DATE: 10th August 2018

Commission for Regulation of Utilities,
P.O. Box 11934,
Dublin 24

RE: CRU Consultation on Policy for Electricity Interconnectors

The Electricity Association of Ireland (EAI) is the representative body for the electricity industry and gas retail sector operating within the Single Electricity Market (SEM) on the Island of Ireland.

Our membership comprises utilities that represent 90% of generation and retail business activities and 100% of distribution within the market. Our members range in size from single plant operators and independent suppliers to international power utilities.

We believe that electricity has a fundamental role in providing energy services in a decarbonised, sustainable future, in particular through the progressive electrification of transport and heating. We believe that this can be achieved, in the overall interest of society, through competitive markets that foster investment and innovation.

We promote this vision through constructive engagement with key policy, regulatory, technology and academic stakeholders both at domestic and EU levels.

We represent the Irish electricity industry in EURELECTRIC, the representative body for the European electricity industry, and help shape the broader European response to developing policy and legislative initiatives.

The Electricity Association of Ireland (EAI) welcomes the opportunity to respond to the Commission for Regulation of Utilities Consultation on Policy for Electricity Interconnectors: Assessment Criteria for Electricity Interconnection Applications.
EAI has previously articulated a position that supports the cost efficient development of enhanced interconnection with Great Britain and French markets. Interconnection in general has the ability to contribute to the principal objectives of energy policy—sustainability, competition and security of supply. Effective interconnection should facilitate the increased penetration of renewables and allow both jurisdictions to economically meet system demands; this would be achieved by aiding the balancing of the two interconnected markets for example. In addition, as a peripheral market and in order to continue to meet European requirements on interconnection consideration of the development of further interconnection is important. In order to assess the merits of any new proposal however it is essential that an interconnector project should be accompanied by a comprehensive, transparent CBA that shows tangible benefits for customers in their respective markets with costs and risks being shared proportionately. That CBA will need to calculate whole system costs including deep reinforcement costs plus the knock-on implication for the gas market (and consequently again the electricity market) and will also need to carefully assess the benefits i.e. contribution to Sustainability, Competition and Security of Supply. A realistic view of the amount of additional interconnection required is needed such that delivery of interconnection in a cost-effective manner is achieved. Any assessment interconnection must consider alternatives solutions to achieving similar objectives to obtain the most cost-effective solutions for customers. Consideration should also be given to the resilience and wholesale trading regimes when selecting which Country/Market to connect with.

In conclusion, whilst supportive of greater interconnection with Great Britain and France it is crucial that these projects are cost effective, that the risk/benefits are shared proportionately and that interconnector policy is not viewed in isolation to other regulatory initiatives. We look forward to the CRU’s decision and please do not hesitate to contact us for further information in relation to this response.

Yours sincerely,

Electricity Association of Ireland.