and look-forward approaches, suggesting the look-back approach should take place first before applying the look-forward step. The RAs see merit in EirGrid's proposed approach of carrying out a look-back step, and then carrying out look-forward step annually. As described above it is envisaged that a more detailed methodology paper will provide more clarity on the timing and interactions between the look-back and look-forward approaches.

The RAs note the differing views from respondents on the look-forward step providing locational signals for future capacity. In the ECP 2 decision paper (CRU20/060) the CRU noted that location will be a significant contributory factor to the timelines for firm access availability. As described above it is envisaged that a more detailed methodology paper will provide more clarity on the look-forward approach.

One respondent sought clarity on a statement in Appendix D of EirGrid's proposal,

looking to confirm that once a project is provided with firm access that it retains it. In the RA's understanding this text described the firm threshold being met in an example, with everything up to that level being made firm. In relation to this query, once a project is provided with firm access (below firm threshold) they retain it. The RAs note that other provisions such as a longstop date may be in place as a deterrent for hoarding FAQs, these provisions could take FAQ from projects in particular circumstances.

The RAs note that one respondent stated it was unclear from Appendix D if the "First to commit – First to be Firm" under the Look Back approach will also be applied to the Look Forward approach. As described above it is envisaged that a more detailed methodology paper will provide more clarity on the look-forward approach.

### **SEM Committee decision**

The SEM Committee agrees with the proposed look-back and look-forward approach.

It is envisaged that further detail on look-back and look-forward approach will be developed as part of a more detailed methodology paper.

### **Delivery incentives**

In consultation SEM-22-068 the RAs noted that there can be a gap between the estimated delivery date and actual completion date of system reinforcement works as evidenced in the TDP. It was described how it is important that effective delivery incentives are placed on the TSO to maintain downward pressure on these costs. The interaction of the Firm Access Methodology with the PR5 incentives was discussed.

### **Consultation question:**

13. Comments are invited from interested parties on the interaction of delivery incentives with the proposed Firm Access methodology. Please provide rationale for to support these views

14. Views are invited from interested parties on how the TSO should be incentivised to alleviate constraints. Please provide supporting rationale for these views.

### **Consultation responses**

The majority of respondents suggested focusing on existing PR5 incentives, and also proposed expanding existing or creating new incentives to focus on delivery incentives and minimising constraints costs. One of these respondents suggested introducing more severe penalties to adequately incentivise the TSO. It was suggested that delivery incentives should exist in parallel with the allocation of binding firm access dates. Respondents suggested the performance of the TSO should be measured against the costs associated with constraining the system.

One respondent suggested that EirGrid need to be incentivised to reduce dispatch down to below 5% (in line with Art.13 of CEP), and stated they did not believe that the current incentives are specific enough to proactively reduce constraints and to futureproof the system. Another respondent stated that a firm access specific incentive should be introduced, the exact mechanisms of which may be considered once full visibility of the proposed firm access methodology, allocation blocks and firm threshold has been achieved.

One respondent suggested that the TSO could publish annual constraint information, this could identify the constraints each year as well as the associated amount in constraint costs associated with each constraint. A number of respondents suggested there is a potential conflict of interest here suggesting there will need to be independent assurance surrounding the Firm Access methodology. Concerns were raised around if the use of penalties / incentives resulted in additional buffer time / contingencies being included in the assumed delivery dates for the required reinforcements. One respondent described where incentives are linked to the reduction of Imperfections Charges (Dispatch Balancing Costs), this creates incentives for EirGrid to “give up” on challenging areas of the network, seek to change the dispatch of firm and non-firm generators, and be pessimistic on the scheduled delivery of ATRs so to reduce the amount of firm access issued, or generators with firm access that are constrained. It was suggested the TSO incentives should require the RAs to

monitor progress of reinforcements, including those set out in SOEF, against original scheduled completion dates.

One respondent proposed that a claw-back mechanism is introduced where missed deliveries of FAQ will put at risk any upside earned by the TSO. Another respondent suggested a double-sided incentive on the TSOs that would pay the TSOs for every 1% of reduced ATR induced constraints below a set target and a penalty for every 1% above a set target. One respondent stated that the TSO should be allocated additional resourcing and funding to help with the internal workload which will in turn, help to alleviate the constraints.

