FAO: Customer Relations Team
EirGrid
info@eirgrid.com
By email

FAO: Consultations
ESB Networks
consultations@esbnetworks.ie

September 6th, 2021

Dear Sir/ Madam,

RE: 2020 Annual Electricity Transmission Performance Report (APR) and 2020 Investment Planning and Delivery Report (IPD).

BGE has reviewed the draft 2020 Annual Electricity Transmission Performance Report ('**APR**') and 2020 Investment Planning and Delivery Report ('**IPD**') published by EirGrid and ESB Networks and welcomes the opportunity to provide feedback.

In general, BGE welcomes the clarity and transparency in the areas covered in these annual reports which goes some way towards informing customers, particularly the TUoS customer, as to the actions and performance of EirGrid as the Transmission System Operator ('**TSO**') and ESB Networks as the Transmission Asset Owner ('**TAO**') in areas of importance to customers.

We outline our views below in the first instance on certain format and content issues within the reports outlining commendable aspects but also some opportunities for possible improvement in future reports. We then go on to discuss the level of reporting on, and performance relating to, the various incentives for the TSO and TAO in 2020 as the last year under PR4.

1. Format and Content

The reports overall are well formatted and drafted being a good mix of the issue categorisation as well as the developments in 2020. We however recommend the following as suggestions for future improvements in this report, and the report in 2021:

- **Network constraints** feature again in the reports with regards to the level of system reinforcement and refurbishment activity that took place in 2020. The referenced Associated Transmission Reinforcements (ATR) project completions in the West of Ireland are welcomed to alleviate constraints and support the transmission flows in the area. But we note that system constraints remain a year-on-year issue and may get worse due to the increased connection levels of renewable generation (onshore and offshore) and interconnectors that are expected over the coming years. In 2020, the wider networks constraints seem to be increasing the burden on the consumer by increasing the imperfections costs in 3 areas on the network due to constraint changes made in 2020.

  We need to see more clearly the process to decide which network investments are made for a) delivering the benefits for network consumers on costs through the level of Dispatch Balancing Costs (DBCs), and b) the trade-off decisions on the delivery of network solutions (flexibility and non-wire solutions v capital network investment). We would also like to see consideration in 2021 of how grid investment decisions will benefit the 2030 targets in terms of:

  - Getting RES-generated electricity from the generation units in the West of Ireland across to the major demand centres in the East of Ireland, and
  - Getting electricity production from the Rest of Ireland into the Dublin area to meet demand.

The publishing of the developments of the **Celtic Interconnector** project in 2020 are welcome and helps clarify the landfall and connection route for the interconnector cable. It remains however unclear to BGE what grid developments are being pursued to address the connection of the Celtic Interconnector circa 2026 to the Knockraha station in Cork. BGE has requested confirmation from EirGrid on whether the load flow studies on the grid in relation to Celtic's connection have been completed, and if yes can they please be published but we have not been provided with any of this information. The load flow studies' outcomes would help inform to what extent reinforcement and/ or new build of grid is required to mitigate further congestion in the Cork constrained area. Any transmission flow constraints in the Cork area will be exacerbated once Celtic connects, delivering neither support for the consumer nor mitigating RES curtailment. We ask EirGrid to provide the load flow studies and transmission upgrade plans for the Celtic Interconnector project in the Cork area.

- **Demand Side Units (DSUs)** - We have yet to see evidence of the improvements to the DSU registration process which we flagged in our response last year. We believe that a holistic review of the DSU registration process with industry would identify improvements in the DSU registration process. In our opinion, the current DSU registration process restricts both competition across the DSU sector as well as potential improvements to the delivery of system services by DSUs. The current DSU registration process can therefore be a barrier to increased competition and lower prices within the DSU sector.

We ask that these points and requests are considered in the next version of the reports.

2. Performance and financial incentives

The draft 2020 APR provides a good historical summary of the performance incentives applicable to the TSO and TAO in 2020, and their associated performance assessment against them. Looking at the information in the draft 2020 APR, we take each incentive separately as reported in the "Key Performance Summary Matrix[1]" of the APR, focusing first on the TSO incentives and then those of the TAO:

2.1. TSO Incentives

2.1.1. **TSO Strategic Incentives** – the performance reported for this incentive shows a declining rate of success from 2017 (82%) to 2020 (38%), and the incentive payments associated to these scores mirror this outcome. The importance of delivering this incentive is captured in the opening remark of this section "*We are in a time of unprecedented change on the electricity system as we move to a low carbon future*." Increasing levels of renewable generation (both onshore and offshore) on the system in the coming years will increase the level for SNSP. We ask that the TSO outline in the final APR the reason for the poor delivery in 2020 against the Strategic Objectives and what actions are planned to improve on this delivery in 2021. Delayed delivery of strategic incentives can impact other key areas for transition in the energy system over the coming decade.

