



Roinn Cumarsáide, Gníomhaithe
ar son na hAeráide & Comhshaoil
Department of Communications,
Climate Action & Environment

RESS-1 Auction Design and Implementation Project

Industry Briefing

September 13, 2019

Agenda



- Team Introduction
- Project Plan
- Terms & conditions / design
- State Aid / Legal update
- Community update
- Questions / commentary (at end)
- Close

Team Structure



Project Scope



- Obtain RESS EU state aid approval
- Prepare the design and terms and conditions
- Develop procedures for auction
- Undertake industry workshops
- Obtain government approval
- Implementing, running and administering the auction

Successes for RESS-1 Project



- ✓ RESS-1 incentivises speedy connection of required quantity of renewable electricity generation to meet Ireland's RES-E targets.
- ✓ Offer prices bid into RESS-1 are competitive and consumer costs are minimised
- ✓ RESS-1 auction takes place within the timelines set out in the Climate Action Plan
- ✓ Diversification of the mix in the RESS-1 auction is competitive.
- ✓ Strong community participation in RESS-1

Project Scope

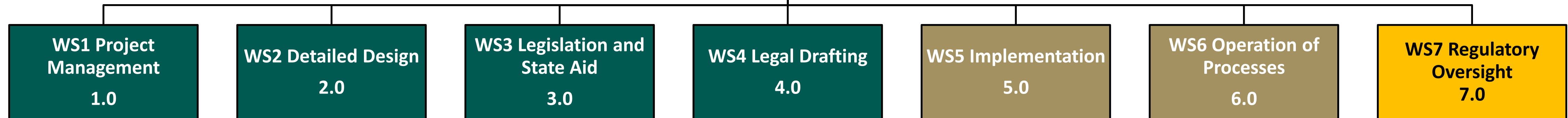
CRU

EirGrid

DCCAE



RESS-1 Auction
Delivery



High-Level Schedule



Communications (2019)



Party Responsible	Reference	Reason	Date
DCCAE	Industry Briefing No.1 Information briefing on project status to Stakeholders / Associations	To keep industry up to date on action status	13/09/19
DCCAE	Monthly Progress updates on DCCAE website	To keep industry and public up to date on action status	Monthly
DCCAE	Industry Briefing No.2 Public information briefing on detailed design / formal State Aid application.	To keep industry and public up to date on action status	December 2019.
EirGrid	Industry (Auction systems) Briefing No.3 EirGrid will hold an industry forum similar to that which is conducted for Capacity Market.	To brief industry on auction process and requirements and minimise issues with bids.	December 2019

RESS 1 Design Update



RESS 1 Terms and Conditions being developed that will set out:

- Product to Be Procured
- Auction Quantity
- Draft Eligibility Criteria
- Offer Structure
- Winner Selection
- Awarded Project Benefits
- Awarded Project Obligations
- Draft Implementation Agreement

Product to Be Procured



- MWh of renewable energy that will receive support
- Support to be provided through a 2 way support arrangement through Floating Feed in Premium
- Payments to be made to project as offered based on project metered output when offer price (“strike price”) is above market reference price – difference between strike price and reference price times metered generation
- Payments to be made by project as offered based on project metered output when offer price (“strike price”) is below market reference price – difference between reference price and strike price times metered generation
- Settled through the PSO process similar to current REFIT settlement
- Will require a PPA with a supplier that is eligible for the PSO process (may include an affiliated supplier – supplier lite)
- Intent is to include a one time option for a project to exit the support scheme with reasonable notice

Auction Quantity



- The quantity procured in RESS 1 will consider the Quantities in the applications received and a CRU competition assessment
- Actual Quantity influenced by the supply pipeline and developer interest at qualification stage
- Analysis has not yet been finalised but indicative Quantity for RESS 1 may be within range:
 - *Not exceeding 3,000 GWh*
 - *At least 1,000 GWh, unless lower if necessary for competition reasons*
- Process to determine Quantity to be set out in Final Design/T&Cs

Draft Eligibility Criteria



New or Repowered Renewable Project

- Must either be a new or repowered renewable project.

