

**Summary of Responses to Consultation on
PR5 TSO/TAO
Joint Multi-year Incentive Plan
2024-2028**

29th September 2023

Table of Contents

| | |
|--------------------------------------|----|
| Table of Contents | 2 |
| 1. Abbreviations..... | 3 |
| 2. Introduction..... | 4 |
| 3. Consultation Responses | 6 |
| 3.1. Wind Energy Ireland (WEI) | 6 |
| 3.2. Bord Gáis Energy (BGE)..... | 10 |
| 4. Conclusion | 16 |

1. Abbreviations

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| 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 |
| IPD | Investment Planning and Delivery |
| NDP | Network Delivery Portfolio |
| PR5 | Price Review 5 |
| PR6 | Price Review 6 |
| 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 |

2. Introduction

EirGrid as Transmission System Operator (TSO) and ESB Networks as Transmission Asset Owner (TAO) published a joint Call for Input consultation paper on 31st July 2023¹ seeking interested parties' views on the proposed structure of and approach to enhancing and improving collaboration between the two organisations for the joint multi-year incentives plan 2024-2028. The consultation remained open until 28th August 2023 and included the following consultation statement for consideration by stakeholders:

“Stakeholders are invited to respond outlining their views on the proposed approach of the Joint PR5 TSO/TAO Multi Year Plan for 2024-2028.”

The TSO/TAO published the PR5 Joint Incentive Multi-Year Plan (MYP) for the previous period of 2023-2027 on 30th November 2022. The TSO/TAO proposed to use the final four years of that plan, 2024 – 2027, as a starting point for PR5 Joint Incentive Multi-Year Plan for 2024 – 2028. The TSO and TAO also sought to take account of updates to programmes such as EirGrid's Shaping Our Electricity Future Version 1.1 from July 2023 and ESB Networks' "Networks for Net Zero Strategy" (Section 5.2 Transmission Delivery)² from January 2023, where relevant. The TSO/TAO's PR5 Multi-Year Plan for 2024- 2028 submitted to the CRU will inform the CRU's Balanced Scorecard 2024 Decision.

The TSO/TAO's joint Call for Input consultation paper contained a summary of the incentive MYP aims, the proposed milestones and targets to enhance collaboration to deliver optimum outcomes for the customer and help achieve the targets in the Climate Action Plan 2023. The final incentive MYP contains the specific targets for the 2024 and 2025 calendar years. The MYP also notes that targets for the 2026 to 2028 calendar years will reflect the strategic direction and activities contained within the PR6 submission which will be submitted to CRU in 2024.

The TSO and TAO take a consultative approach to infrastructure delivery and this consultation response 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, Wind Energy Ireland (WEI) and Bord Gáis Energy (BGE). In the following sections we summarise and respond to the submissions received.

Public consultation provides important input to TSO/TAO proposals and subsequent decisions and oversight by the CRU. TSO and TAO consult with stakeholders regularly, both separately and together, on a wide range of transmission activities. For practical reasons, consultations are conducted on one specific topic or area of activity at a time. This consultation relates specifically to joint TSO/TAO incentive arrangements. Where the feedback received is within the scope of this consultation, a detailed response is provided. However, TSO and TAO also appreciate that overlapping issues between various consultations and strands of activity are inevitable. The TSO and TAO explain throughout this document where this arises in the feedback and where

¹ [Joint TSO TAO Multi-Year Incentive 2024-2028 Consultation Call For Input Paper](#)

² https://www.esbnetworks.ie/docs/default-source/publications/networks-for-net-zero-strategy-document.pdf?sfvrsn=e956923e_30

more information may be found. All other stakeholder feedback received as part of this consultation, that is not specific to the joint incentive arrangements and outside the scope of this response, is brought to the attention of relevant teams in TAO and TSO.

3. Consultation Responses

The respondents welcomed the opportunity provided by the joint Call for Input consultation process to comment on the proposed joint milestones, metrics, and targets to be contained in the joint TSO/TAO incentive MYP. The TSO and TAO are pleased that there is support for the consultative approach taken to the development of the joint incentive and we will continue to work with our stakeholders as the multi-year plans continue to evolve and develop.

