

EirGrid, Electricity and Turf (Amendment) Bill 2022

Bill No. 63 of 2022

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Abstract

The purpose of this Bill is to provide for emergency measures to ensure and protect the security of the supply of electricity. It aims to provide for the provision of financial support by the Minister for Environment, Climate and Communications to EirGrid to enable them to take certain measures. Amongst others, these measures include providing for payments to customers of certain benefits relating to the PSO levy, increasing the amount of money that EirGrid and Bord na Móna may borrow, and acquiring electricity generation plant.



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Summary

- The [EirGrid, Electricity and Turf \(Amendment\) Bill 2022](#) was published on 22 June 2022 and comprises 14 sections.
- The purpose of the Bill is to provide for emergency measures to ensure and protect the security of the supply of electricity. It aims to provide for the provision of financial support by the Minister for Environment, Climate and Communications to EirGrid to enable them to take certain measures. These measures include:
 - acquiring electricity generation plant
 - provide for EirGrid to enter into agreements with electricity generators regarding electricity generation plant
 - increase the amount of money that EirGrid and Bord na Móna may borrow (up to €3 billion and €650 million, respectively)
 - provide for payments to customers of certain benefits relating to the Public Service Obligation (PSO) levy
 - other related matters, including a requirement that EirGrid shall provide a report to the Commission for Regulation of Utilities (CRU) on a quarterly basis, or more frequently as the CRU may require.
- The current cost of living crisis in Ireland has brought the issues of energy poverty and energy deprivation into sharp focus.
- A recent report by the [ESRI \(2022\)](#) found that due to the recent increase in gas and electricity prices, nearly a third of Irish households now experience energy poverty, which the report defines as spending more than 10% of their income on energy. This finding indicates that the share of Irish households now living in energy poverty is above the previously recorded high of 23% recorded in 1994/95.
- A [2021 Report by the CRU](#) found that there was an acute risk to the security of electricity supply over the forthcoming years out to 2025/2026. As a result, they put forward a series of actions necessary to secure supply for future years.
- The Bill was not subject to pre-legislative scrutiny (PLS) and no General Scheme was published.
- No Regulatory Impact Assessment (RIA) was published in respect of this Bill.
- The L&RS has also published a [Bill Briefing page on this Bill](#) [internal access only].

Table of provisions

A summary of the Bill's provisions is included in Table 1 below.

Table 1: Table of provisions of the EirGrid, Electricity and Turf (Amendment) Bill 2022

Section	Title	Effect
1	Definition	<p>Standard provision that provides for the definition of various terms within this Bill.</p> <p>“Act of 1999” refers to the Electricity Regulation Act 1999.</p> <p>“Commission” refers to the Commission for Regulation of Utilities.</p> <p>“direction” means a direction of the Commission for the specified purpose, whether given before, on or after the operation of this Act.</p> <p>“EirGrid” means the public limited company incorporated pursuant to Regulation 34 of the Regulations of 2000.</p> <p>“electricity generation plant” means any plant, apparatus or appliance uses for, or for purposes connected with, the generation of electricity other than an appliance under the control of a consumer.</p> <p>“electricity generator” means a person selected by EirGrid, with approval of the Commission, to operate electricity generation plant for the specified purpose in accordance with a licence granted under section 14(1)(a) of the Act of 1999.</p> <p>“enactment” means (a) an Act of the Oireachtas, (b) a statute that was in force in Saorstát Éireann immediately before the date of coming into operation of the Constitution and that continued in force by virtue of Article 50 of the Constitution, or (c) an instrument made under an Act of the Oireachtas or a statute referred to in paragraph (b).</p> <p>“financial support” means a grant or any other kind of financial accommodation or support.</p> <p>“Minister” means the Minister for the Environment, Climate and Communications.</p> <p>“public electricity supplier” means the holder of a licence under section 14(1)(h) of the Act of 1999.</p> <p>“Regulations of 2000” means the European Communities (Internal Market in Electricity) Regulations 2000 (S.I. No. 445 of 2000).</p>

Section	Title	Effect
		<p>“specified purpose” means taking measures required to address the temporary electricity emergency identified by the Commission, including but not limited to acquiring electricity generation plant and entering into agreements for that purpose.</p> <p>“transmission system operator” means the holder of a licence granted under section 14(1)(e) of the Act of 1999.</p>
2	Expenses	Provides the expenses incurred by the Minister in the administration of this Act shall be paid out of monies provided by the Oireachtas to the extent sanctioned by the Minister for Public Expenditure and Reform.
3	Urgent measures taken pursuant to direction of Commission	<p>Provides that EirGrid will take all necessary measures as required under a direction from the Commission for Regulation of Utilities (CRU) including, but not limited to:</p> <ul style="list-style-type: none"> (a) acquiring electricity generation plant (b) selling and transferring any electricity plant to an electricity generator, in accordance with section 4 of the Bill. (c) entering into an agreement with an electricity generator for the emergency operation of the electricity generation plant. <p>It proposes that the emergency operation of the electricity generation plant shall cease as soon as possible on fulfilment of the specified purpose, and no later than 31 March 2027. This is subject to section 10 of the Bill below.</p> <p>It proposes that the electricity generation plant shall be dispatched only in the circumstances and manner set out in the risk preparedness plan adopted by the Commission under and in accordance with Article 10 of Regulation (EU) 2019/941.</p>
4	Sale and transfer by EirGrid of electricity generation plant to electricity generators for specified purpose	<p>Provides that EirGrid shall not operate any electricity plant acquired by it and shall deal with it only in accordance with a direction.</p> <p>Where EirGrid acquires electricity generation plant and enters into an agreement with an electricity generator, it may provide for the sale or transfer of the electricity plant to the electricity generator, the emergency operation of the electricity plant, and any further arrangements necessary.</p>

