

# **EirGrid Opening Statement to the Seanad Select Committee on the Withdrawal of the United Kingdom from the European Union**

**October 9<sup>th</sup>, 2019**

Chair and members of the Committee

I would like to thank you for an opportunity to appear again before this Committee to give an update on our perspectives on the potential impact of Brexit on the electricity system on the island of Ireland. It will also allow us to give an update on key 'Potential Solutions' identified in your report from July 2017.

As a broad overview, EirGrid Group are the stated-owned transmission system operator on the island of Ireland – North and South. We are charged with developing the high voltage electricity grid to cater for the demands of society and the economy. In this regard, we work closely with ESB here in the Republic, and with NIE in Northern Ireland, on delivering that mandate.

In addition to ensuring security of electricity supply, we are also playing an integral role in delivering decarbonisation through the successful integration of ever-increasing levels of renewables.

## **Climate Action Plan**

In the Climate Action Plan, published by the Government during the Summer, we have been tasked with progressing - and delivering on - key areas. These include:

- increasing levels of renewables on the grid to 70%;
- ensuring an appropriate auction and grid regime is designed to support the development of offshore wind; and,
- commitment to deliver further electrical interconnection to facilitate Ireland's target for renewable electricity by 2030.

Work across these work streams - and others – has commenced and significant progress is being made.

Perhaps the most high profile of these in recent days has been on the Celtic Interconnector that will link the electrical grids of Ireland and France. At this stage, it is worth noting that the Celtic Interconnector was a Potential Solution identified by Members of this Committee in the 2017 Report.

## **Celtic Interconnector**

The Interconnector that will link Cork with Brittany has been studied now for over a decade. Its merits are multiple and include that it:

- will facilitate Ireland's 70% target through the increased use of renewable electricity by 2030 – as set out in the Climate Action Plan;
- will increase competition in the electricity market and apply downward pressure on cost;
- will enhance the security of supply for both Irish and French electricity consumers; and,
- will help to improve telecommunications between Ireland and France by providing a direct fibre optic link between both countries.

In addition to these key benefits, the Celtic Interconnector when complete, will crucially provide Ireland's only energy connection to an EU Member State once the United Kingdom leaves the EU.

Last Wednesday, the EU Commission announced grant funding to the tune of €530 million for the Celtic project. Due to the manner in which the regulatory authorities had profiled the Grant Application between Ireland and France, 65% of that grant will be now allocated to Ireland. This totals an overall grant to Ireland of approximately €345m. This is a fantastic outcome for Irish electricity consumers and for the broader Irish energy system.

I would like to pay tribute to the solid cross-party support, both here in the Seanad and in the Dáil, that the Celtic project has received to date.

I would like to pay particular tribute to you Chair, and the entire membership of this Committee, for the support you have shown the Celtic project.

In the report of this Committee in July 2017, you explicitly stated - *“The free-flow of electricity through inter-connectors, particularly through the completion of the Celtic Interconnector, should be a priority.”*

Chair and Members, I think the announcement from the EU Commission last week has overwhelmingly demonstrated that they share your priority status.

EirGrid and our French counterparts RTE France, now look forward to progressing this landmark electricity project and ensuring it is delivered on time by the middle 2020's.

### **Maintaining the Single Electricity Market**

Another milestone project in the evolution of the electricity system on the island of Ireland has been the introduction of the Single Electricity Market. This is in situ now almost 12 years ago.

In your Report in 2017, you prudently called for the *“maintenance of the Single Electricity Market and the completion of the Integrated Single Electricity Market”*.

I am happy to report to the Committee that this remains the stated policy in Dublin, Stormont, London and Brussels.

Whilst much political discussion has focussed on various sectoral aspects of the North/South and East/West relationships in the Brexit negotiations, there has remained a strong and consistent view that the Single Electricity Market – now upgraded to the Integrated Single Electricity Market – be retained.

It is our view that operating the electricity market on an all island basis has been a huge success and a tangible benefit of the Peace Process. Now that we have transitioned to the Integrated Single Electricity Market (I-SEM), which will see us link the all-island energy market into the wider European internal energy market, we are seeing even greater efficiencies being brought into the electricity system.

ISEM has brought real efficiencies to how we manage the generation and supply of electricity across the whole island. It is helping to keep the price of electricity minimised and is helping to ensure the Irish economy retains cost competitiveness with other economies.

From a System Operator perspective, I would encourage this Committee to ensure that the benefits derived from integration of electricity systems – North and South - is retained no matter what kind of Brexit – hard or soft – is to take place.

A failure to preserve the success of the Single Electricity Market will only have the effect of driving up electricity prices both here and in Northern Ireland.

It would have a negative impact on competitiveness and security of supply on the whole island.

And it will make it harder for us to meet our renewable energy targets so vital to fighting climate change.

Overall, we call on the policymakers and negotiators on Brexit to continue to support the current approach to the delivery of electricity on this island.

## **Conclusion**

We were very pleased last week to launch the EirGrid Group Company Strategy for 2020 to 2025. At the heart of this Strategy was the continued operation of energy and electricity policy on an all-island basis. It has also

at its core the drive to decarbonise our way of living from one dependent on fossil fuels to one based on sustainable sources of energy.

As this Committee assesses the current status of sectoral policy areas, we would draw attention to the success that has been achieved to date from increased integration between North and South. We would draw particular attention to the enormous strides that have been made in the area of energy – and most importantly on the integration of high levels of energy from renewable sources.

Any decision to move from this level of energy cooperation, due to the fallout from a hard Brexit, will only serve to unpick the good work that has been done. A decision such as this would not, we believe, have the energy consumer at its core and it is a decision which I would ask this Committee to use its influence to avoid.

Thank you very much for this opportunity to present and for your attention. We would be happy to take any questions that you may have.

ENDS.