Responses to the joint incentive consultation were received from two organisations:

1. Wind Energy Ireland (WEI)
2. Bord Gáis Energy (BGE)

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

3.1. Wind Energy Ireland (WEI)

3.1.1. Comments Received

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

“supports the deployment of new technologies where possible and where these may provide a more efficient and effective option to help deliver our RES-E targets and minimise dispatch down. We would like to engage with EirGrid and ESB to understand the how these programmes of work are being developed, and how the SO’s aim to use existing international experience with these new technologies in their programme of work. We would also be eager to understand how innovative technologies that are at a lower Technology Readiness Level are being considered.

Finally, we would like to see if EirGrid envisage the review of offshore technologies for the Technology Toolbox, and if so, when these technologies will be evaluated.”

3.1.2. Joint Response

The TSO and TAO outline how the specific targets noted in the MYP have, or have not, been achieved during the calendar year as part of its outturn reporting to the CRU. This includes a detailed internal report for the CRU on the progress of the various technologies under consideration and those under active deployment for station, cable, and circuit projects. The report outlines the qualitative aspects of new technology monitoring between the two companies during the year. The joint incentive multi-year plans are reviewed on an annual basis and additional new technologies/projects can be included or substituted where required.

The Technology Toolbox process under this incentive is a joint undertaking between the TSO and TAO, and relevant to the on-land transmission system. The assessment of new and innovative technologies for use on the offshore transmission system will be the exclusive preserve of the TSO, and therefore will not be covered

by this incentive. The TSO may establish an offshore Technology Toolbox process at the appropriate time, utilising relevant experience gained and lessons learned from the joint on-land Technology Toolbox process.

3.1.3. Comments Received

With regard to the Project Initiation to CPP Agreed metric, WEI have specific queries including:

1. *Is there going to be a limit on the number of substitutions per year?*
2. *If a project is substituted out one year, can it be substituted in for another project the following year? Substitution along with 80% being set as the bar for strong performance may make strong performance too easy to achieve.*
3. *Will achievement of PIP issuance/Project Agreement also be an incentive? These are important milestones in the IA process that also are used to confirm project inclusion in the annual Transmission Outage Plans.*
4. *“Strong” score, in the range >80%: This along with not having a defined list and being able to swap projects makes a strong score appear easy to achieve.*
5. *Does the 25 project target include IPP new connection projects?*
6. *When will the Outrun report be provided to CRU, and will this report be made available to industry?*

3.1.4. Joint Response

In response to the specific WEI queries on the IP-CPP process the TSO and TAO note that we work proactively to progress projects in a timely manner. CPPs are issued and agreed taking customer project schedules and typical project constraints into account.

This feedback is very helpful to illustrate the operation of this incentive. Firstly, the distinction between an ex-post adjustment and a substitution is an important one. An adjustment happens where timelines for scope approval of a project (e.g., a customer project) are outside TAO and TSO control. A substitution allows the companies to respond flexibly in circumstances where we can redeploy effort in an efficient manner. At the time of making the annual plan, the companies identify target projects based on the best available information as to the readiness of the projects (including customer readiness) to progress. This is a positive practice and maintains the focus on the incentive target and process improvements. In general project substitution does follow an approach where projects of similar types and importance are used, this however is not always possible. The overall performance is subject to external auditor review taking account of the overall approach and actions taken including any substitutions and adjustments. The TSO and TAO believe this is the appropriate oversight mechanism. External reporting on incentive performance is published in the joint TSO and TAO’s Annual Performance Report published on the respective company websites (TSO³ and TAO⁴).