Section	Title	Effect
		<p>Upon the sale or transfer of the electricity plant, the title to or any relevant right or interest in the electricity plant shall transfer to the electricity generator.</p> <p>On termination of an agreement, the electricity generator shall dispose of the electricity generation plant in an arm's length transaction in accordance with any direction from CRU.</p> <p>In all circumstances, EirGrid shall be paid the full price of the electricity generating plant and any profit received from the sale of the plant.</p> <p>An electricity generator shall not obtain any benefits other than the reimbursement of reasonable costs incurred by the electricity generator, including a reasonable return, as may be approved by CRU.</p>
5	Consequences of measures taken pursuant to direction of Commission	Provides for obligations on EirGrid to take measures, as required, under a direction from CRU to ensure security of electricity supply and ensure that EirGrid obtains no benefit other than reimbursement of reasonable costs and a reasonable return, as may be approved by CRU.
6	State aid	Ensures that all functions conferred on the Minister or the CRU under this Act shall be performed by them in compliance with Irish and EU rules in relation to state aid.
7	Financial support for specified purpose	<p>Provides that the Minister may provide financial support to EirGrid as the Minister considers necessary out of public monies provided by the Oireachtas and with the consent of the Minister for Public Expenditure and Reform.</p> <p>It provides that EirGrid shall only use financial support for the purpose of complying with a direction of the CRU only and that the use of any income or revenue received in connection with the agreement with electricity generators shall only be used for the purpose provided or for the purpose of making distributions (within the meaning of section 123 of the Companies Act 2014) to its shareholders as determined by the directors of EirGrid.</p> <p>It also provides that any amount received by the Minister from EirGrid shall be paid into or disposed of for the benefit of the Exchequer in a manner directed by the Minister with approval of the Minister for Public Expenditure and Reform.</p>
8	Reporting by EirGrid to Commission	EirGrid shall provide a report to the CRU on a quarterly basis, or more frequently as the CRU may require.

Section	Title	Effect
9	Further measures for specified purposes	<p>Provides that the CRU may direct EirGrid, the public electricity supplier or an electricity generator, to undertake measures as the CRU considers necessary, including financial arrangements relating to the security of supply.</p> <p>Where CRU believes that EirGrid, the public electricity supplier or an electricity generator is not complying with a direction, they may apply to the High Court for an order requiring them to comply. The High Court may make such order as it sees fit and may confirm, revoke or vary a direction.</p>
10	Order to extend effect of direction or measure	<p>Provides that the CRU shall provide a report to the Minister no later than 31 October 2026 on the progress under this Act in achieving the specified purpose. It also provides for the Minister to make an order to extend the period for which the emergency generator can be operated under section 3(2) of the Bill by one year, upon approval by both Houses of the Oireachtas.</p>
11	Amendment of section 6 of the <i>Electricity Regulation (Amendment) (EirGrid) Act 2008</i> [Borrowing by EirGrid]	<p>Provides for an increased borrowing limit for EirGrid of up to €3 billion.</p>
12	Amendment of the <i>Electricity Regulation Act 1999</i>	<p>Provides amendments to section 39 (public service obligations) and Schedule 2 of the Electricity Regulation Act 1999.</p> <p>This proposes to allow for a refund of the Public Services Obligation (PSO) levy to consumers. The calculation of the annual PSO levy is a matter for the CRU. On 14 June 2022, CRU issued a draft determination that gives the potential for a refund of circa €75 for the average domestic customer.</p>
13	Amendment of section 22(1) of the <i>Turf Development Act 1998</i> [Borrowing by Company and Subsidiaries]	<p>Provides for an increased borrowing limit for Bord na Móna of up to €650 million.</p>
14	Short title, commencement and collective citation	<p>Standard provision that defines the short title of the Bill and provides for commencement by Ministerial Order.</p> <p>The Bill may come into operation upon a commencement order being made by the Minister. Commencement orders</p>

Section	Title	Effect
		may be limited to particular provisions of the Bill or purposes.

Source: Derived from the [EirGrid, Electricity and Turf \(Amendment\) Bill 2022](#) and the accompanying [explanatory memorandum](#).

