

**Summary of Responses to Consultation on  
PR5 TSO/TAO  
Joint Multi-year Incentive Plan  
2022-2026**

**22/06/2022**

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## Abbreviations

BGE	Bord Gáis Energy
CPP	Committed Project Parameters
CRU	Commission for Regulation of Utilities
DAO	Distribution Asset Owner
DSO	Distribution System Operator
DS3	Delivering a Secure Sustainable Electricity System
ESBN	Electricity Supply Board Networks
IP	Indicative Programme
PR5	Price Review 5
RES-E	Renewable Energy Source - Electricity
SOEF	Shaping Our Electricity Future
TAO	Transmission Asset Owner
TDP	Transmission Development Plan
TSO	Transmission System Operator
WEI	Wind Energy Ireland

## 1. Introduction

EirGrid as Transmission System Operator (TSO) and ESB Networks as Transmission Asset Owner (TAO) published a joint paper for consultation on 15th October 2021<sup>1</sup> seeking interested parties' views on the proposed structure of and approach to enhancing and improving collaboration between the two organisations as contained in the joint multi-year incentives plan 2022-2026. The consultation remained open until 19th November 2021.

The consultation paper contained a proposed methodology to incentivise, audit and assess TAO/TSO collaboration during 2022-2026 using a multi-year Balanced Scorecard approach as requested by CRU. It contained the specific targets for the 2022, 2023 and 2024 calendar years (as well as 2025 and 2026 at high level) under each heading provided for in CRU/20/154, section 7.9. The TAO and TSO will also jointly submit an updated detailed multi-year plan to the CRU in September each year.

The TSO and TAO take a consultative approach to infrastructure delivery and this paper outlines the TSO and TAO's consideration of and responses to the feedback provided. We would like to take this opportunity to thank and acknowledge the inputs and constructive feedback of the two consultation respondents, one each from Wind Energy Ireland (WEI) and Bord Gáis Energy (BGE). In the following sections we summarise and respond to the submissions received.

Finally, some comments submitted related to matters of policy and other areas and are outside the scope of the consultation. As a result, these comments were not addressed in this consultation response document. Any subject matter feedback that is not within scope for this consultation was channeled to the relevant areas of TSO and/or TAO for further consideration.

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<sup>1</sup> <http://www.eirgridgroup.com/site-files/library/EirGrid/TAO-TSO-Joint-Incentive-Multi-Year-2022-26-Consultation-Paper.pdf>

## 2. Consultation Responses

The respondents welcomed the opportunity provided by the joint consultation process to comment on the joint PR5 multi-year incentives plan. The TSO and TAO are pleased that there is support for the consultative approach taken to the development of the joint incentives and we will continue to work with our stakeholders as the multi-year plans develop.

The following sections provide an overview of the submissions received and our responses to the issues raised.

### **Comments Received:**

With regard to the network company collaboration, BGE stated:

*“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.”*

### **Joint Response:**

The TSO and TAO recognise the need to increase collaboration in order to deliver on our PR5 and 2030 commitments. To this end the companies have re-organised our infrastructure delivery internal structures to ensure greater alignment and to facilitate greater efficiency in decision-making. The two organisations have committed to increased collaboration at the highest levels by signing a joint infrastructure delivery charter in 2020 which affirms this strong commitment.

Respondents are requested to refer to the PR5 TSO-DSO incentive multi-year plan and consultation response document for further information on this topic.

**Comments Received:**

With regard to the TSO-TAO Joint Incentive Proposals, BGE stated:

*“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.”*

**Joint Response:**

The TSO and TAO welcome the support noted by BGE in the data exchange area. These improvements do facilitate the updated information post completion of infrastructure delivery which is fed back into the TSO’s databases for transmission operation and transmission system planning. This is a critically important aspect of data exchange between the two companies as are the continuous process improvements undertaken by the two organisations to facilitate timely infrastructure delivery and to minimise outturn variances on transmission projects.

For additional information regarding constraints, respondents are requested to refer to the TSO’s PR5 Imperfections and Constraints Incentives multi-year plan and consultation response document.

**Comment:**

With regard to the Dublin Area Constraints, BGE stated:

*“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.”*

**Joint Response:**

The TSO and TAO have prioritised the progression of several major projects and programmes in the Dublin and Greater Dublin regions specifically to alleviate security of supply and congestion issues and to provide the capacity for the region to expand and renew the transmission network. The CRU’s PR5 Reporting and Incentives Framework Decision (CRU/20/154) provides for a separate Local/Dublin Security of Supply Incentive focussing on this matter.

**Comment:**

With regard to the Project Initiation to CPP Agreed Phase Metric, BGE stated:

*“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.”*

**Joint Response:**

The TSO prioritises the system reinforcement projects that it progresses (via a CPP issued to the TAO) according to those projects that deliver solutions to meet the highest order or most pressing needs identified in the initial assessment and study stages. This is balanced with our obligation to progress customer connection projects for contracted generation and demand customers and the need to maintain security of supply.

ESB Networks as DSO and DAO both operates the distribution system, and plans and delivers Distribution System capacity, maintenance and reinforcements. Through existing processes, and under the new PR5 delivery and incentive frameworks, ESB Networks works in close collaboration with the TSO to deliver on the CRU’s PR5 objectives, which includes resolving local security of supply challenges.

The TSO and TAO will further consider the noted IP-CPP process improvements for future years as part of this metric.