The PIP (Project Implementation Plan) and PA (Project Agreement) activities are important milestones within the overall project development and Infrastructure Agreement processes. The PIP is a specific target for the

³ [TSO Regulatory Publications \(eirgridgroup.com\)](http://eirgridgroup.com)

⁴ [Publications \(esbnetworks.ie\)](http://esbnetworks.ie)

TAO as part of its separate Project Delivery Incentive and is not part of the joint incentive arrangements. The PA is one of the three major milestones of CA, PA and EI reported in the NDP (Timeliness metric) in the TSO' IPD incentive MYP.

For 2023 and the remainder of the PR5 period, the target of 25 projects has been increased to 28. The programme plan is continually reviewed in line with the priority projects in the NDP, and CPPs are progressed in line with their forecast dates. The 28 projects are made up of various projects including new renewable generation connections. The existing percentages in the performance award scale have been maintained.

The network company outturn performance for these incentives is published in the joint TSO and TAO's Annual Performance Report published on the respective company websites (TSO⁵ and TAO⁶).

3.1.5. Comments Received

With regard to the Joint Process Improvement, WEI stated that:

"It is welcome that there will be a review of the management of outages to optimise project scheduling and outage times and fit more work into the programme. We propose that the review needs to be similar to lean reviews recently undertaken by ESB Networks for other parts of their business. EirGrid will also be involved in this process.

There is the need for improved work practices to make extended work hours part of business as usual. Current practice results in limited outside of office working hours for outage related works. This is resulting in increased constraints of renewable generation (increased CO₂ and high costs to consumers) and limiting the number of outages that are allowed on the system in a year.

There is also the need for improved transparency on how EirGrid have optimised outages to minimise constraints and reduce carbon emissions. This transparency should be considered as new processes are developed.

Considering the potential benefits of reviewing the outage programme to reduce carbon emissions, and considering the first carbon budget period 2021-2025, there is the need if possible to fast track the programme to allow for some meaningful improvements within this period.

Regarding the 'Improved Early Engagement Processes for Priority Capital Projects' – is this only for engagement between EirGrid and the TAO or does it include the IPP customer clinics? Improved early engagement would be welcome for IPP customer clinics as well."

⁵ [TSO Regulatory Publications \(eirgridgroup.com\)](https://www.eirgridgroup.com)

⁶ [Publications \(esbnetworks.ie\)](https://www.esbnetworks.ie)

3.1.6. Joint Response

The TSO and TAO advise that the outage process review that will be undertaken will be to continue to promote and maximise the use of allocated outage windows for the projects included in the annual baseline outage plan and to make improvements to deliver on our challenging targets to 2030.

Methodologies to be utilised will include lean principles in certain aspects and workstreams where applicable. All aspects of improved outage availability and outage utilisation will be considered as part of this review, including a review of work practises.

The availability and utilisation of outages is a key constraint in the delivery of grid infrastructure, and where improvements are made to minimise this constraint, this will be reported on via the appropriate regulatory reporting processes. This programme of work will be progressed with a view to implementing the findings in as timely a fashion as possible. Where short term learnings can be applied this will also be facilitated in addition to any longer-term wholesale changes.

Early Engagement refers to improvements in TSO to TAO collaboration and engagement as part of joint incentive arrangements. Customer engagement on transmission projects is a matter for TSO and this feedback has been forwarded to the TSO Connection Projects team.

3.1.7. Comments Received

With regard to the Asset and Programme Data Exchange, WEI requests that:

“as well as this information being transmitted nearer to real time between the TAO and TSO, the information is also made available to industry. There are already ongoing issues with outage information not being updated, possibly due to the lack of automation within the IT systems, and this step would be of great benefit to our members”.

WEI also stated that it: “supports the qualitative audit of this metric and the performance of the TSO and TAO. However, we would like to see details on this audit process, and the frequency of this audit.”

3.1.8. Joint Response

The TSO and TAO advise that there are no plans within PR5 to provide real-time project or outage information to stakeholders however that these system projects may be considered for PR6. The joint incentive plans are published following public consultation. The performance is independently audited and decided upon by the CRU. TSO and TAO believe the existing arrangements currently provide adequate transparency and opportunities for industry feedback.