One respondent suggested that where any cross-border infrastructure is relevant to the calculation of constrained operation of generators, incentives on SONI should also be considered; This respondent sought clarity as to how this consultation process will feed back into the jurisdictional incentives on EirGrid, which are a jurisdictional matter. One respondent stated that it is important that any incentives (or penalties) which relate to the alleviation of constraints are applied to both the TSO and TAO (ESBN).

One respondent stated they have concerns with the interaction of delivery incentives, the Firm Access Methodology and the SEMC decision paper SEM-22-009. One respondent stated that the implementation of the SEMC decision to compensation up to the RESS strike price for constraints and curtailment as an important decision that should be implemented in full and one that will incentivise the TSO to delivery on reinforcements on time.

The TSO noted that it is already incentivised by the CRU to alleviate constraints via the PR5 Imperfections and Constraints Incentive as set out in Section 7.12 of the CRU's PR5 Regulatory Framework. In this context it was suggested that any consideration of changes to EirGrid's PR5 incentive framework would require specific engagement between EirGrid and the CRU.

## **RA Assessment**

The RAs note that many respondents suggested focusing on existing PR5 incentives, and also proposed expanding existing or creating new incentives to focus on delivery incentives and minimising constraints costs. The RAs note the different suggestions put forward by respondents, with concerns raised around potential conflicts of interest

for the TSO and the RAs role in alleviating these concerns.

The RAs note that incentives on EirGrid are developed and implemented on a jurisdictional basis by CRU. In the medium term the CRU will continue to review the TSOs performance against the existing relevant PR5 incentives. The CRU will look to review and potentially develop further incentives taking account of this firm access methodology as required as part of a wider review during PR6 development.

### Independent assurance

The Gate 3 Incremental Transfer Capacity (ITC) process was subject to an independent technical audit. In consultation SEM-22-068 it described how the RAs were of the view that a similar independent audit may be appropriate in any updated Firm Access methodology. In order to facilitate this Terms of Reference (ToR) would be required to be developed for these roles.

### Consultation question:

15. Comments are invited from respondents on the need for independent assurance around the Firm Access process. Please provide rationale to support these views.

### Consultation responses

The majority of respondents supported the concept of putting in place independent assurance around the Firm Access process. Some respondents welcomed further engagement on how it could be implemented. It was suggested that the assurance process must operate on an annual cadence to an agreed Terms of Reference on which market participants can comment. A number of respondents suggested it should capture all aspects of the process including the firm threshold methodology, the allocating of firm access (frequency and allocation order) and the development of ATR dates. One of these respondents suggested the depth of that review can focus on procedure rather than the calculation process, where that process is replicable by the

wider industry.

One respondent stated they support the need for independent assurance especially if a first committed-first firm approach is adopted, as this will place a greater scrutiny on the role and performance of the TSO. It was suggested by respondents that more transparency on the methodology, inputs and results from the FAQ process can lighten the audit requirements. This level of transparency will also be required to enable developers to replicate the FAQ process.

A number of respondents supported an independent audit for updated Firm Access methodology provided it does not cause any undue delay and the process to develop the Terms of Reference and to select an auditor is fair and transparent. It was suggested the approach should be done in a way that doesn't delay provision of information to committed projects. One respondent sought further clarity on how the RAs propose to use independent assurance to assess how the TSO is able to deliver firmness.

A number of respondents did not support the need for independent assurance. One respondent suggested that where the models and assumptions are made public, this "sunlight" reduces the need for onerous audit requirements. Another respondent suggested requiring the set-up of an independent assurance body would delay the implementation of the new process. This respondent stated they do not believe there would be a need for an Independent Monitor to oversee this process, and expected that CRU would deliver this assessment as part of their wider governance and assurance roles associated with the Price Control and ECP frameworks.

## **RA Assessment**

The RAs note that the majority of respondents supported the concept of putting in place independent assurance around the Firm Access process. The RAs consider that the assurance provided by an independent auditor in the operation of an updated Firm Access methodology is very beneficial. This will require the development of a relevant Terms of Reference. The RAs note that the Auditor Terms of Reference will be developed and implemented on a jurisdictional basis by CRU.

## **SEM Committee decision**

The SEM Committee supports the view that there is a need for independent assurance around the Firm Access process in the form of an independent Audit.

The SEM Committee notes that the Auditor Terms of Reference will be developed and implemented on a jurisdictional basis by CRU.

## **General questions**

In consultation SEM-22-068 the RAs asked a number of general questions for comment.

