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RE: Multi-year TSO-TAO Balanced Scorecard 2022 – 2026, October 2021

Dear Sir, Madam

Bord Gáis Energy (**BGE**) welcomes the opportunity to respond to this consultation on the TSO-TAO Balanced Scorecard 2022 – 2026.

BGE has today also responded to the parallel consultation on planned TSO- DSO collaboration during PR5. In that response BGE outlined that markets, particularly flexibility markets, will change considerably in the early part of this decade and we already have considerable constraints issues impacting the efficient operation of energy, DS3 system services and capacity markets. Inefficient markets lead to higher costs for consumers. Inefficiency in markets has ultimately led to the security of supply situation we find ourselves in today. On that basis therefore we see a need for the SOs to establish concrete milestones and plans around:

- a) identifying constraints and congestion relevant to both systems,
- b) quantifying the impact of those constraints which encompasses market efficiency and consumer cost impacts on local and national levels,
- c) determining plans for solutions – ideally flexibility services over grid build where optimal – to address those constraints of most impact in priority order,
- d) implementing these solutions during PR5 period.

In establishing these milestones and plans, the collaboration required amongst the SOs should also extend to ESNB as the TAO and DAO. Effectively a collaborative approach to system planning and development (be that new technology on the grid/ new services/ grid build) is needed across the two SOs and the two asset owners (**AOs**) with a key focus on constraints alleviation to mitigate segmentation of markets on an enduring basis and lead to lower costs for consumers.

In the PR5 decision around this TSO-TAO incentive, the CRU recorded the reasoning behind the incentive was to “*improve collaboration and innovation in delivery of transmission network improvements as well as promoting a whole-of-system approach to the transmission and distribution networks*”. We believe that if the TAO works alongside the DAO and coordinates with both system operators (SOs) as suggested above, this would be very conducive to the whole of system approach envisaged by the CRU. The effectiveness of this collaboration across the SOs and DAO could for example be measured under the ‘deployment of new technology’ and/ or ‘joint process improvement’ work areas of the TSO-TAO joint incentive.

Regarding the proposals in this TSO-TAO consultation, we very much welcome the 2021 joint TAO/ TSO project cost estimating working group to improve the cost information available to the TSO, established under the ‘Asset and Programme data exchange’ work area. The outputs of this working group together with the planned sharing of the systems and data records relating to transmission assets and transmission work planning and delivery that are required to enable the TSO to plan the system would in our view better enable the type of constraints assessments and constraints alleviation planning we have in mind. This TSO/ TAO information coupled with the load flow studies ESNB is carrying out under its 2030 system needs workstream together should help address BGE’s ask for the SOs to have concrete milestones and plans around constraints assessment on both systems and plans for constraint alleviation as outlined in (a) – (d) above. The “whole of system” approach envisaged by CRU in the PR5 decision to us requires at least this level of planned collaboration with respect to constraints and all four of the SOs and AOs should coordinate to ensure optimal joint system outcomes in BGE’s view. We recognise that this is not an easy task and suggest that as a starting point, constraints and congestion issues around Dublin could be prioritised. BGE believes that unless significant consideration is given to addressing constraints and prioritising solutions for constraints of biggest impact (markets and consumer cost wise), then market inefficiencies will continue and

the need to minimise consumer costs and avoid reoccurrences of security of supply risks will not be addressed. Please see our response to the joint TSO/DSO multiyear plan for PR5 for more on the impacts on market efficiencies¹ that we see persisting if constraints issues are not appropriately addressed in the near term.

Under the 'Project Initiation to CPP Agreed Phase' work area the TAO and TSO aim to progress 25 transmission projects from IP to CPP agreed (within the target timeline in the Infrastructure Agreement) for each of the years from 2022 to 2024. Due to the particular nature of this incentive however the target list of projects will not be agreed by the TSO and TAO until the start of the relevant calendar year. In our view projects that are prioritised for delivery, including those in the TDP, should be chosen based on quantitative criteria including their contribution to the alleviation of constraints and by corollary for their positive impacts on security of supply mitigation and reducing imperfection charges. Existing market inefficiencies, market segmentation and consequential security of supply risks and consumer costs (imperfections, balancing costs) need to be mitigated as early as possible. The TAO and DAO should collaborate appropriately from the outset with the TSO, DSO at least in terms of data sharing needed to fully inform the extent of constraints and congestion issues that need to be dealt with to address these market inefficiencies and ensuing costs.

I hope you find the above comments and suggestions helpful. Please do not hesitate to contact me should you wish to discuss any aspect thereof.

Yours faithfully,

Julie-Anne Hannon
Regulatory Affairs – Commercial
Bord Gáis Energy

{By email}

¹ In terms of consumer costs (imperfections, balancing) and security of supply risks for e.g.