The TSO and TAO also note the comprehensive reporting framework which is in place for PR5 as part of CRU/20/154. This includes two annual publications, the Joint Annual Electricity Transmission Performance Report and the Investment Planning and Delivery Report. These reports include summary outturn performance relating to incentive outturn. The companies review the level of detail which is provided on an annual basis taking CRU and stakeholder feedback into account as part of a continuous improvement ethos.

3.2. Bord Gáis Energy (BGE)

3.2.1. Comments Received

With regard to their main expectations of the 2024-2028 proposal BGE stated:

- *We believe that 2024 (as Year 4 of the PR5 period) should offer a tangible level of delivery of the solutions to deliver the major capital projects needed for the 2030 targets and mitigate the current issues on the grid to deliver confidence in the likelihood of achievement of the CAP targets on time.*
- *The multi-year incentive at this stage needs to provide confidence to participants that the TSO/ TAO cooperation is focused on the “priority projects” necessary to deliver both the 2030 targets and major infrastructure programmes (such as the arrival of the Celtic Interconnector in 2026).*
- *The cooperative action milestones (relating to priority capital projects) in the Joint TAO/TSO Multi-Year Balanced Scorecard 2023-2027 which are scheduled beyond 2024 such as the plan to develop and implement improved processes for early engagement on priority capital projects for delivery for the remainder of the decade and beyond in 2025 (Section 3.4 Joint Process Improvements, pg. 8), will be too late to deliver for the 2030 targets and certainly for Celtic given the build time these projects can need, and so should be brought forward in the schedule to begin in early 2024.*
- *The delivery plan for these priority projects (shown in the aspects that feature in the TSO/ TAO joint actions) must provide assurance of their delivery by their deadlines ahead of 2030, beyond just monitoring, review and (PR6) preparation.*
- *The annual 25 projects in the Project Initiation to CPP Agreed Phase need to increase in magnitude year-on-year to put an urgent focus in building the grid soonest for delivering the 2030 targets. The CRU has already increased this number for 2023 to 28 but we ask that the figure is increased again to a minimum of 30 for 2024, which is yet only a 20% increase over the TSO’s suggested figure. This will support frontloading the delivery of priority projects. Furthermore, these increased targets for projects should feature the priority projects which are included (in support of the infrastructure requirements established and now expanded in the “Shaping Our Electricity Future” roadmap – SOEF1.1), and identify why other priority projects are not included, to give participants a holistic view of which priority projects are going to be delivered within which timelines on the grid.*
- *Given the enduring priority status of the projects, the proposal for an ex-post adjustment of targets should demonstrate a very limited tolerance of shifts in timelines for delivery of capacity projects.*
- *External factors or barriers to delivery for priority projects need to be pre-empted, managed, and addressed at the outset of the project and should be a key point for cooperation between the TSO and TAO to get to 2030.*

3.2.2. Joint Response

The joint incentive multi-year plan 2024-2028 builds upon the major themes of the multi-year plan 2023-2027 which are calibrated for the companies to facilitate the delivery of ambitious 2030 CAP targets. This includes a focus on the deployment of innovative technologies, the delivery of projects through the infrastructure development lifecycle in a timely manner (IP-CPP metric), the implementation of process improvements and enhancing the continued data sharing between the two companies. Initiatives within the multi-year plan are currently being progressed, the dates outlined are the targets for these initiatives to be successfully implemented and suitably mature where clear evidence can be presented to auditors on performance outcomes and associated benefits.

Detailed progress on the delivery of the specific projects required for PR5 and towards 2030 (PR6) is contained within the TSO's Investment Planning and Delivery (IPD) incentive and is reported externally on a quarterly basis in the TSO's Network Delivery Portfolio (NDP). The NDP outlines how all required approved projects are progressing towards their energisation dates. Further details of progression and delivery of the NDP is provided within the annual Investment Planning and Delivery Report and Annual Performance Report.