Background and policy context

The [EirGrid, Electricity and Turf \(Amendment\) Bill 2022](#) [the Bill] was published by the Minister for Environment, Climate and Communications [the Minister], Eamon Ryan T.D., on 22 June 2022. No pre-legislative scrutiny (PLS) was carried out in the relation to the Bill and no Regulatory Impact Assessment (RIA) was published. This Bill is not included in the Government's Summer Legislative Programme 2022.

The purpose of the Bill is to provide for emergency measures to ensure and protect the security of the supply of electricity. It aims to provide for the provision of financial support by the Minister to EirGrid to enable them to take certain measures. These measures include:

- (i) acquiring electricity generation plant
- (ii) provide for EirGrid to enter into agreements with electricity generators regarding electricity generation plant
- (iii) increase the amount of money that EirGrid and Bord na Móna may borrow (up to €3 billion and €650 million, respectively)
- (iv) provide for payments to customers of certain benefits relating to the Public Service Obligation (PSO) levy
- (v) other related matters, including a requirement that EirGrid shall provide a report to the Commission for Regulation of Utilities (CRU) on a quarterly basis, or more frequently as the CRU may require.

[Announcing](#) the package of measures to secure electricity supplies in the future on 14 June 2022, the Minister said¹:

"The Cabinet has today approved a package of measures to help mitigate the rising cost of rising electricity bills and to ensure secure supplies to electricity for households and business across Ireland over the coming years."

The current cost of living crisis in Ireland has brought the issues of energy poverty² and energy deprivation into sharp focus. A 2015 report by [INSIGHT_E](#)³ (2015) defined energy poverty as "a

¹ Department of the Environment, Climate and Communications, Press Release, 'Government announces package of measures to secure electricity supplies into the future and to help mitigate rising household electricity bills', Published 14 June 2022, Last Updated 15 June 2022. Available [here](#).

² The L&RS recently published a *Note on Energy Poverty*. Available [here](#).

³ INSIGHT_E is a multidisciplinary energy think tank which provides the European Commission and other energy stakeholders with advice on policy options and assesses their potential impact.

situation where individuals or households are not able to adequately heat or provide other required energy services in their homes at affordable cost". [Bouzarovski & Petrova \(2015\)](#)⁴ define energy deprivation as households forgoing domestic energy due to institutional factors, political economies, infrastructural legacies, housing structures, income differentials and changes in the affordability of utility services.

A recent report by the [ESRI \(2022\)](#)⁵ found that due to the recent increase in gas and electricity prices, nearly a third of Irish households now experience energy poverty, which the report defines as spending more than 10% of their income on energy. This finding indicates that the share of Irish households now living in energy poverty is above the previously recorded high of 23% recorded in 1994/95. While there are a number of different measures of energy affordability (see for example [Tovar Reaños & Lynch \(2020\)](#)⁶), the expenditure-based measures of energy poverty in the recent ESRI report came to 29.4% including electricity (from 13.2% in 2015/16, the latest year of data available), and to 12.7% excluding electricity (up from 5.1% in 2015/16). The report also finds that between 5% and 15% of households were already experiencing difficulty in adequately heating their homes before the price increases in 2022.

In terms of nominal amounts, the report found that energy inflation between January 2021 and April 2022 increased the cost of estimated households' consumption by €21.27 per week, on average, rising to €38.63 per week when motor fuels are included. It also warned that a further 25% increase, comparable to the hike implemented by Electric Ireland in May 2022, would cause up to 43% of Irish homes to fall into energy poverty. This would amount to an estimated weekly consumption cost increase by an average of €36.57, excluding motor fuels, or €67.66 if they are included.

The impact of these increases is different across different levels of the income distribution. For example, it estimates that recent increases in energy costs (including motor fuels) amount to 5.9% of after-tax and transfer income⁷ for the lowest-income fifth of households compared to 3.1% cent for the highest income fifth. The report states that this disparity can be explained by the fact that lower-income households spend a bigger percentage of their income on energy, especially home heating and electricity.

INSIGHT_E (2015), Energy poverty and vulnerable consumers in the energy sector across the EU: analysis of policies and measures. Published May 2015. Available [here](#).

⁴ Bouzarovski, S. and Petrova, S. (2015), [A global perspective on domestic energy deprivation: Overcoming the energy poverty-fuel poverty binary](#). Energy Research & Social Science. Vol. 10, Nov 2015. P. 31-40

⁵ ESRI (2022), [Energy Poverty and Deprivation in Ireland. Research Series Number 14](#). Published June 2022.

⁶ ESRI (2020), [Are energy poverty metrics fit for purpose? An assessment using behavioural microsimulation](#). Working Paper No. 665. May 2020.

⁷ These are payments (income) from the government to individuals that are not in exchange for goods and services such as social welfare payments.

