



COVID-19

RESS DEADLINE FOR BIDS EXTENDED

ENERGY AND NATURAL RESOURCES

RESS and COVID-19: The Deadline for Bids Extended

by **Philip Daly**

RESS and COVID-19: The Deadline for Bids Extended

1st April 2020 | by Philip Daly

The Renewable Electricity Support Scheme (“RESS”) is now finally up and running and applications for the first competition are now open.

However, in light of the unprecedented challenges being experienced by Irish businesses resulting from the COVID-19 pandemic, it has been confirmed that the deadline for applications for the first auction has been extended.

The auction commenced 9 March 2020 and was originally due to close on Thursday 2 April 2020, but has now been extended to Thursday 30 April 2020, the Department of Communication, Climate Action and Environment announced. This will allow companies wishing to participate more time to organise their bids.

What is RESS?

RESS the new auction-based scheme that invites renewable energy projects to bid for capacity and receive a guaranteed price for the electricity they generate. The scheme replaces the old Renewable Energy Feed-in Tariff (“REFIT”) schemes and is part of the Government’s Climate Action Plan to deliver 70% renewable electricity on the energy system of Ireland by 2030.

The key difference between RESS and its predecessors is that it will involve a competitive auction process for contracts for renewable energy projects. The auctions will be held through a series of renewable electricity competitions which will be held at regular intervals throughout the lifetime of the scheme.

The first competition (“RESS 1”) has been open since 9 March 2020 and will now remain running until 5:00 pm on 30 April 2020. The competition is being run by EirGrid and takes the form of a simple sealed bid auction. The final terms and conditions of RESS 1 was published by the Department of Communications, Climate Action on the 27 February 2020.

What are the eligibility requirements for RESS 1?

New Projects

RESS 1 is open to “new projects”, a term which is defined by reference to the following cumulative five conditions:

- (i) the project’s electricity-generating equipment must be electricity generating equipment that was not previously used at the project site to export electricity to the grid;
- (ii) the project generator must secure project investment of either €300 per kW of capacity or more;
- (iii) if the project is built at a site that was previously used for renewable generation, it must have a 50% increase in installed capacity compared to the installed capacity of the previous renewable energy project on that Site;

(iv) the project cannot benefit from any other support scheme funded via the Public Service Obligation (“PSO”) Levy while in receipt of RESS 1 Support and the project cannot have previously received payments under any other support scheme funded via the PSO Levy; and

(v) the project must produce electricity generated from one of the following energy sources (and meet any specific technical requirements provided for its category type);

- a. Onshore wind
- b. Offshore wind
- c. Solar
- d. Hydro
- e. High Efficiency CHP boilers fuelled exclusively by Waste
- f. High Efficiency CHP boilers fuelled by Biomass
- g. High Efficiency CHP boilers fuelled by Biogas

Planning Consent

RESS 1 projects are required to have a full and final grant of planning permission for the construction and operation of the electricity generating plant.

The planning permission must not have an expiry date or a decommissioning obligation prior to the anticipated end of the term of the support for a RESS 1 Project.

Any final grant of planning permission may be the subject of a judicial review challenge or still be within the 8 week period during which such a judicial review challenge may be commenced. Allowing permissions subject to challenge is an important change from the position under the draft rules.

Grid requirements

The RESS 1 Project must be (i) a Grid Contracted Project or (ii) an ECP-1 Project that is eligible to be processed to receive a valid connection offer, in both cases with a capacity at least equal to the Offer Quantity of the relevant RESS 1 Project.

Compliance with this requirement will need to be evidenced by a director’s declaration.

There is no requirement for the grid connection to have secured planning permission or property rights.

Site control

The RESS 1 projects site must be specified using Irish Transverse Mercator and applicants must demonstrate control of the project site.

How frequently will the auctions be held?

The frequency of future RESS auctions is dependent on the renewable electricity project supply pipeline which has not yet been baselined. It is envisaged that a minimum of four auctions will occur between 2020 and 2027 to deliver on the 2030 targets.

How long will the RESS support last?

The RESS-1 Support scheme is designed to run from either from the Commercial Operation date of the project or 1 July 2021 until 31 December 2037. A Supplier entering into a Power Purchase Agreement (“PPA”) with a Successful Applicant is entitled to receive RESS 1 Support for a period extending no longer than 31 December 2037 (and potentially 31 December 2038 solely in the event of Force Majeure having

been successfully claimed prior to achieving Commercial Operation).

RESS has been in the pipeline for a very long time and its introduction is certainly a welcome development in the renewable energy sector.

However, in light of COVID-19, it is hardly surprising that the deadlines for RESS 1 have been extended given the challenges that are faced by Eirgrid and prospective applicants alike.

It has also been indicated that the four-week extension will likely impact the timetable of the auction. Eirgrid have stated that further communication on the revised time table will be made available no later than 30 April 2020.

The terms and conditions of the scheme are accessible [here](#).

For more information, please contact Philip Daly at pdaly@lkshields.ie.

About the Author



Philip Daly
Partner

Philip's practice is primarily in the areas of M&A, Corporate, Energy and Finance law. He acts for a wide range of businesses with a particular number involved in the area of energy and natural resources.

T: +353 1 637 1582 **E:** pdaly@lkshields.ie