

**British Irish Chamber of Commerce Submission to the the  
Commission for Regulation of Utilities (CRU) on the  
Greenlink Electricity Interconnector Cap and Floor request**



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## **Background and Context:**

The [British Irish Chamber of Commerce](#) (the Chamber), the only organisation representing business activities with interests across the two islands of Great Britain and Ireland, welcomes the opportunity to respond to the consultation paper by the Commission for Regulation of Utilities (CRU) on the Greenlink Electricity Interconnector Cap and Floor request. This is the second submission that the Chamber has made to a CRU consultation on the Greenlink Interconnector project having made our initial submission in August 2018<sup>1</sup>. This submission is derived from the on-going work the Chamber has been engaged with in the Energy sector with members and stakeholders from across the UK and Ireland.

## **Developing Future Interconnectors:**

Over the past two years, the British Irish Chamber of Commerce has held numerous consultations and informative events that have explored the importance of developing Ireland's interconnection infrastructure. These events have included but are not limited to 'The Future of Interconnection' (July, 2018) and our Policy Seminar on 'The impact of Brexit on the Single Electricity Market (SEM) and the Future of the Internal Energy Market (IEM).' Throughout all our consultations with the Chamber's membership it was agreed that enhanced interconnection helps provide a safe, secure, reliable and affordable energy supply for consumers. The Chamber continues to support the development of the Celtic and Greenlink Interconnectors between Ireland and France and Ireland and Britain respectively. In our submission to the programme for Government, the Chamber stated that

*"In terms of improving security of electricity supply and facilitating increased capacity for renewable energy, the Chamber supports the continued integration of energy markets with both the UK and Continental Europe. The Programme for Government should commit to support the development of the North – South, Celtic and Greenlink Interconnectors".*

In addition, interconnection capacity needs to increase if Ireland is to reach its decarbonisation targets. Greenlink will be a significant 'momentum' project for the energy industry and national infrastructure generally - and once regulatory and planning processes are completed can be shovel ready for early 2021.

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<sup>1</sup><https://www.cru.ie/wp-content/uploads/2018/10/CRU18216b-British-Irish-Chamber-of-Commerce-response-to-CRU18119.pdf>

## **Greenlink Electricity Interconnector Cap and Floor request**

Turning to the current consultation, the Chamber welcomed the determination by the CRU in October 2018 that *“Greenlink has the potential to provide a net benefit to the Irish consumers and Ireland as a whole. As such, the CRU has determined that the Greenlink interconnector application passes the public interest test”*. We believe that not only will the consumer benefit from lower electricity prices, but strategically as a peripheral island in Europe, enhanced interconnection through projects such as Greenlink will diversify Ireland’s sources of electricity supply which in turn will improve the country’s security of electricity supply.

The British Irish Chamber of Commerce supports and endorses the Greenlink request for a Cap and Floor pricing regime for the following reasons:

- The Cap and Floor regime is a fair balance between the limited risk consumers may be asked to bear in return for the comfort of sharing in the reward if revenues are above the cap.
- A Cap and Floor regime gives certainty and clarity to key stakeholders (developers and Consumers) in the market.
- A Cap and Floor regime guards against significant fluctuations in the market.
- In line with the Chamber’s longstanding policy in favour of interconnection, Cap and Floor regimes encourage interconnectors to be built, as it limits exposure.
- It aligns with Ofgem which have already agreed to the Cap and Floor request.
- In addition, divergence from Ofgem for this project would make financing it complicated, potentially jeopardising the entire initiative.

### **Conclusion:**

The Chamber has spent the last four years assessing the various energy projects that set out to achieve Ireland’s goals for the delivery of a, secure, increasingly decarbonised and affordable flow of energy to consumers. In our assessment Interconnection is an essential component in delivering these goals. The Greenlink Project has put forward a compelling case that has met the public interest threshold in the UK and Ireland and has won the support of key stakeholders on both sides of the Irish Sea. As the British Irish Chamber of Commerce, we also welcome the fact that this project will draw the UK market closer to Ireland with the net benefit for consumers in both jurisdictions.

The British Irish Chamber of Commerce is happy to respond to any further queries the CRU may have on our submission.