Public Services Obligation (PSO) levy

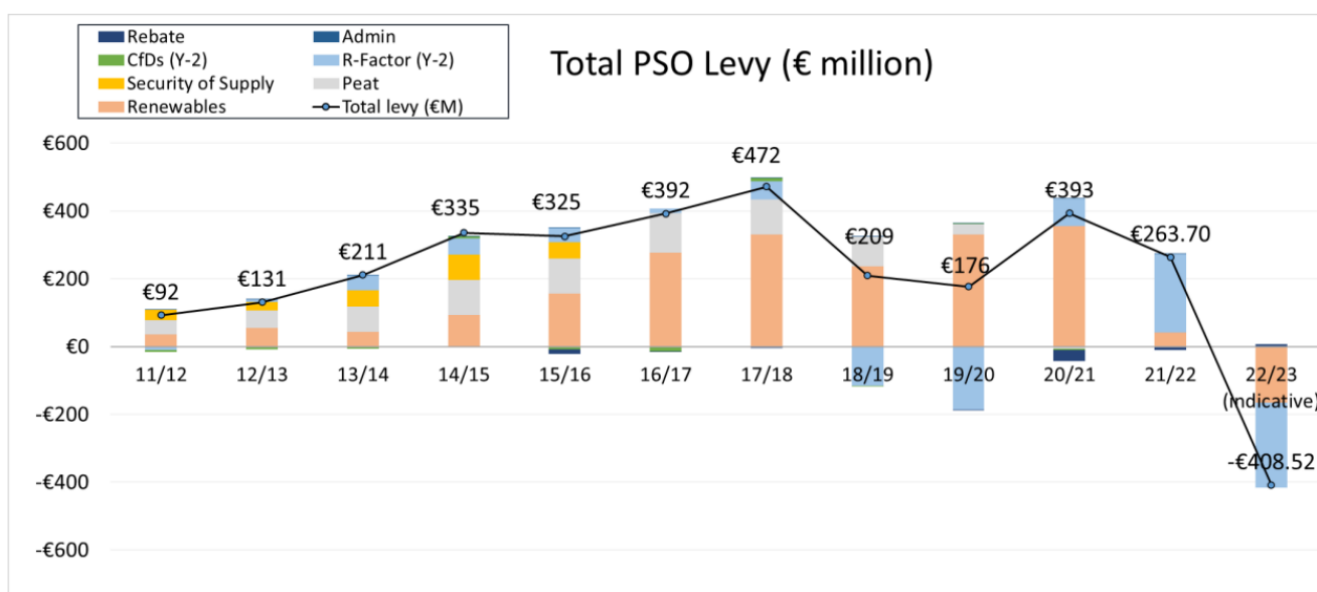
Section 12 of the Bill proposes amendments to [section 39](#) (Public Service Obligations) and [Schedule 2](#) of the [Electricity Regulation Act 1999](#). This proposes to allow for a refund of the Public Service Obligation (PSO) levy to consumers. The calculation of the annual PSO levy is a matter for the CRU.

Background

As detailed by CRU in a [Proposed Decisions Paper on Public Service Obligation Levy 2022/23](#) published on 14 June 2022⁸, the PSO levy is charged to all electricity final customers to fund schemes designed by the Irish Government to support national policy objectives. In accordance with Government policy, the CRU's role is to calculate the PSO levy annually based on support rates that are set by Government and to help ensure that the scheme is administered efficiently and appropriately.

The CRU prepared the 2022/23 Proposed Decision Paper for the PSO period from 01 October 2022 to 30 September 2023. Figure 2, obtained from the Proposed Decision Paper, shows the evolution of the PSO levy from 2011/12 to 2022/23 (indicative).

Figure 2: Total PSO Levy (€million)



Source: [CRU Proposed Decision Paper 2022/23](#).

As illustrated in Figure 2, for the first time in many years, the proposed PSO levy for upcoming PSO Year 2022/23 is - €408.52 million, representing a decrease of €672 million from the 2021/22 PSO levy funding requirement of €263.70 million. The Proposed Decision paper notes that this large decrease is a result of the inverse relationship between the PSO levy and the wholesale electricity price. They state⁹:

⁸ Commission for Regulation of Utilities, Proposed Decision Paper, Public Service Obligation Levy 2022/23. Published 14 June 2022. Available [here](#).

⁹ Ibid, p. i

“When wholesale electricity prices are high, less money is required to be raised through the PSO levy to support PSO supported generators as these generators receive higher revenues from the wholesale market for the electricity they produce.”

Specifically, the CRU point to two key drivers for the negative PSO funding requirement¹⁰:

“(a) the benchmark prices estimated for the PSO year 2022/23 substantially exceeds the REFIT Reference price¹¹, resulting in a very low level of support payments being due to suppliers contracting with generators under REFIT. In addition, the benchmark prices estimated for the PSO year 2022/23 exceeds the applicable strike prices for the eligible suppliers contracting with generators under the RESS scheme¹². The RESS scheme is a two-way CFD [contract for difference], meaning unlike the REFIT schemes, RESS projects can owe monies back to the PSO levy, in the event where a project’s strike price is lower than the benchmark price¹³.

