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Commission for Regulation of Utilities,
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Emailed to: electricityinterconnectors@cru.ie

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EDF Renewables response to CRU's Celtic Interconnector "EirGrid - Regulatory Framework Request" Consultation (CRU/21/057)

EDF Renewables is part of one of the world's largest electricity companies and our investment and innovation is bringing down costs for consumers and bringing significant benefits for communities. We operate in more than 20 countries around the world. We develop, construct and operate wind farms (onshore and offshore), solar and battery storage projects, and have more than 25 years' experience in delivering renewable energy generation.

We have recently opened an office in Dublin and are already in advanced discussions for an onshore wind development pipeline of around 800 MW, with aspirations for far greater growth in Ireland across all technologies, as can be seen by our recent acquisition of 50% of the Codling Offshore Wind Farm Development, off the East Coast of Ireland and the acquisition of a solar portfolio which now has projects under construction.

EDF Renewables welcomes the opportunity to engage with the Commission for Regulation of Utilities and respond to this consultation on the Celtic Electricity Interconnector "EirGrid - Regulatory Framework Request" (CRU/21/057).

We are fully committed to contributing to the national 2030 targets on emissions reduction and renewable energy at the lowest cost to the end consumer, as set out in the Climate Action Plan (CAP) and the National Energy and Climate Plan 2021-2030 (NECP). Realising the potential of the offshore renewable energy sector is one of the central elements of the CAP and it includes a suite of actions to decarbonise the electricity sector and increase the quantity of renewable generation, to meet our target of 70% of demand from renewable sources by 2030. The NECP sets out a national commitment to achieving a 7% annual average reduction in greenhouse gas emissions between 2021 and 2030, as set out in the Programme for Government, Our Shared Future. We firmly believe that more renewables are crucial to meeting our climate targets, decarbonising the electricity system and in helping to slow the effects of the climate emergency.

In the first instance we would like to highlight the following points:

Grid Reinforcement

- We recognise that increased interconnection is a key component of Irish energy policy, which has the potential to ensure a secure and sustainable supply of electricity, provide the flexibility and system services essential for higher penetrations of intermittent renewable electricity, and to reduce electricity costs.
- However, considering the current capabilities of the Irish electricity network, this may prove challenging, at least in the short to medium term. As more units connect, the transmission network is increasingly struggling to accommodate these, and dispatch down is a growing issue for renewables. In our view, the network and locational issues should be resolved in the short and medium term, to facilitate existing and new renewable generation.
- In addition, the impact of new interconnection should be considered in an impact assessment, to avoid system issues such as locational constraints.
- With the first RESS volumes due to come online shortly and the CRU's target for EirGrid to reach 80% SNSP by 2023 and 85% SNSP by 2025, interconnectors may well help to deliver higher SNSP levels and minimise dispatch down over the coming years, but only if the grid is fully prepared.

Level Playing Field

- We are conscious that there are limited opportunities to connect to an already strained transmission system and we therefore request that all technologies, from wind farms to interconnectors, are subject to the same market conditions and grid connection costs. As it stands, the Celtic Interconnector appears to be exempt from the standard rules, as a Project of Common Interest (PCI).
- While we acknowledge that the PCI process is intended to help the EU achieve its energy policy and climate objectives: affordable, secure and sustainable energy for all citizens, and the long-term decarbonisation of the economy in accordance with the Paris Agreement, we believe that a balanced and holistic approach should be taken.
- There is a need for the incentivisation of RES-E projects, with the appropriate levels of support provided, which would enable the further development of RES-E projects across Ireland, in a "level playing field". In this way, Ireland will be enabled to meet its 2030 targets and can become a world leader in renewable energy innovation.

Market Distortion

- There is a risk that Ireland could become a captive market, given its small scale and location at the edge of Europe, as there may be a limited opportunity for generators to compete equally, given the specific system and transmission limitations that the TSO has to manage.
- This must be considered in the context of what interconnectors can deliver, i.e. transmission infrastructure that connects two markets.
- A large transmission asset bidding into the capacity market, such as Celtic, with limited exposure to underlying wholesale markets or specific penalties that incentivise performance, has the potential to create market distortions. These could undermine the achievement of the all-island Reliability Standard¹.

¹ [EirGrid-Group-All-Island-Generation-Capacity-Statement-2019-2028.pdf \(eirgridgroup.com\)](#)

System Operator-Led Approach

- Although this specific consultation relates to an EirGrid proposal, in future it would make more sense for a more system operator led approach, to provide a framework for future interconnector planning, than a series of individual developer propositions.

Regulator/System Operator Coordination

- EDF Renewables believes that greater coordination between the regulator/system operator and other authorities makes more sense. This work should include the development of a planned strategy that developers could then bid into.

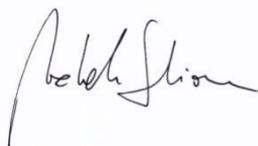
The fully regulated Two-Phase Funding Model approach, as proposed by CRU, does seem to strike an appropriate balance between enabling EirGrid to progress the project while ensuring that its interests are aligned with those of the electricity customer. We agree that electricity customers should not be exposed to the financial burden of Celtic. In reaching an acceptable solution for all parties, we would welcome a regulatory framework which fairly considers the other players in the market and takes a balanced approach to cost recovery.

We would request that CRU considers the most appropriate regulatory model in the overarching context of the Climate Action Plan for Ireland. The next steps should be cognisant of interactions with future RESS generators and existing REFIT & ROCs generators and will have a major impact on the delivery of Ireland's 2030 targets. We believe that, in the overarching context of the climate emergency, an accelerated pace of development is required to decarbonise the system. We welcome energy policies that fully reflect this.

In conclusion, we would like to thank CRU for the opportunity to engage on this matter and look forward to continuing our work with you in future.

Should you wish to discuss any of the issues raised in our response or have any queries, please contact Stella Burke on stella.burke@edf-re.ie, or me. I confirm that this letter may be published on the CRU website.

Yours sincerely

A handwritten signature in black ink, appearing to read "Michele Schiavone".

Michele Schiavone
Director for Offshore Wind and Ireland