Planning Consent

- Requirement for full planning permission of projects to be offered.

Grid Connection

- Requirement to be a grid contracted project or a project listed by EirGrid or ESB Networks as a ECP-1 project that is eligible to be processed to receive a valid connection offer of sufficient capacity to carry the capacity of the project submitted in RESS 1. Projects that have declined to contract an ECP-1 offer within the acceptance period of the offer will not be eligible.

Site Control

- The site of the project must be specified, must demonstrate control of the site for the purposes of developing and operating the project.

Community Investment

- Evidence of community offering

Other

- Including typical Director certifications with respect to corporate organisation, financial capability and information with respect to Independence of bidders from other bidders

Offer Structure



- Offer to describe project and provide project capacity in MW
- Offer to provide strike price for use in two way arrangement settlement
- MWh quantity based on capacity and technology-specific capacity factors set out in the terms and conditions
- These MWh quantities will be used for evaluation but will not carry over to settlement
- Settlement will be based on metered generation of the project
- Bid bond will be required as part of/in advance of Offer submission

Winner Selection



- Technology neutral framework with any diversity signals to be finalised
- Offers to be selected in ascending price order
- Quantity to be provided support may exceed quantity target
- Pay As Bid: Selected offers will be eligible for support based on the strike price specified in their offer – there will be no clearing price applied to offers so as to mitigate any speculation

Awarded Project Benefits



- Successful Projects will be provided with an Implementation Agreement that states that the project will receive a letter of offer
- The LoO enables Project to execute a PPA with a supplier that will be eligible to participate in the PSO process using the two way support arrangements
- Expected that participation in the support scheme will be for up to 15 years

Awarded Project Obligations



- The Implementation Agreement will commit project to being developed as offered in return for receiving letter of offer providing for support scheme eligibility
- Successful offeror will be required to post Performance Security to support commitments to developing the project as offered and on schedule

Draft Implementation Agreement



- Performance contract between Minister and successful bidders
- Performance security requirement (on-demand bond €/MW)
- Breach could lead to RESS LoO being rescinded
- Milestones to be achieved will include:
 - *Guarantee that GoO will not be sought < 30 days*
 - *Tax clearance certificate < 60 days*
 - *Programme submitted to Department < 60 days*
 - *Signed and accepted grid connection offer < 90 days*
 - *CER statutory permissions < 90 days*
 - *Appropriate title evidence < 90 days*
 - *Demonstrate Community Aspects < 120 days*
 - *Suite of Completion Milestones*
- Community project declaration

State Aid / Legislation Update



- Pre-notification issued to EU Competition Authority in June
- Queries received from DG Comp – major focus on competition in auction
- Responses in draft form to be issued in mid-September
- State Aid approval expected for Q1 2020
- Legislation updates being progressed to provide for RESS Framework

Community Aspects



- Community Benefit Fund
- Community Projects (in progress)
- Investment Scheme
- Enabling Framework for Community projects (in progress)

Community Benefit Fund



- €2/MWhr to be allocated into Community Benefit Fund. This money will fund selected local projects with priority given to projects <10km.
- Fund to be set up and co-ordinated by developers. DCCAE will set some administrative requirements.
- Milestone to be demonstrated < 120 days after RESS offer (IA)
- Will include key elements of the DCCAE Code of Practice
 - *Community Liaison Officer*
 - *Website with project information and CLO details*
 - *Establishment of Community Benefit Fund Committee*

Community Investment Scheme



- Firm DCCAE proposal is being finalised as a baseline
- Developer investment models to match or exceed
- Not an equity proposal
- Auction qualification requirements - declaration that requirements will be met or exceeded
- Final details to be included in RESS information pack

Community Projects



- Output threshold for community projects
- Community structures are subject to legal inputs
- Relaxation of eligibility criteria
- Declarations to be included in Implementation Agreement



Questions and Answers