



Modification Requests to Connection Offers– Fees and Process

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1. Introduction and Background

This document outlines a revised process for dealing with modification requests (as set out in Section 2), and the fees chargeable to the customer (Section 3) when applying for modifications to Connection Offers issued by either ESB Networks, in its role as the DSO, or EirGrid, in its role as the TSO (together known as the “System Operators or SOs”). The fee schedule assumes a single fee to participants regardless of the system to which that customer is connecting.

The fee structure and the leadtimes associated below in Section 3 are guidelines and are based on a number of assumptions which are described in Section 5. As currently proposed the fee structure is standardised around 5 categories. Naturally there is a considerable variation in both the type and range of modifications requested so it is only possible to provide broad descriptions and a guideline as to how a fee will be applied to individual customers for certain modifications.

The primary drivers for changes in how modification requests are processed and charged for are as follows:

1. As with standard pricing, and application fees, a standard fee for modifications provides more certainty and transparency to the industry
2. The proposed process allows the SOs sufficient flexibility to match the fees fairly to the work expected to be required over time
3. A process whereby modification fees are standardised and are advised and paid prior to processing
 - a. allows a party assess whether they wish to proceed with the modification request in full knowledge of the cost
 - b. allows the SO's in some cases to process modification requests prior to offer acceptance (as allowed for in Section 20.1 of the Connection Offer Process and Policy paper)
 - c. gives a clear signal that the timeframe for completing the modification request has commenced.
4. The fees are also calculated to enable a level of resource be available to deliver modifications within reasonable timelines (which are included in the assumptions) so that a good level of customer service can be provided.

2. Modification Application Process

When a modification request is submitted by a customer the SOs will assess it for completeness of information and aim to respond to customers within 20 business days to advise whether the modification can be processed and the level of modification fee applicable. If insufficient data is available to make such an assessment, the SOs will request further information from the customer and confirm the applicable fee once satisfactory information has been provided¹.

Should a customer wish to submit a modification request that includes changes to information provided in the original application form, the customer should :

1. Submit a revised application form with the changes included along with any required supporting information (including consent from other parties where appropriate)
2. Submit a cover letter setting out what the requested changes are (including information as may be required by rulesets such as Group Processing, COPP², or any other related ruleset). Both the application form and the cover letter should be submitted in hard copy and soft copy.
3. In the event that there are no changes or very minor changes to the application form, the customer should contact the relevant System Operator to whom the request is addressed to discuss the most practical way to reflect the proposed modification

Any modification request should also include an initial payment of €1,000 incl VAT³ which is then netted from the remaining fee in the same way as the original application fee.

Once a modification request has been received, it will be assessed by both SO's to determine

1. Whether all the information required has been included.
2. The appropriate level of the modification request, and the corresponding fee which should apply.
3. An expected lead time for delivery of a modified connection offer.

Once all the information required is available, and the fee has been established, the customer will be advised and must confirm in writing that they wish to progress.

An invoice will then be issued for the balance of the modification fee. The timeline for processing of the modification request will commence once the fee has been paid

In the event that the fee has been invoiced and remains unpaid for a period of three months all application information and work carried out in checking the application will be removed and the customer must restart the process again. Similarly should a customer decide not to respond to a

¹ It has been suggested in response to an earlier consultation that a separate application form be developed for modification requests. This issue is still under consideration

² The Connection Offer Process and Policy Paper.

³ In the event that the customer opts not to proceed with the modification, this fee is non-refundable.

request for clarification on the modification application within three months all application information and work carried out in checking the application will be removed and the customer must restart the process again.

While in theory, there is no limit to the number of modifications which can be processed the following should be noted:

1. For purposes of efficiency, if there are a number of different changes requested to a connection agreement these are best processed at the same time.
2. Should additional changes be submitted post commencement of a particular modification, the time line for delivery of the modified offer will most likely re-start and additional fees will apply
3. To avoid the potential for multiple modification requests to impact on delivery of renewable targets, in general the SOs consider the original longstop dates for the Connection Agreements should continue to apply.
4. Customers will only be charged on the basis of one of the levels per modification request i.e. they are not additive.

3. Modification Fees

The table below outlines the levels of fee that the SOs believe are required to support the resources needed by both SO's to deliver modifications within acceptable timelines. The SOs will determine the appropriate level of fee based on the table below for each individual application. Where customers chose to use assumed data **no charge** will apply when submitting specific application data including turbine type, transformer and internal network information, etc once it is submitted with the 12 month prior to energisation deadline and is only submitted once.

