



By email ([electricityinterconnectors@cru.ie](mailto:electricityinterconnectors@cru.ie))

15 February 2019

**Re: Consultation on the on the Celtic Interconnector investment request  
and the CRU's assessment reference CRU/18/265**



Ibec welcomes this opportunity to present views and recommendations on [Celtic Interconnector's investment request](#) and the CRU's assessment thereof.

Ibec is Ireland's largest business representative group. Our membership includes thousands of firms of all sizes, spanning every sector of the economy. Collectively, these employ over 70% of the private sector workforce in Ireland.

This response was prepared by Ibec's Energy and Climate Policy Committee which brings together a representative cross-section of members who help shape Ibec's position on energy and climate matters. Our starting point is that business competitiveness and economic growth is contingent on the secure supply of affordable and sustainable energy. Policy priorities for the group include:

- a cost-effective and coordinated low carbon transition;
- the delivery of vital national energy infrastructure;
- greater relative cost-competitiveness of energy supply; and
- proportionate, transparent and fair regulatory decisions.

For more information about Ibec and its Policy Committees please visit our [website](#).

For an island with growing levels of intermittent renewable generation, electricity interconnection is of strategic importance. Interconnection can help to make electricity on the island more secure, affordable and sustainable. The strategic importance of electricity interconnection is also likely to increase as we transition to a low carbon economy and bring more intermittent renewable generation on-stream. In the aftermath of Brexit, it would be highly desirable for Ireland to have a direct physical connection to the European electricity system, particularly if it also facilitates our transition to a decarbonised energy system.

Because sub-sea interconnection projects are typically very capital-intensive and generally underwritten by the energy consumer, it is imperative that such projects undergo thorough cost benefit analyses - considering a wide range of scenarios and sensitivities. The interconnector must show clear tangible and quantifiable benefits to the electricity end user. For this reason, Ibec very much welcomes this process, the work undertaken by EirGrid and its project partner, and the corresponding CRU assessment.



It is encouraging that in three of the four scenarios modelled by EirGrid, the project has potential to deliver net benefits to Irish electricity users, even if potential improvements in security of supply were discounted. However, we note that the NPV in all four scenarios could be hugely influenced by the presence or absence of an IE-GB Interconnector. An even larger uncertainty applies to the expected changes in consumer surplus and producer surplus in each case. We also note that the CRU's modelling analysis differs from that of EirGrid regarding the expected distribution of project benefits between Ireland and France and the project's potential outturn cost. However, we have struggled to get a comprehensive understanding of the complex analysis in the two documents.

Ibec would therefore appreciate an early bilateral meeting with the CRU to better understand the modelling work undertaken by CRU, how any differences could be reconciled, and the interests of the Irish energy consumer be best served.

Please feel free to contact me or my colleague Neil Walker should you require more information or clarification.

Yours sincerely,

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