(b) PSO levy payments are calculated on the basis of estimated generation and estimated wholesale electricity market prices for the year ahead. These ex-ante payments are then corrected for actual generation and prices through the R-factor¹⁴. The 2021/22 R-factor which is included in the 2022/2023 PSO calculation is negative as a result of actual market revenues in 2021/22 substantially exceeding the estimates on which ex ante payments were based.”

The CRU report that currently legislation does not provide for the charging of a negative PSO levy. As a result, they state¹⁵:

“In recognition of the rising cost of living and of the impact on households and businesses of increasing energy bills, Government approved, on the 14th June 2022, legislative amendments to enable PSO payments to be credited as a benefit to electricity customers when the CRU calculates a negative PSO. The Department of the Environment, Climate and Communications (DECC) are currently in the process of bringing forward these legislation amendments. In addition, the CRU in conjunction with the TSO [Transmission System Operator], DSO [Distribution System Operator] retail suppliers and other relevant stakeholders are working to ensure that current PSO billing and [invoice arrangements](#)

¹⁰ Ibid p. ii

¹¹ The REFIT scheme stands for the ‘[Renewable Electricity Feed-In Tariff](#)’. This scheme was designed to ensure Ireland meets its goal of 40% of electricity coming from renewable sources by 2020 and was funded by the PSO. It also provides certainty to renewable electricity generators by providing them with a minimum price for each unit of electricity exported to the grid over a 15-year period. In 2020, REFIT was replaced by the [Renewable Electricity Support Scheme \(RESS\)](#).

¹² The [Renewable Electricity Support Scheme \(RESS\)](#) provides support to renewable electricity projects in Ireland. The PSO levy supports this scheme.

¹³ Further information on the RESS can be found in this High-Level Design paper published by Government of Ireland. Available [here](#).

¹⁴ Information on the nature and calculation of the R-Factor in determining the PSO levy can be found in this 2008 report by the Commission for Energy Regulation. Available [here](#).

¹⁵ Commission for Regulation of Utilities, Proposed Decision Paper, Public Service Obligation Levy 2022/23. Published 14 June 2022. Available [here](#). p. iii

provide an enduring solution which will facilitate the PSO levy being paid to all electricity customers.”

From a customer point of view, the forthcoming 2022/23 PSO levy will result in an annual benefit of €75.84 for domestic customers and €253.56 for small commercial customers. Table 2 below summarises the proposed changes to the PSO levy. They note that these figures are likely to change before the statutory deadline of 01 August 2022.

Table 2: CRU proposed changes to the PSO levy

PSO Customer Category	Annual Levy Amount (2021/22)	Proposed Annual Levy Amount (2022/23)	Proposed Annual Savings	Decrease (%)
Domestic	€51.66	- €75.85	€127.51	- 247%
Small commercial (MIC < 30kVA)	€163.55	- €253.39	€416.94	- 255%
Medium/Large commercial (MIC ≥ 30kVA)	€19.61	- €31.81	€51.42	- 262%

Source: [CRU Proposed Decision Paper 2022/23](#).

Measures to secure electricity supports

Sections 3, 4, 5, 7, 8, 9 and 10 of the Bill relate to measures to secure electricity supports. Specifically, they relate to the following:

- The necessary measures that EirGrid may take under a direction from CRU (section 3);
- The sale and transfer by EirGrid of electricity generation plant to electricity generators (section 4);
- The obligations on EirGrid to ensure the security of electricity supply (section 5);
- The provision of financial support to EirGrid as necessary out of public monies provided by the Oireachtas (section 7);
- Requirements that reports are provided by EirGrid to the CRU on at least a quarterly basis (section 8) and provided by CRU to the Minister no later than 31 October 2026 on progress in achieving the specified purpose of the Act (section 10); and
- Requires that EirGrid, the public electricity supplier, or an electricity generator may be directed by the CRU to undertake measures that the CRU deems necessary, including financial arrangements relating to the security of supply (section 9).

Background

On 14 June 2022, the [Minister stated](#) that:

“The Commission for Regulation of Utilities (CRU) currently has a programme of work underway to ensure the security of our electricity supply over the coming winters. As part of this work programme, the regulator has directed EirGrid – the Transmission System

Operator – to source and deliver approximately 450MW of additional generation capacity for the winters of 2023/2024 to 2025/2026.

This additional generation capacity will be contracted for a limited period. It will be available when needed and will be in addition to existing generation capacity in the electricity market. As part of today's broad-ranging announcement, the Government approved the necessary capital funding – in the order of €350 million for EirGrid. This will support and enable implementation of the initiative for winter of next year (2023/2024).

Under the oversight of the CRU, which has statutory responsibility for security of (electricity) supply, EirGrid will subsequently enter into agreements with suitable site owners – to roll out and deploy the generation plants. The cost will be recovered from electricity customers through use of system charges spread over a three-year period, resulting in a nominal impact on electricity bills. However, any resultant impact is expected to be more than offset by the aforementioned savings accruing from changes to the PSO levy.