### **Consultation question:**

16. General comments are invited from interested parties on whether they agree with EirGrid's proposed Firm Access methodology. Should a party disagree with EirGrid's approach, please provide reasons and rationale for this.
17. Suggestions and/or alternative approaches are invited from interested parties on EirGrid's proposal. Please provide rationale to support this.

## **Consultation responses**

Question 16:

The majority of respondents in general supported the proposals, but most respondents requested further clarity and greater information on different aspects of the design. It was described how this will improve investor confidence and provide better certainty on the future delivery of firm access. Another respondent suggested the need for further detail on the calculation of the firm access threshold, the likely thresholds for different regions, the timing of the proposed annual reviews. One respondent stated it is important to get confirmation of the timelines for this methodology's implementation. Some respondents suggested alternative proposals for the first ORESS 1 auction, to mitigate unavoidable risk for bidders.

A number of respondents requested greater information on the modelling process,

describing it as core to the entire proposal. More detail was requested on how firm access allocation is to be calculated. It was asked how will the Regional Networks be defined (ECP study areas, constraint groups) and will these change year-to-year? Under what network conditions will the constraints, e.g. N-1, be modelled? How will the model identify constraints, curtailment and oversupply? Will it be based on the existing Renewable Dispatch Tool process, or under a more to-be idealised constraint allocation?

#### Question 17:

A number of respondents suggested different ideas around locational signals. One respondent suggested better locational signals through the provision of “heat maps” demonstrating annually for each of the next 5 years the grid regions offering i) spare capacity, ii) the level of firm access available (Firm Access Quantities – FAQs), and iii) the connection costs associated. Another respondent suggested it is more appropriate for locational signals to be set by the regulator rather than by EirGrid. One respondent noted that the Firm access threshold creates a relatively binary, arbitrary and crude locational signal for new renewable generation, suggesting as an alternative to apply nodal caps or a forward nodal CfD on constraints whereby compensation would be made in circumstances where outturn constraints exceed the cap.

One respondent suggested a separate process for the first Offshore RESS auction, thereby ensuring all Phase 1 projects can compete within ORESS 1. It was suggested that EirGrid should be directed to complete the look ahead process for each Phase 1 project seeking to participate in ORESS 1 before the end of December 2022. This respondent suggested that if this work cannot be completed before the end of 2022, then Phase 1 offshore projects seeking prequalification for the ORESS1 auction should be granted a deemed Time Bound Firm Access date of 1st January 2030.

One respondent suggested that the RAs should give careful consideration to releasing Firm Access of retiring units to other market participants, and stated they disagreed with the exclusive focus on current renewable generation. One respondent sought to confirm that all energy generators will be included in this firm access methodology, suggesting it was not expressly clear that this methodology applies to future conventional generation as well.

## **RA Assessment**

The RAs note respondents general support to the proposed methodology, and respondents request for further detail on different elements of the design. The RAs note that there are a number of areas that will require further consideration beyond this decision paper. These elements will require further engagement by CRU with EirGrid to develop more detail on how these will be defined and work. It is envisaged that this work will be captured as part of a more detailed methodology paper.

The RAs note respondents' different proposals around locational signals. The RAs are of the view that some of the proposed locational signals will be further clarified as part of the more detailed methodology paper led by CRU. The RAs note one respondent suggested a separate process for the first Offshore RESS auction. As set out in section 4 the RAs propose certain provisions for offshore phase 1 projects successful in ORESS 1.

## Legacy generation

### **Consultation question:**

18. Comments are invited from interested parties on the benefit of providing firm access to connected legacy generation in Ireland which currently have non-firm access. Should legacy non firm generators be considered in any new firm access methodology? Please provide rationale to support this.

### **Consultation responses**

The majority of respondents suggested that all existing non-firm generators should be included in the firm access methodology. It was suggested it was critical that the new firm access policy considers existing projects with Gate 3 connection offers that have ATRs and Firm Access. One of these respondents proposed that in the look back analysis these projects have the current ATR dates applied, or earlier from the new

methodology, when determining a connected generators Firm Access year. Another respondent suggested connected non-firm units should have priority access to FAQ. It was suggested that legacy projects which have already connected on a non-firm basis should be assessed against the current network and future planned reinforcements to establish a firm access year, this respondent encouraged the RAs to ensure that the decision can be fully implemented so as to ensure that all connected legacy generators are capable of becoming firm. One respondent suggested that failing to apply firm access to connected legacy generation would not only significantly increase the risk perception of the Irish market as a place to develop renewables it would negatively impact the ability of existing projects to maximise the existing connection infrastructure by re-powering or co-locating storage in the future.

