

Decision-making process for major policy proposals

EirGrid's role in policy development

EirGrid's role is to manage and operate Ireland's national grid to ensure a safe, secure supply of electricity to homes, businesses and industry across the island. EirGrid is a state-owned commercial company licensed by the Commission for Regulation of Utilities (CRU) as independent TSO and certified by the European Commission in relation to same.

CRU's role includes the development of policies relating to the connection of customers to the transmission system. EirGrid contributes to the policy development of transmission related policies with CRU as part of the policy development and consultation process. These include the development of the Enduring Connection Policy (ECP) and the Connection Offer Policy and Process (COPP). For further information on these and other CRU policies, please refer to www.cru.ie.

Planning and developing the electricity transmission system

We have a responsibility to plan and develop these systems in response to government policy. In both jurisdictions, there is a policy to phase out the use of fossil fuels to generate electricity. The Irish Government's policy is driven by the ten year targets in the Climate Action Plan.

This means we must ensure that Ireland is ready for at least 70% of its electricity to come from renewable sources by 2030. This will require direct actions, but also a process of working with other stakeholders across the wider energy sector.

EirGrid is uniquely positioned for this role. Our expertise and insights allow us to offer trusted, independent advice to policy makers at a local, national and European level. The policy moves in both the EU and UK towards a "Green New Deal" – to revive economies after the Covid-19 pandemic – shows how crucial our role is. A reliable, safe and secure electricity supply has always been the foundation of a strong economy. And now, the evolution of our sector has the potential to transform both economies on the island of Ireland.

Specific areas where EirGrid is involved in policy development in Ireland

In 2019, the Government of Ireland published a Climate Action Plan with the ambition of significantly reducing CO2 emissions in the next decade. This plan aims to meet EU and international targets and to support the policies that underpin these targets. It sets out the reductions needed by sector – and electricity has been asked to achieve the greatest reduction.

This places a clear responsibility on EirGrid. We must enable and deliver the greatest change to Ireland's power system since the rural electrification project that began in the 1940s and spanned over two decades.

The Programme for Government agreed in June 2020 set even higher ambitions. This was followed by the Climate Action and Low Carbon Development (Amendment) Bill in October 2020. This bill commits Ireland, in law, to move to a carbon neutral economy by 2050. It also requires the government to revise and update the Climate Action Plan on an annual basis and the first update is expected to be published in late 2021. EirGrid's 2020-25 Strategy aligns with the Climate Action Plan – we are key contributors to 14 out of the 21 actions for the electricity sector in this plan.

At a European level, EirGrid supports the EU's ambition to be the first climate-neutral continent by 2050. We took part in the consultation on the European Green Deal and on the EU Offshore Renewable Energy Strategy.

Offshore Wind

This form of generation will play a significant role in helping to reach the goal of 70% renewable electricity by 2030. The Irish Government's Climate Action Plan (published in 2019) has an ambition of achieving at least 3.5GW of offshore wind by 2030. The Programme for Government published in July increased this target to 5GW. It also outlines a clear ambition for at least a further 30GW of offshore floating wind off the Atlantic Coast from 2030 to 2050.

The Irish Government has now published a policy framework to deliver these targets. In March 2019, EirGrid published a paper on Offshore Grid Delivery Model Options. We commissioned a consultancy firm to review international models and propose options. This report was then put out to consultation by the Department of Environment, Climate and Communications. This consultation process helped inform their policy framework which was published in May 2021. The policy framework sets out that there will be an enduring centralised model with transmission system assets to be planned, developed, owned and operated by EirGrid.

In the meantime, EirGrid continues to work with offshore developers that request connection to the grid.

Shaping Our Electricity Future

Achieving 70% by 2030 will need a scale and pace of change to the electricity system that is without precedent. EirGrid Group has been working since 2019 on developing our approaches to this challenge.

We must identify and resolve the technical, operational, infrastructural, regulatory and market challenges. These transformations will need to happen while we continue to sustain a reliable and efficient power system. Finding the best route to 2030 is driven by the need to protect the security of your electricity supply while still pursuing a cleaner energy future.

Our work to investigate and resolve these challenges is careful, detailed and ambitious. In 2020, we started to consider what paths are available for us to reach 2030 and 2050 goals. The key considerations were the transmission network, interconnection, the operation of the system and the running of the wholesale market. All will need considerable changes. And these changes need the consent of government, regulators and the public – in Ireland and Northern Ireland.

By the start of 2021, we had developed four different approaches to reaching these targets. In March 2021, we launched a nationwide consultation with the Minister for the Environment, Climate and Communications on what we called 'Shaping Our Electricity Future' so that the public and industry could have their say on these four approaches. This consultation ran for 14 weeks until the 14 June. This is the broadest consultation ever undertaken by EirGrid and one of the largest public

consultation processes ever undertaken in Ireland. Based on the feedback we receive, we will develop a final plan which is due for publication later in 2021.

Expenditure reviews

<https://www.cru.ie/wp-content/uploads/2020/12/CRU20152-TSO-and-TAO-Transmission-Revenue-2021-20252.pdf>