This enlarged tranche of temporary back-up generation capacity, for the winters of 2023/2024 to 2025/2026, is being secured to mitigate any potential risks of a shortfall in electricity supply. Concerns over such risks had arisen largely due to non-delivery of previously contracted capacity, increasing electricity demand and the increasing unreliability of some existing plants."

On 14 June 2022, CRU reported that they [welcomed](#) the Government's decision to approve the procurement of 450MW of temporary emergency generation for the Winter 2023/24 period¹⁶. This follows a CRU publication in September 2021 on '[Security of Electricity Supply – Programme of Actions](#)' in which CRU state that there is "an acute risk to security of supply over the forthcoming years out to 2025/26"¹⁷. Additional risk factors identified in the report included:

- 513MW of new capacity procured in the Capacity Auction for delivery in 2022/23 failed to deliver and dropped out.
- Actual electricity demand has continued to increase. EirGrid noted in their [2021 Generation Capacity Statement](#)¹⁸ that they have increase their expectation for demand growth which is primarily related to the data centre sector.
- The availability of the current generation fleet continues to decline but at an increased rate with more forced outages resulting in an increased need for alternate generation capacity. This is in part due to older plant needing additional maintenance.
- EirGrid identified a need for additional reserve and transmission outage planning capacity.
- The most recent Capacity Auction to procure capacity for 2024/25 did not attract sufficient new capacity.

¹⁶ Commission for Regulation of Utilities, Press Release, 'CRU welcomes Government decision on temporary emergency generation', Published 14 June 2022. Available [here](#).

¹⁷ Commission for Regulation of Utilities, Security of Electricity Supply – Programme of Actions. Published 29 September 2021. Available [here](#), p. 8.

¹⁸ EirGrid and Soni, All-Island Generation Capacity Statement 2021-2030. Published 2021. Available [here](#).

As a result, the CRU, based on recommendations of EirGrid and working with the Department of Environment, Climate and Communications (DECC), put together a series of six actions to ensure supply security (see Box 1 for examples of what is included).

Box 1: CRU (2021), Examples of CRU Programme Actions to secure energy supply

Delivery of T-3 (24/25) and T-4 (25/26) and subsequent capacity auctions (at least 2000MW).

“In order to meet growing demand, replace retiring generators and support additional penetration of renewables, it is necessary to procure and deliver at least 2000MW of additional flexible gas-fired generation capacity by 2030 at the latest. This will be required in addition to procuring and delivering additional battery storage, low and zero-carbon system services, demand-side units and the delivery of additional interconnection capacity in the same period. Investment of this type, and at this scale, is critical to ensuring a secure transition and reaching our ambitious 2030 targets.”

Temporary emergency generation capacity (up to 3000MW).

“EirGrid has recommended that additional temporary emergency generation capacity totaling up to 300MW be procured for delivery for Winter 2022/2023 and to remain available in place for the required number of years thereafter.”

Extended operation of older generators (up to 1200MW).

“Given that a significant proportion of the replacement capacity contracted to be delivered for 2023/24 will not be delivered, the closure of a number of older generators in 2023/24 and 2024/25 would give rise to significant risks to system security. It is therefore important to explore extending the availability for operation of these generators for a further period until new capacity has been delivered to replace them through the CRM.”

Temporary transmission outage planning system service procured by EirGrid (350MW).

“EirGrid has identified the need to source 350MW of generation capacity to provide enhanced system services in order to support Transmission Outage Planning flexibility to the Transmission System Operator (TSO) and generators in order to facilitate the necessary maintenance, upgrade and delivery of transmission assets and the maintenance and connection of existing and future generators.”

Demand side mitigation measures

“Demand side response will play a key role in ensuring a secure, low carbon electricity system. Demand response has played an important role in ensuring security of supply in recent months. More consideration may be needed as to how we can best leverage this capacity. We will therefore work to enhance the responsiveness of existing demand side units, as well as developing additional capacity.”

Other measures to support supply security

Other measures identified include advancing work on regulatory frameworks to supply delivery of new electricity interconnectors; new system services to ensure security and resilience; and advancing work on the implementation of the PR5 [Price Review 5] electricity network price control).

Source: [Commission for Regulation of Utilities, Security of Electricity Supply – Programme of Actions](#) (September 2021). Please refer to the CRU document for full information on what is included in the actions identified.

CRU note in their [Press Release](#) on 14 June 2022 that:

“One of the actions of the Programme was to extend the operation, on a temporary basis, of older generators to delay the loss of up to 1200MW of existing capacity that these provided to the grid. Due to their lower efficiency and higher carbon emission, it was anticipated that these units would only be called upon as a last resort, should they be retained.

As the Programme of Work has progressed and the likelihood of these units to remain in service was assessed, Eirgrid [EirGrid] identified that the future unavailability of the generation units at Tarbert and Aghada 11 due to Industrial Emissions Directive requirements, and forecast demand growth, could create a generation gap for Winter 23/24 of up to 700MW if no additional mitigation or contingency measures are put in place. The procurement of up to 450MW of emergency generation is one of a number of complementary measures to address this potential generation gap.”