A number of respondents made a distinction between pre and post ECP projects, and between non-GPA and GPA projects when talking about legacy generation. A number of respondents proposed that generators which have been given a connection agreement in the absence of any firm-access policy (i.e. non-GPA, RESS-1, RESS-2) are included within this methodology, while legacy generators should remain under the ATR process, as these were the understood rules at the time of entry into a connection agreement. One respondent suggested that generators which jumped the connection process queue for immediate security of supply concerns in Ireland under the CRM under CRU direction, have made their investment decision based on the rules which were in place at that time, and so should not receive firm access under this process. One respondent described how a critical issue for new or repowering generators is that they will not have priority dispatch and that the SEM Committee has decided that they will be dispatched down first over existing generators with priority dispatch, it was suggested that incentivising investment must be the priority given the imminent 2030 targets that must be met.

A number of respondents suggested there are issues of fairness for projects whose Firm Capacity was dependent upon ATRs which remain significantly delayed or potentially have been dropped, it is unclear how their Firm Access could ever be granted. However, one of these respondents suggested it may have detrimental effects on Security of Supply, stating it is likely that legacy generation does not have the same need for an investment case given that it is already built.

## **RA Assessment**

The RAs note comments received in relation to providing firm access to connected legacy generation in Ireland which currently have non-firm access. The RAs note the distinction made by some respondents as to which projects in their view should be included in this firm access methodology. On balance the RAs are of the view that connected legacy generation in Ireland which currently does not have firm access should be included in this firm access methodology. These legacy projects which are already connected on a non-firm basis should be assessed in the current methodology reflecting the current network and planned reinforcements, providing these legacy generators with a path to becoming firm.

## **SEM Committee decision**

The SEM Committee are of the view that connected legacy generation in Ireland which currently does not have firm access should be included in this firm access methodology.

[Proposed methodology in relation to the equivalent approach taken in Northern Ireland.](#)

## **Consultation question:**

19. Comments are invited from respondents on the need to consider this proposed methodology in relation to the equivalent approach taken in Northern Ireland. Do respondents have any views on the interactions and differences between these different approaches.

## **Consultation responses**

The majority of respondents suggested Irelands and Northern Irelands firm access approaches should be aligned. A number of these respondents suggested that

Northern Ireland needs to be included in this firm access methodology review in Ireland. It was suggested that in order to maintain the integrity of the SEM, it is crucial that there is a joined-up approach in place on the island of Ireland. It was suggested that the approaches to Firm Access should be aligned as much as possible in Ireland and Northern Ireland.

A number of respondents suggested that a common approach is needed in order to prevent market distortions, potentially affecting the ability of a generator to meet its obligations under the all-island Capacity Remuneration Mechanism, and creating distortions in renewables and grid build out. One respondent stated that if the Northern Irish market fails to adopt a similar policy for Firm Access, it will create a disconnect between the Irish and Northern Irish market, to the detriment of renewables investment in NI.

One respondent who supported a joined-up approach across the island of Ireland did not propose having the same approach in Northern Ireland and Ireland, proposing that a similar approach should be adopted North and South, such that they are able to provide the same effect.

A number of respondents stated they do not believe there is an issue that there could be diverging approaches to the allocation of firm access between Ireland and Northern Ireland. One respondent stated that firm access has not proven a competitive distortion to battery or conventional generation development North or South. A number of respondents noted that where there is concern regarding cross-jurisdiction burden of costs, Imperfections Charges may be set on a jurisdictional basis by the SEM Committee (noting that the T&SC algebra facilitates this).

One respondent who did not have a view on an equivalent approach taken in Northern Ireland urged the SEMC to ensure there is no delay to this decision and thereafter implementation of the new proposals in Ireland, given the upcoming RESS auctions and the urgent need that EirGrid design a new Firm Access Methodology.

## **RA Assessment**

The RAs note respondents' views on Ireland's and Northern Ireland's firm access approaches being aligned and views around the effects of this. The RAs note that this decision paper is only in relation to a firm access methodology in Ireland. Any possible

changes to this policy in Northern Ireland in the future would be a separate decision.