Level	Description	Fee/€
All	Initial application/request checking fee (netted from fees below at second stage)	1,000
Level 1 fee	Basic Administration e.g. name change or assignment or changes to application <5MW	
Level 2 fee	Minor application changes, MIC/house load changes or other minor assessment work resulting in amendment to offer	11,050
Level 3 fee	Medium level of technical reassessment with no changes to connection method or charges e.g. turbine change, number of turbines, significant changes to internal network	21,450
Level 4 fee	Full reworking of connection method including new costs e.g. merging or splitting, temporary connection, metering changes, change to number of grid connecting transformer bays (excludes load flow and constraints analysis but includes short circuit and dynamic analysis)	29,900

Level 5 fee	Full reworking of connection application including load flow studies. This would be treated like a new project and the fee would be related to the complexity and resource requirements required.	As per new connection fees ⁴
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Table 1: Fee Structure

For clarity, however, and as per standard practice to date the level of the modification fee will be capped to the amount which would be payable for a new application of that size. For example, a project of 499kW will never pay more for a modification than €1482⁵, or the revised application fee for the current year.

It should further be noted that the SO's are engaging with some industry members as to the fee structure and in particular the number of levels which are appropriate. Should there be any change to the fee structure which impacts on the fee charged to an applicant, the applicant will be liable for the revised charge – which may be higher or lower than the original charge.

4. Description of Fee Structure

The fees and timelines quoted are based on a number of assumptions which are believed to be a reasonable estimate, at this point in time, as to the number and range of modifications that will be requested over the next two years or so. The fees are intended to be cost reflective and the SOs intend to review the fees to compare the overall costs incurred on processing modifications versus the fees collected once a sufficiently representative number have been processed.

In the event that the actual outcomes are considerably different from the assumptions, and the SOs are faced with the potential for a significant under-recovery of costs reasonably incurred, the SOs reserve the right to remedy the situation, which may include reviewing the fees and fee structure. In addition should the costs incurred be less than the fees collected, a reduction in fees may be appropriate.

The SO's expect the fees to be valid so long as the flow of modifications is in line with assumptions as set out in section 5 below. Where the impact of a change in the assumptions is assessed to primarily affect the delivery timeline, the SO's will advise/update those affected of the estimated delivery date of the modifications.

5. Assumptions for Modification Fees

The following assumptions have been used to determine the modification fees:

a. Guidelines

⁴ As per EirGrid's Statement of Charges and ESB Networks Application fees for Embedded Generators

⁵ 2011 application fees

The fees quoted are based on future assumptions which remain very uncertain and are the best estimate at this point in time until offer validity periods commence. They are valid so long as the flow of modifications is in line with assumptions

b. Lead Time to acceptance

Based on the experience of Gate 2 and allowing for the experience of the industry in general, the SOs have determined that in the past there was an average lead time from offer issuance to offer acceptance of approximately 8 months and that the vast majority of modifications had been received within a two year window from offer acceptance.

c. Acceptance Rate

Based on Gate 2 and informed by feedback from the industry, the SOs expect approximately 70-80% of offers to be accepted. On average the expectation is that each offer would be modified at least once.

d. Lead times for process applications

The SOs believe that the following processing lead-times are viable

Form of Modification	Lead-time from Official Commencement
Level 1	20 business days
Level 2-4	90 business days
Level 5	Customised

Table 2: Table of lead-times

A specific target delivery date for modifications will be advised to the customer once the required information has been submitted by the customer.

e. Number of fees

A single fee will be applied irrespective of whether the work involved one or both SOs. Note that this fee would be reflective of the level of resource required to complete the modification as per Table 1.

f. Workflow

While acknowledging that there will be peaks and troughs in the workflow, the calculation of fees is based on an average capacity of around 15 modifications over a quarter. This allows for a normal rate of modifications request of 5 per month. This has inbuilt capacity to stretch for a limited duration by 20-50% and still be expected to be practical to deliver within the lead times outlines in table 1. This accounts for a limited reprocessing of sub-groups due to non-acceptance of offers where appropriate. Any requests for temporary connections are considered modifications for the purposes of these assumptions

g. Level of Engagement

It is acknowledged that some modification requests are more complex than others and will require additional engagement which the SOs have endeavoured to account for in the differing levels above. It is assumed that in general and on average no more than two meetings will be required with an applicant/subgroup during the modification process and a reasonable level of email queries will be addressed.

h. Annual Adjustments

The modification fees are subject to an annual adjustment in line with CPI/HICP and will be included as an appendix in the annual EirGrid Statement of Charges. ESBN will publish the updated charges on their website as per current practice with application fees.

i. VAT

The fees are subject to VAT at the appropriate rate.

6. Contact Details

Contact details for modification related queries are:

ESBN: Email : DSOGenerators@esb.ie

EirGrid: Telephone 353 (01) 7026642 email: info@eirgrid.com