On generation procurement volumes, [CRU further state](#) that:

“The CRU considers the impact of the current mitigation measures will have the effect of reducing the generation gap for Winter 2023/24 by between 300MW to 500MW.

The CRU has therefore advised the Department that up to 450MW of additional temporary emergency generation should be sought to address the remainder of this gap. This second tranche of generation is in addition to the previous ca 200MW identified and currently in the process of being procured.

Given that 450MW of emergency generation would represent an increase in the Transmission System Operator tariffs and electricity transmission tariffs and could translate into a ca €40 overall increase in an average domestic bill for the forthcoming tariff year, with slightly lower costs in the following years of operation.

The CRU has recently issued a direction to Eirgrid to begin the procurement of the 450MW of temporary emergency generation.”

Increase EirGrid’s borrowing limit

Section 13 of the Bill proposes to amend [section 6](#) of the [Electricity Regulation \(Amendment\) \(EirGrid\) Act 2008](#) which provides for an increased borrowing limit for EirGrid of up to €3 billion.

Background

In the press release on 14 June 2022, the Minister stated that¹⁹:

¹⁹ Department of the Environment, Climate and Communications, Press Release, ‘Government announces package of measures to secure electricity supplies into the future and to help mitigate rising household electricity bills’, Published 14 June 2022, Last Updated 15 June 2022. Available [here](#).

“Today’s measures also see an increased borrowing limit (€3 billion) for EirGrid – to strengthen our National Grid as part of 'Shaping Our Electricity Future' and to deliver the Celtic (Ireland-France) Interconnector.”

At COP26, EirGrid launched their strategy [Shaping our Electricity Future – A Roadmap to Achieve our Renewable Ambition](#)²⁰ on 10 November 2021. In the strategy are details of how grid and network infrastructure investment (mostly upgrades to existing infrastructure) will focus on large energy users being proximal to renewable energy generators in development, notably on the east and south offshore marine zone, towards realising at least 70% renewably generated electricity by 2030. Table 3 summarises the additional electricity generation expected, as stated in the [roadmap summary](#)²¹.

Table 3: EirGrid summary table of the new generation expected in Ireland and Northern Ireland by 2030

	Ireland	Northern Ireland
Offshore Wind	+5,000 MW	+100 MW (Pilot)
Onshore Wind	+1,300 MW	+1,100 MW
Solar PV	+1,500 MW (500 MW micro-generation)	+400 MW (100 MW micro-generation)
Batteries	+1,450 MW	+200 MW
De-rated Gas Capacity	+2,000 MW	+600 MW

Source: [Shaping our Electricity Future – A Roadmap to Achieve our Renewable Ambition. Summary Version.](#)

The [Celtic Interconnector](#)²² is an undersea link which allows for the exchange of electricity between Ireland and France. It is being developed by EirGrid and its French counterpart, Réseau de Transport d'Électricité (RTE). The connection will link the existing electricity substation located in East Cork to the substation in Finistère (France).

[EirGrid report](#) that, if built, the Celtic Interconnector will bring several benefits for Ireland, France and the EU. Specifically, it is expected to:

- allow 700 MW of electricity to move between countries (the equivalent of supplying power to 450,000 homes);
- make the supply of electricity more secure as it would provide Ireland’s only direct energy connection to an EU member state;
- help achieve Ireland’s climate objectives;
- help reduce the cost of electricity; and

²⁰ EirGrid and SONI Ltd, Shaping our Electricity Future – A Roadmap to Achieve our Renewable Ambition. Published November 2021. Available [here](#).

²¹ EirGrid and SONI Ltd, Shaping our Electricity Future – A Roadmap to Achieve our Renewable Ambition. Summary Version. Published November 2021. Available [here](#).

²² EirGrid and Le reseau de transport d’électricité, Celtic Interconnector: Connecting the electricity grids of Ireland and France. Available [here](#).

- provide a direct telecommunications fibre optic link between Ireland and France (and onward into continental Europe).

In terms of the cost to build the interconnector, [EirGrid and RTE stated in October 2019](#) that they estimate it will be “in the order of €1 billion”. The EU has [pledged](#) to provide €530 million as it classes the project as one “of common interest”. Figure 3 shows the reported project timeline for the Celtic Interconnector.

Figure 3: EirGrid and RTE Project Timeline for the Celtic Interconnector.

2014/ 2016	Feasibility Phase
2017/ 2018	Initial Design & Pre-Consultation Phase
2019/ 2021	Detailed Design and Consents Phase
2022/ 2026	Construction Phase

Source: [EirGrid and Le réseau de transport d'électricité, Celtic Interconnector: Connecting the electricity grids of Ireland and France.](#)

During [Parliamentary Questioning on 02 June 2022](#), the Minister stated that:

“The Celtic interconnector connecting Ireland and France has just been approved through the An Bord Pleanála process²³ and we expect it go to construction and be delivered in a similarly timely manner.”

