



Commission for Regulation of Utilities

Greenlink Electricity Interconnector

Gas Networks Ireland Response

13th August 2018

Introduction

Gas Networks Ireland (GNI) welcomes the opportunity to respond to the Greenlink Electricity Interconnector consultation published by the Commission for Regulation of Utilities (CRU)

GNI is a fully owned subsidiary of Ervia (formally known as Bord Gáis Éireann). It owns, operates, builds and maintains the gas network in Ireland and ensures the safe and reliable delivery of gas to its customers. The network consists of over 11,000 km of distribution pipelines and almost 2,500 km of transmission pipeline. It supplies energy to 14 power stations, more than 23,000 multi-nationals and businesses and over 654,000 homes. Gas Networks Ireland believes that the gas network is integral to Ireland's energy system.

GNI has reviewed the consultation document and has the following comments:

Question 1

Are there any other specific factors that the CRU should consider in assessing the Greenlink CBA?

GNI requests that the impact on existing gas-fired power plants is explicitly taken into consideration, in particular where additional interconnection results in lower Load Factors. In addition, the potential impact on gas demand and on utilisation of the gas network due to electricity being imported rather than generated should be considered.

A check should be carried out to ensure that Greenlink's assessment and CBA is in line with the Assessment Criteria for Electricity Interconnection Applications in the proposed Policy for Electricity Interconnectors which was recently consulted on.

Question 2

Are there any other specific factors that the CRU should consider in assessing the Greenlink technical overview report?

In addition to the CRU's initial observations on the technical assessment in Section 4.2.1 of this consultation, GNI also recommends that the Technical Criteria set out in Section 4.1 of the proposed Policy for Electricity Interconnectors (CRU/18/131) are also reviewed to ensure that there are no gaps.

Question 3

Are there other specific factors that the CRU should consider in selecting the appropriate regulatory approach?

GNI believes that it is appropriate for the CRU to assess the cap-and-floor regulatory approach for Greenlink given that Ofgem has in principle granted a cap-and-floor for Greenlink. However, careful consideration should be given to what a cap-and-floor regulatory regime would mean in an Irish context as Irish customers would essentially be underwriting half of Greenlink's revenues. GNI is concerned that variability in the operation of the interconnector could have an impact on network tariffs for Irish electricity consumers, and that this would create tariff volatility, which could have broader economic impacts.

Question 4

Is there any additional information the CRU should consider when determining whether the Greenlink interconnector is in the public interest or not?

It is particularly important that the wider impact of Greenlink is considered in line with the proposed Policy for Electricity Interconnectors:

Wider impact on the functioning of the wholesale energy markets in each hosting country, e.g. impacts on competition, prices of wholesale products in I-SEM, capacity payments, generation costs and revenues per technology type.

GNI thinks that the CRU should consider the potential impact of Brexit when determining whether the Greenlink Interconnector is in the public interest or not and consideration should also be given to the potential impact on other European energy projects.