2.1.2. **TSO Transmission System Performance (System Frequency and System Minutes Lost)** – We welcome the continuing success of the TSO in meeting and comfortably beating these targets as set. This incentive is aimed at maintaining a stable system, and

[1] 2020 Annual Electricity Transmission Performance Report (APR), pg 8-10

the reported performance identifies that the TSO is capable of comfortably meeting this challenge. Where targets are being easily met, then we would offer that the targets should be tightened to improve the incentivisation for improved performance. Where the continued delivery of SF and SML within set ranges is required for system stability as the grid transforms and evolves, then perhaps the level of reward for this incentive is significantly reduced until such time that the performance of the TSO in this area needs to be truly incentivised to improve. This would bring benefits to end users and consumers through reduced costs and charges.

2.1.3. **TSO Management of Curtailment** – The increasing levels of wind energy available to the system is evident from the data reported and reflects the increased connection rate for renewable generation. Yet these increased volumes of wind energy as reported also include increases in dispatched down energy volumes, and equally increases in curtailed volumes. We appreciate the variety of factors identified in the draft 2020 APR that relate to dispatch down and curtailment especially the impact of Covid-19 on demand, but we ask that clarity is given to any enduring root causes to this trend for increased dispatch down and curtailment which inevitably increase costs to customers and consumers. Further, what actions are being taken to mitigate these causes holistically across the system, as opposed to at any particular point on the grid? Equally what increased focus is the TSO giving to new and innovative resolutions that prioritise non-wire and flexibility as solutions where they offer the most-cost effective answer? The solutions available to the TSO and its operation of the grid needs to be clearly identified so that this trend, and its associated increase in consumer charges, is mitigated as we enter a decade where wind generation levels are expected to rise.

2.1.4. **TSOs Imperfections savings for participants** – It is noted for the report that again no incentive for this area was applied in the period due to the determination of the RAs[2]. The intent of this incentive has however not changed in that all efforts should be made to achieve imperfections charge savings that can be passed onto customers and consumers in lower charges and costs. The change in the market structure with the transition to the new arrangements may have made the former incentive methodology impractical in the period, but we believe that measurable savings on Imperfections Charges should be an enduring target for the TSO. We welcome all measures to support lower charges to consumers and the savings that these measures may generate. We welcome the clear reporting of changes to constraint costs in 2020[3], and we believe that constraint costs would be best shown in the report by constraint area on an annual basis and include the historic figures also over the preceding few years to demonstrate improvements through lower costs. We ask the TSO to consider focused reporting on the constraints that impact the imperfections charge, and what actions are being taken to address these constraints. We would further encourage comments by the TSO as to how lower cost flexibility procurement and innovative solutions have been (or expect to be) used to lower these imperfection costs and how that has been shown in benefits and savings for the end consumer. In light of the PR5 decision on incentives it is critical that more focus is put on this area as the year-on-year treads on increases to imperfection costs should not continue as we move towards increasing levels of renewable generation.

2.1.5. **TSO Stakeholder Engagement** – we note the slightly lower score awarded to the TSO by the Network Stakeholders Engagement Evaluation (NSEE) Panel for 2020. We encourage the TSO to implement at a minimum the recommendations of the Panel in the Panel close-

[2] 2020 Annual Electricity Transmission Performance Report (APR), pg 8
[3] 2020 Annual Electricity Transmission Performance Report (APR), pg 24

out report[4] especially in the areas of stakeholder feedback and website improvements. All additional efforts by the TSO on opportunities for engagement development with stakeholders for the remainder of 2021 will be welcomed.

2.2. TAO Incentives

2.2.1. **TAO Management of planned outages** – We welcome the efforts made by the TAO in the period to meet the system outages planned in 2020 despite the disruption to the work programme from Covid-19 restrictions. The transition into PR5 may bring increased disruption to the grid as it transforms and develops, and we would welcome inclusion of the actions to be taken by the TAO, including any new approaches for stakeholder engagement, to continue to minimise the grid disruption and so meet this target.

3. Conclusion

In general, BGE welcomes the continuing transparency and readability of the reports. We have noted the improvements and focus given by EirGrid and ESB Networks to the reports including balance to the consideration of performance against incentives. We have identified areas within the 2020 report where improvements could be made.

Ideally for this report (and certainty for the 2021 report), we urge the TSOs to demonstrate in the report the approach taken to constraints mitigation decisions (e.g. flexibility and non-wire solutions v capital network investment) and the benefit to consumers of the chosen approach. This would include how imperfections charges would reduce on foot of grid development decisions. It should also include how production from renewables will be transferred to major demand centres on foot of those grid decisions.

I hope you find the above comments and suggestions helpful. If you have any queries thereon please do not hesitate to contact me.

Yours faithfully,

Ian Mullins
Regulatory Affairs – Commercial
Bord Gáis Energy

{By email}

[4] The Networks Stakeholder Engagement (NSEE) Panel Close-out Report 2020 (CRU/21/105)