Collaboration and joint programme processes between the two companies are focused on the delivery of priority projects through the ongoing joint programme management interface groups. The selection of 28 projects annually within the IP-CP metric provides useful data to support process improvements in the infrastructure agreement delivery phase and represents an increase of the target over the first two years of PR5. The principle of ex-post target adjustment is retained solely for issues outside of the TSO and TAO's control.

The Shaping Our Electricity Future roadmap is a dynamic plan that was updated and published in July 2023. This new version, Shaping Our Electricity Future v1.1, reflects the best available information, including changes in climate and energy policy, and reports on progress against specific actions within the roadmap, including the necessary changes for achieving the government's target of up to 80% RES-E by 2030, as detailed in the Climate Action plan of 2021, and the electricity sector carbon dioxide emissions limits and budgets, as detailed in the latest version of the Climate Action Plan published in December 2022.

SOEF v1.1 has reported a selection of transmission network reinforcements that satisfy the needs of the transmission system. Twenty candidate reinforcements have been identified to meet the increased renewable ambition in both jurisdictions. These candidate reinforcements are required in addition to other committed projects that are already progressing through the framework for grid development and are also additional reinforcements to those identified in SOEF v1.0.

All candidate reinforcements identified as part of Shaping Our Electricity Future v1.1 will need to enter EirGrid's Framework for Grid Development process and they will be reported in future TSO publications as they receive capital approval. As projects they will be prioritised in accordance with prioritisation processes and be progressed through the CPP process.

In summary, the TSO and TAO welcome BGE's main views on the proposals and provide the above noted commentary as additional context.

3.2.3. Comments Received

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

“the “Project Initiation to CPP Agreed Phase” area of the joint initiative should show a year-on year increase in the projects within this area, as well as list the projects which are decided on for each year of this metric.

The TSO/ TAO must have a priority project list for the next 5 years and it is this list which should fill out the projects in this area for the coming years, and not a completely new list for each year.

This area of the joint initiative should also clearly demonstrate how the “priority projects” and infrastructure programmes (such as Celtic) will deliver the 2030 targets and/ or contribute to constraint mitigation. The TSO/ TAO must have a priority project list for the next 5 years and it is this list which should fill out the projects in this area for the coming years, and not a completely new list for each year. With the CAP in mind, the ever-increasing level of network development projects being identified by the TSO in the SOEF roadmap suggests that all efforts are needed to focus on the earliest delivery of projects to the benefit of the grid. The Celtic Interconnector is expected to connect in approx. 3 years and the delivery of the grid infrastructure to allow this additional energy flow to exit the Cork region should feature prominently already.

We ask the TSO/ TAO to set out the prioritisation methodology used to identify the relevant projects for this area of cooperation and how it caters for the 2030 targets and the alleviation of constraints. The current 5-step approach is insufficient in our view.

We ask that the “Project Initiation to CPP Agreed Phase” metric clearly demonstrate the efficiency improvement and cooperation by the TSO/ TAO to deliver the overall target of projects per year (in excess of the 28 minimum expected by the CRU), or at least progress made or barriers to delivery discovered during the year to each project, especially priority projects.

We ask again that the Performance measure for this area should be tighter in each Delivery score from the current levels of Strong >80%, 80% > Acceptable >70%, Below Acceptable <70% and we suggest up to an additional 10% on each.”

3.2.4. Joint Response

The TSO publishes its Network Delivery Portfolio (NDP) on its website on a quarterly basis as part of the enhanced PR5 reporting obligations under CRU/20/154. The NDP is the most ambitious programme of works ever undertaken on the transmission system in Ireland. The NDP includes the projects for completion from now until 2030, which will connect significant volumes of offshore and onshore wind, solar and conventional generation. This work will also reinforce the power system and implement Shaping Our Electricity Future to support the future economic and social development of our country. All candidate reinforcements identified as part of Shaping Our Electricity Future v1.1 will enter EirGrid's Framework for Grid Development process and will be reported in future publications. As projects, they will be prioritised in accordance with the prioritisation processes.

The 28 CPP projects are made up of a blend of various projects across the overall programme of works. They do not however limit the efforts applied by the TSO and TAO in developing all projects through the IA process.

