



Minister Eamon Ryan TD
Department of the Environment, Climate & Communications
29-31 Adelaide Road
Dublin 2
D02 X285

16th June 2021

Our Ref: D/21/13893

Re: Request for consent under Article 28(10) of the European Communities (Internal Market in Electricity) Regulations (SI 60 of 2005) (the “Regulations”).

Dear Minister,

We refer to the Regulations, and to our duties under Part 10 thereof with regard to security of supply of electricity. We also refer to our previous and ongoing discussions with your Department on the issue of security of supply.

The Commission for Regulation of Utilities (the “**CRU**”) has, in accordance with those duties, been engaging with EirGrid in relation to security of supply and system adequacy concerns for Winter 2021/22. As a consequence, EirGrid has issued a letter and prepared a report titled “Security of Supply Winter 2021/22”, both of which are enclosed with this letter as Appendix 1, in discharge of EirGrid’s obligations under Regulation 28(3) and (4) to, inter alia, report on the monitoring of security of supply matters and where it is of the view that security of supply is threatened or is likely to be threatened, to advise the CRU of this and make recommendations to the CRU on measures necessary to cover peak demand and to deal with shortfalls.

In assessing the security of supply situation EirGrid has considered the adequacy of generation capacity, the state of the transmission network and whether it has sufficient ancillary, or system, services. Its analysis of the winter risk in relation to Winter 2021/22 has lead it to the following conclusions (as further described in the attached report):

- The significant risk posed by the Huntstown and Whitegate units not returning as scheduled or in advance of Winter 2021/22, presents a real possibility that load shedding may need to be called on to protect the power system this winter (2021/2022).
- In order to meet system security requirements there is an immediate need to source 200 MW of additional system reserve by means of temporary emergency generation capacity to meet the power system requirements.
- This will require regulatory and government support relating to funding mechanisms; statutory licensing, consents and other requirements; and media/public engagements.
- EirGrid is in the process of taking every action that it can to mitigate the risk and is working closely with the CRU, DECC and other stakeholders as outlined in its report.

Regulation 28(5) provides that the CRU shall take such measures as it considers necessary to protect security of supply. On the basis of the enclosed correspondence from EirGrid, the CRU is satisfied that, in accordance with Regulation 28(10), it has identified a likely and substantial risk to security of supply,



described by EirGrid as an ‘*emergency situation*’, which is likely to emerge in Winter of 2021/22. In terms of the nature of the specific measures appropriate to address this situation, EirGrid has recommended the delivery of c. 200MW emergency additional generation by Winter 2021 that would be capable of providing the necessary services to the system. This type of emergency generation, which is mobile and temporary, can be deployed in a much shorter timeframe than traditional generation. However, it is important to note that it can only be deployed in this timeframe if the necessary statutory licensing and consents etc. can be dis-applied or fast tracked.

In considering whether, in the time available, it is practicable to use any other means to ensure security of supply, EirGrid has advised that it is not, as the necessary decisions to ensure the delivery of such generation would have to be taken almost immediately if the temporary generation to mitigate and manage this emergency situation has any possibility of being available in time to provide the necessary services for this coming winter.

Therefore, in light of the EirGrid report, we have concluded that it is not practicable in the time available to otherwise ensure the security of supply risk for Winter 2021/22 can be addressed. Consequently, and as is set out in our request for consent below, we are proposing that EirGrid be directed to secure the delivery of such temporary urgent emergency generation units for the purposes of the provision of system services, including reserve.

As you are aware, due to the immediacy of Winter 2021, EirGrid commenced, through the issuance of a request for proposal, a process of engagement with a number of large conventional generation developers that could potentially provide the necessary system services in this emergency context, as further detailed in their letter and report. Two responses were received, and from a technical review EirGrid has assessed one submission as being suitable to proceed. That submission includes up to 6 new gas generating units on an existing North Inner City Dublin generation site. We will review and approve the final arrangements to be entered into by EirGrid.

We have been advised as part of this engagement process that the cost of securing this generation would be expected to be in the order of [REDACTED]. This cost range is based on additional generation of 200MW and the final cost will depend on the amount actually sourced and delivered as well as a number of other factors. Those costs, when settled, are anticipated to be recovered through the Transmission Use of System (“TUoS”) charges, in respect of the period commencing 1 October 2021, consistent with the current methodology for the recovery of costs associated with system services. We have considered this likely cost against the pressing need to mitigate the serious and imminent risks outlined in the EirGrid report.

Therefore, in accordance with and for the purposes of discharging our statutory obligations under Regulation 28(10), and given that (for the reasons set out above) it is not practicable in the time available to otherwise ensure security of supply, we hereby apply for the consent of the Minister to allow CRU to direct EirGrid, in its capacity as the transmission system operator, to secure the delivery of c. 200MW of emergency additional generation for the purposes of the provision of system services, including reserve. Should you issue your consent, we will work with your Department and EirGrid, and relevant key stakeholders as appropriate, on the practical steps to secure the additional emergency generation, including the dis-application and / or fast-tracking of environmental and other consents and requirements.



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We have included at Appendix 2 hereto a draft form of consent letter for your consideration.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Aoife MacEvilly', written over a light grey rectangular background.

Aoife MacEvilly
Chairperson



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APPENDIX 1

EIRGRID INFORMATION





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APPENDIX 2

**Commission for Regulation of Utilities
The Exchange
Belgard Square North
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Dublin 24**

[•] June 2021

Re: Request for consent under Article 28(10) of the European Communities (Internal Market in Electricity) Regulations (SI 60 of 2005) (the “Regulations”).

Dear Commissioners,

We refer to your letter dated 15 June 2021 requesting consent pursuant to Article 28(10) of the Regulations to issue a direction to EirGrid, in its capacity as the transmission system operator (“TSO”).

In light of the likely and substantial risk of an electricity security of supply emergency in respect of which it is not practicable in the time available to otherwise ensure security of supply, as evidenced by the information prepared by the TSO which was provided at Appendix 1 to your letter, the Minister for the Environment, Climate and Communications hereby grants consent to the Commission for Regulation of Utilities direct the TSO to procure the delivery of c. 200MW of emergency additional generation for the purposes of the provision of system services, including reserve.

Your sincerely

For and on behalf of
the Minister for the Environment, Climate and Communications