The RAs note that a number of respondents suggested that imperfections charges could be set on a jurisdictional basis by the SEM Committee. The RAs propose a jurisdictional settlement measure that is triggered if the expected delivery of reinforcements is delayed beyond the FAQ date. In this approach if the related network re-enforcements are not completed by the allocated FAQ date, then the associated generator(s) FAQ are moved to separate jurisdictional TSO cost recovery, paid for by the consumer in the relevant jurisdiction. When these re-enforcements are completed, then this units FAQ is then moved into the existing all-island settlement and paid from there. This measure is designed to ensure that all island consumers are not adversely affected by any jurisdictional policy, while still not preventing the implementation of jurisdictional measures as required. The RAs note that costs from this methodology will be clearly quantified and published to ensure transparency.

The RAs note that there are a number of areas that will require further consideration beyond this decision paper. The interim settlement measure would capture any legacy generation made firm, any partial firmness and interaction with firm threshold where re-enforcements are delayed beyond original FAQ date. These elements will require further engagement with EirGrid to develop more detail on how these will be defined and work. Further analysis from EirGrid will help inform the appropriate allocation of costs on a jurisdictional and on an all-island basis. It is envisaged that this work will be captured as part of a more detailed methodology paper.

### **SEM Committee decision**

The SEM Committee proposes the introduction of a jurisdictional settlement measure that is triggered if the expected delivery of reinforcements is delayed beyond the FAQ date. In this approach if the related network re-enforcements are not completed by the allocated FAQ date, then the associated generator(s) FAQ is moved to separate jurisdictional TSO cost recovery, paid for by consumers in the relevant jurisdiction. When these re-enforcements are completed, this units FAQ is then moved back into the existing all-island settlement.

#### 4. Treatment of offshore (phase 1)

The RAs note that in consultation paper (SEM/22/068) no differentiation was made between the treatment of onshore and offshore generation in the proposed firm access methodology.

The Offshore Wind Renewable Electricity Support Scheme Competition (ORESS 1) is due to take place in early May 2023, with qualification opening in January 2023.

Having considered the feedback received through the consultation and in light of the tight timings, the RAs are conscious that Offshore developers entering ORESS 1 require certainty regarding their Firm Access status as soon as possible. Not having this certainty in advance of ORESS 1 may impact on their ability to enter into the ORESS 1 auction and their ability to finance their offshore development projects.

The SEM Committee has therefore decided to treat Offshore Phase 1 projects that are successful in ORESS 1 differently due to the following reasons:

- Financing for offshore projects requires a higher level of certainty on Firm Access due to large project size and resulting financial exposure.
- Phase 1 projects are connecting into the grid at good locations (with relatively low constraints) when all associated reinforcement projects are complete<sup>4</sup>.

SEM Committee has decided the following treatment for offshore phase 1 projects successful in ORESS 1:

- Firm Access Date is provided in the Full Connection Offer based on the firm access methodology in this decision.
- Backstop of 2030 for full firm access in the worst-case scenario. Irrespective of whether the ATRs are completed the project would receive FAQ for its Maximum Export Capacity (MEC) as specified in Full Connection Offer with a backstop date of 2030 at the latest.
- If the Connection Agreement is not executed by 31 December 2025, then the firm access allocation will fall away in line with the Full Connection Offer

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<sup>4</sup> In addition, one of the six Phase 1 projects expected to participate in ORESS 1 already has firm access allocated to a portion of its capacity from an existing connection agreement.

validity.<sup>5</sup>

- If Connection Agreement is executed but is subsequently terminated due to contractual longstop dates being exceeded (or any other appropriate reason), the firm access allocation falls away. For clarity, if a project loses its Marine Area Consent then the firm access allocation falls away.
- Firm access policy for offshore Phase 1 projects unsuccessful in ORESS 1 and Phase 2 projects will be determined after the Department of the Environment, Climate and Communications' (DECC's) decision on the Phase 2 project selection.

Following this decision, the CRU will request EirGrid to carry out an initial firm access run in early 2023 capturing existing connected non-firm generation and offshore phase 1 projects. This will allow bidders in ORESS 1 to have certainty regarding their firm access status in sufficient time to efficiently reflect this in their bids.