**Comments Received:**

With regard to the Deployment of New Technology metric, WEI stated:

*“that the deployment of these technologies should be clearly linked to the implementation of the Shaping our Electricity Future roadmap and delivery of the Climate Action Plan targets for onshore and offshore wind. The appendix provided is too vague on detail for the rollout of new technologies such as dynamic line ratings for example. The plan calls for further analysis and rollout in 2023 and 2024 but this should be linked to plans in SOEF, and the projects outlined in the final roadmap, as well as additional measures that are needed to deliver 80% RES-E by 2030”*

**Joint Response:**

The TSO will incorporate new technologies into programmes and implementation plans as these technologies are developed between the TSO and TAO. Further analysis is always required after the first installation of a new technology before giving the go-ahead for an extensive rollout and deployment across the transmission network and across multiple projects. The assessment of new technologies is facilitated within the TSO’s Six Step development process and will be aligned with our 2030 RES-E targets.



**Comments Received:**

With regard to the Project Initiation to CPP Agreed Phase, WEI stated:

*“WEI welcomes the initiative to measure time taken from the issue of Indicative Programmes and CPPs by the TSO to reaching CPP agreed with the TAO in a calendar year. The initiative would benefit from calling out specific projects that are included in the TDP and SOEF Roadmap and having specific targets for these in the relevant years that TAO and TSO could then be assessed against.*

*We would also query as to how meeting as low as 50% of a target could be deemed “acceptable”, especially given this wouldn’t include projects that can be discounted from targets if they are deferred or delayed due to circumstances outside of the control of either the TSO or TAO. The number of projects that are chosen per year for the metric (25) should be increased to take into account all TDP projects, and more recent SOEF projects and new connection projects”.*

**Joint Response:**

The TSO and TAO recognise that this Joint metric is accelerating delivery timelines by placing an additional focus on a core aspect of project development. Both the TDP and SOEF roadmap will continue to be updated through the course of PR5. The TSO published the SOEF roadmap in October 2021 following extensive consultation with key stakeholders, Government, and industry. The roadmap clearly sets out what is required in the areas of the Market, Network and Operation of our Grid to meet our 2030 targets. The targets and incentives included in the TSO/TAO joint balanced scorecard will evolve over the years and projects will be added at the appropriate time to each of the relevant steps in the framework.

**Comments Received:**

With regard to Joint Process Improvement, WEI stated:

*“Construction and energisation of contestably built assets will be a key component of meeting our renewable energy targets. While WEI acknowledges that there has been improvement in the design and construction review processes carried out by the TSO, DSO, and TAO, there are still areas for improvement. One particular area of concern is the parallel approach taken to design and construction review by the TSO and TAO on TSO connected projects. Our members have experience of numerous projects where multiple design and snag item logs are developed which can contain conflicts and contradictions leading to design and construction delays. The current process can also result in post construction design reviews even though the connecting party had been led to believe that all logs had been closed. It is WEI’s view that the TSO and TAO should be incentivised to have a common design and construction quality review process and eliminate the potential for conflicts and contradictions which result in time delays and cost overruns”.*

**Joint Response:**

The TSO and TAO continue to actively engage in the development and implementation of joint process improvements. This is a central tenet of our collaboration approach.

The parallel approach as referred to is captured in the existing process established between the TSO and the TAO where the TAO carries out a parallel “due-diligence review” of TSO customers’ design and construction activities on contestably built assets. This parallel process is an important process as it ensures during project development that the assets designed and constructed are fit for connection and for asset ownership transfer.

The TSO and TAO are actively working together as part of a Joint Contestable Design Review/Due Diligence Working Group. The working group including TAO and TSO representatives has worked to revise and streamline the process with the common goal of making it more efficient and responsive for customers seeking grid connections but at the same time ensuring a consistent level of quality assurance. A revised process document is at an advanced stage of completion outlining the definitions, roles, point of contacts and responsibilities of all parties involved in the contestable design and construction process. The revised process includes a number of new initiatives which are expected to be agreed by the TSO and TAO in 2022. Once approved, the relevant external documents will be updated.

The TSO and TAO will continue to develop and implement a variety of process improvements over the lifetime of the joint multi-year incentive plans.

**Comments Received:**

With regard to Asset and Programme Data Exchange, WEI stated:

*“In relation to “Demonstration of acceptable Asset and Programme Data Exchange performance”, we would ask for more information on this. A clear data exchange strategy is needed to facilitate energisation of connection assets. It is also important to know the asset health on the SO side at the point of connection”.*

**Joint Response:**

The purpose and intent of the asset and programme data exchange metric is to document the core data exchange activities between the two organisations in the form of an inventory and then in future PR5 years to propose and develop process improvements for specific aspects of joint data exchange. The demonstration of acceptable data exchange relates to improvements in data exchange between the two organisations in a select number of nominated process areas as reviewed by independent auditors.

The TSO and TAO will further consider the noted data exchange process improvements for future years as part of this metric.

### **3. Conclusion**

The TSO and TAO would like to thank all those who responded to this consultation, which was specifically to receive feedback on our joint multi-year plans for 2022-2026 as set out in the consultation paper from October 2021.

All responses were reviewed and considered and both organisations agree that having considered the responses received, it is not proposed to amend the multi-year plan as published for consultation. In addition, relevant feedback will be noted and will be considered for our future plans, as we continue to enhance our joint multi-year plan.