Increase Bord na Móna's borrowing limit

Section 13 of the Bill proposes to amend [section 22\(1\)](#) of the [Turf Development Act 1998](#). This provides for an increased borrowing limit for Bord na Móna of up to €650 million. [Announcing](#) this proposed increase in borrowing limits for Bord na Móna, the Minister stated²⁴:

“Today also saw Government approval for an increased borrowing limit (€650 million) for Bord na Móna. This will underpin the company's 'Brown to Green' transition, as it strives to accelerate the development and deployment of renewable energy. Bord na Móna plans to

²³ On 23 May 2022, EirGrid announced that An Bord Pleanála had granted approval for the Celtic Interconnector Project, subject to a number of conditions. More information is available [here](#).

²⁴ Department of the Environment, Climate and Communications, Press Release, 'Government announces package of measures to secure electricity supplies into the future and to help mitigate rising household electricity bills', Published 14 June 2022, Last Updated 15 June 2022. Available [here](#).

deploy up to 2GW of generating capacity by 2030. A key part of Bord na Móna's mission is to provide Ireland with sustainable energy from renewable sources – at scale."

Background

In October 2018, Bord na Móna announced a new strategy called the 'Brown to Green' strategy which involves the company decarbonising, accelerating the move away from traditional peat business into renewables, resource recovery and new sustainable businesses²⁵. The strategy has three pillars, as illustrated in Table 4.

Table 4: Pillars of Bord na Móna's Brown to Green Strategy

Bord na Móna: Brown to Green Strategy		
Pillar 1: Consolidate and simplify	Pillar 2: Extend and expand existing core low carbon businesses	Pillar 3: Develop and scale the new
<ul style="list-style-type: none"> • Restructuring the traditional operations to reduce complexity and become fit for purpose; • Consolidating existing peat-based businesses into a new Energy business unit to drive profit; • Significantly reducing payroll and non-payroll expenditures; • Exiting unprofitable businesses; • Reducing management overhead with central functions transferred to the business units; • Developing a leaner group centre to focus on strategy, governance, capital allocation and talent development. 	<ul style="list-style-type: none"> • Increasing production capacity to become Ireland's leading renewable energy generator by 2030 by: <ul style="list-style-type: none"> ○ Generating energy from wind, solar, biogas, anaerobic digestion and biomass ○ Partnering and driving innovative energy management services • Leading Ireland's drive towards sustainable waste management by: <ul style="list-style-type: none"> ○ Being the leading collector and processor of waste in the Midlands ○ Converting low value waste into high value products 	<ul style="list-style-type: none"> • Leveraging existing land, renewable energy supply, water and experienced workforce; • Developing low carbon goods and services for local, national and international markets

²⁵ Bord na Móna, From Brown to Green – Our Future is Clear, Annual Report 2019. Available [here](#).

	○ Transforming waste into fuel	
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Source: Bord na Móna, [From Brown to Green – Our Future is Clear](#), Annual Report 2019

As part of this strategy, [Bord na Móna stated](#) in their Annual Report 2019 that 70% of their generated electricity will be renewable by 2020. They also stated there would be an accelerated development pipeline to deliver “in excess of 3TWh of renewable electricity, annually, by 2030 with the majority delivered through onshore wind farms”²⁶.

On 15 January 2021, [Bord na Móna announced](#) that it had formally ended all peat harvesting on its lands. They reported:

“As we have put our new climate focused business in place, we have also completely stopped a number of high carbon operations and transitioned others to a more sustainable model. During this period, peat harvesting has already been wound down and stopped. The company’s last full peat harvest took place in 2018, followed by a partial harvest in 2019 and a full suspension of harvesting operations last year. The company has today decided to make this suspension permanent and cease any remaining harvesting preparations, including planning and substitute consent applications. Today marks the formal end to the company’s association with peat harvesting, as we move on to tackle the critical challenges concerning climate change, energy supply, biodiversity and the circular economy.”

In line with their commitments, Bord na Móna launched the Peatlands Climate Action Scheme at the end of 2020, which seeks to rehabilitate 30,000 hectares of peatlands to store 100 million tonnes of carbon.

On their commitments to achieving renewable energy targets, they said:

“By 2030, for instance, Bord na Móna will have developed wind, solar and other assets capable of supplying in the region of one third of all Irish homes with renewable energy. It also plans to be the leading collection and recycling business in Ireland by 2030, supporting national circular economy objectives.”

In terms of achieving these ambitions, Bord na Móna reported that in 2021 it had²⁷:

“...secured planning permission for an anaerobic digestion facility, a solar facility, commenced construction on two new wind farms, and announced several other projects including Ireland’s biggest windfarm at Ballydermot Co Kildare.”

²⁶ Bord na Móna Press Release, “Bord na Móna reports progress on Brown to Green Strategy and costs of decarbonisation programme”, Available [here](#).

²⁷ Bord na Móna, Annual Report 2021. Available [here](#).

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