### **SEM Committee decision**

SEM Committee has decided the following treatment for offshore phase 1 projects successful in ORESS 1:

- Firm Access Date is provided in Full Connection Offer based on the firm access methodology in this decision.
- Backstop of 2030 for full firm access in the worst-case scenario.
- If the Connection Agreement is not executed by 31 December 2025, then the firm access allocation will fall away in line with the Full Connection Offer validity.<sup>6</sup>
- If Connection Agreement is executed but is subsequently terminated the firm access allocation falls away.

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<sup>5</sup> Refer to CRU/2022/968 for Full Connection Offer validity and extension

<sup>6</sup> Refer to CRU/2022/968 for Full Connection Offer validity and extension

## 5. Summary SEM Committee decision

### 5.1 Introduction

In the previous section the RAs set out their response to feedback to the different questions posed in the consultation and set out their views on the different elements of EirGrid's proposed methodology. These decisions are set out below.

### 5.2 Summary of decisions

The SEM Committee decisions and next steps on the different elements of EirGrid's proposed methodology are summarised in table 4 below. The RAs note that this decision paper is only in relation to a firm access methodology in Ireland. Any possible changes to this policy in Northern Ireland in the future would be a separate decision.

	<b>SEM Committee decision</b>	<b>Further detail</b>
Time bound Firm Access date	Agree with the proposed approach of having a time bound Firm Access date.	
Partial Firm Access Quantities	Agree with the proposed approach of allocating partial Firm Access Quantities in discrete blocks of 20MW.	A review of the size of this partial FAQ block can be included as part of a more detailed methodology paper led by the CRU.
Stage of development project considered for firm access	The SEM Committee are of the view that certainty needs to be provided earlier in the project process timeline, proposing the connection agreement stage for projects to meet committed status.	
Inclusion of longstop date		Further detail on longstop date element as part of more

		detailed methodology paper.
Batteries and other system service providers	Agree with proposed approach of treating batteries and other service providers as outside the scope of this Firm Access methodology.	Following completion of Electricity Storage Policy Framework by DECC a review will be carried out.
Maximum Export Capacity floor of 1MW	Agree with proposed MEC floor of 1 MW.	
Allocation frequency	Agree with the introduction of an Annual Review process.	Further detail and an indicative timeline of how the Annual Review process will work as part of a more detailed methodology paper led by the CRU.
Firm Threshold	Agree with concept of a Firm Threshold.	Further detail and analysis as part of a more detailed methodology paper led by the CRU.
Order of allocation	Agree with proposed order of allocation approach of First to be committed – first to be Firm.	
Transmission Development Plan		Further engagement by CRU with EirGrid regarding data to improve forecasting of ATR completion dates for future assessments.
Look back and look forward approach		Further detail on look-back and look-forward approach as part of a more detailed methodology

		paper led by the CRU.
Delivery incentives		CRU will continue to review the TSOs performance against existing PR5 incentives. CRU will look to review and potentially develop further incentives as part of a wider review during PR6 development.
Independent assurance	Support view that there is a need for independent assurance around the Firm Access process in the form of an independent Audit.	The Auditor Terms of Reference will be developed and implemented on a jurisdictional basis by CRU.
Legacy generation	Connected legacy generation in Ireland which currently does not have firm access should be included in this firm access methodology.	
Jurisdictional cost recovery	Introduction of a jurisdictional settlement measure, if the related network re-enforcements are not completed by the allocated FAQ date, then the associated generator(s) FAQ is moved to separate jurisdictional TSO cost recovery, paid for by consumers in the relevant jurisdiction. When these re-enforcements are completed,	

	this units FAQ is then moved back into existing all-island settlement.	
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Table 4: Summary of decisions

## 6. Next Steps

This decision paper outlines the SEM Committees view on a number of the key design elements of a new Firm Access methodology in Ireland.

The RAs are of the view that there are a number of areas that will require further consideration beyond this decision paper. These elements will require further engagement by CRU with EirGrid to develop more detail on how these will be defined and work. It is envisaged that this work will be captured as part of a more detailed methodology paper led by CRU.

Following this decision, the CRU will request EirGrid to carry out an initial firm access run in early 2023 capturing existing connected non-firm generation and offshore phase 1 projects. This will allow bidders in ORESS 1 to have certainty regarding their firm access status in sufficient time to efficiently reflect this in their bids.

The CRU will continue to engage with EirGrid on the detailed aspects of the implementation of a Firm Access methodology in Ireland.