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.

Efficiency improvements and general information on progress made on overcoming barriers to delivery will be considered by the TSO and TAO for inclusion in the joint Annual Electricity Transmission Performance Report and/or the Investment Planning and Delivery Report. The TSO will work within the parameters and award scale contained in the annual incentive frameworks as advised by the CRU, most recently as per CRU202354.

3.2.5. Comments Received

With regard to the Asset and Programme Data Exchange BGE stated:

"Given the benefits possible from the move during the PR5 period to the digitisation of project management including the transition to more real-time information flows, we ask that it is executed as early as possible in the remainder of the PR5 period and certainly ahead of its planned 2025 commencement. The digitisation of project management must also have the appropriate controls to ensure all projects are ranked accordingly and the resultant reporting considers clear information presentation to stakeholders and consumers to demonstrate delivery of priority projects to alleviate constraints and congestion."

3.2.6. Joint Response

The TSO and TAO will endeavour to introduce improvements in data exchange during the PR5 period however this is not proposed to provide real time information between both organisations. The companies may consider this aspect in future years. The companies are also working on additional ways to incorporate prioritised programmes into the overall NDP. This work will be communicated to stakeholders and included in reporting at the appropriate time.

Initiatives within the multi-year plan, including those listed under asset and programme data exchange, are currently being progressed. The dates outlined are the targets for these initiatives to be successfully implemented and suitably mature, to provide clear evidence that can be presented to auditors on performance outcomes and associated benefits.

3.2.7. Comments Received

With regard to the Deployment of New Technology metric BGE stated:

We ask however that the timescale for the elements of each item that are scheduled to deliver to the end of the PR5 period, or even into the period of PR6 (such as the full availability of Composite Crossarm Technology in 2025/26, or production/ installation of the XLPE cable.) are reviewed and shortened where possible to bring maximum system and consumer benefit in the PR5 period.

3.2.8. Joint Response

TSO and TAO will implement new technologies on appropriate projects as soon as they have reached the relevant maturity levels and where relevant candidate projects are identified.

3.2.9. Comments Received

With regard to further comments BGE proposed the inclusion of new areas within in the joint incentive:

“Finally, we disagree with the position in the 2023-27 Multi-Year BSC that assessment will be limited to only the applicable calendar year. The delivery under the joint incentive across PR5 needs to demonstrate how the delivery of each year is moving towards the overall CRU reasoning behind the incentive under PR5 which 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 therefore that the annual audit assessment should show not just the annual delivery assessed against the overall PR5 reasoning for the incentive but also:

- how it delivers on the priority issues on the network, which in our view is hitting the 2030 CAP targets,*
- the delivery of priority projects and connection of major infrastructure programmes (such as Celtic), and*
- the alleviation of significant constraints and congestion (such as in the Greater Dublin area).*

Otherwise, the confidence to meet the 2030 targets will be eroded as the grid improvements will lag behind the SOEF expectations.”

3.2.10. Joint Response

The TSO and TAO believe that the current method of assessing the calendar year ex post is the most appropriate method of incentive assessment. The multi-year plan format provides stakeholders with useful and relevant information on the companies' plans across the metric areas. It would not be possible to assess future quantitative metrics within an audit environment for which the work has not yet commenced or been completed.

We are confident that the full suite of PR5 TSO and TAO incentives identified by CRU/20/154 is aligned to delivering on this ambition. The TSO and TAO cooperation and collaboration is also focused on these strategic goals.

4. 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 2024-2028 as set out in the Call for Input consultation paper from 31st July 2023.

The consultations responses were reviewed by both organisations and were considered in the development of the draft joint multi-year plan 2024-2028 that will be submitted to CRU in September 2023. Having reviewed the responses, it is not proposed to amend the draft joint multi-year plan for 2024-2028. Relevant feedback will be noted and considered for our future plans as we continue to enhance our joint multi-year incentive plan, and if applicable, used as a reference to further develop our Investment Planning and Delivery and Annual Performance Reports.