

Oifig an Tánaiste agus an tAire,
Fiontar, Trádála agus Fostaíochta
Office of the Tánaiste and Minister
for Enterprise, Trade and Employment



19 July 2021

Mr Brian Stanley T.D.
Chairman
Committee of Public Accounts
Leinster House
Dublin 2 D02 XR20

Dear Brian,

I refer to your letter of 6th July 2021, which raises matters arising from the meeting of the Committee of Public Accounts on Tuesday, 22 June 2021 related to data centres and Ireland's electricity grid.

Your letter raises five specific requests for information related to the Government's position on data centres and the implications of their energy demand for electricity. I will address my comments to the first request only regarding 'the national strategy for data centres'. The four further requests relate specifically to implications for the electricity grid and measures taken to mitigate the impact of data centre demand levels on the electricity grid, and these are more appropriately addressed to the Minister for Environment, Climate and Communications (DECC) who has lead responsibility for electricity policy, the grid operators Eirgrid and ESB Networks, and the independent regulator the Commission for Regulation of Utilities. Your letter indicates that a similar request has been made to Minister Ryan and I expect that that he will furnish the appropriate information.

In June 2018, my Department published the 'Government Statement on the Role of Data Centres in Ireland's Enterprise Policy'¹, which sets out the strategic importance of data centres to Ireland's overarching enterprise policy and attracting foreign investment in the ICT sector. The Statement was developed following an agreement of the Government, in October 2017, to create a strategic policy framework to support the continued development of data centres in Ireland. The Government Statement highlights that data centre presence in Ireland raises our visibility internationally as a technology-rich, innovative economy. This

¹ <https://www.enterprise.gov.ie/en/Publications/Publication-files/Government-Statement-Data-Centres-Enterprise-Strategy.pdf>

in turn places Ireland on the map as a location of choice for a broad range of sectors and activities which are increasingly reliant on digital capabilities including manufacturing, animation, retail, medical devices and financial services – all of which encompasses both indigenous and foreign owned enterprises.

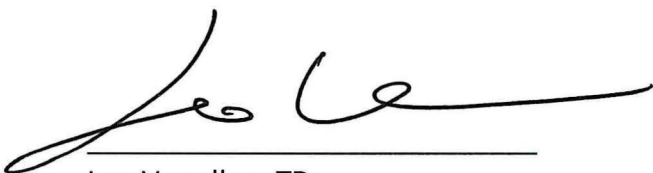
The Statement also acknowledges that, as large consumers of electricity, data centres also pose challenges to the capacity of our electricity grid and the future planning and operation of a sustainable power system. It commits that the Government will seek to ensure that any downside costs of growing energy demand are minimised by encouraging data centre investments in regions where we have infrastructure capacity to facilitate investments of this scale, and where they contribute to regional development and create high quality, sustainable jobs. IDA Ireland target only investments that anchor our presence in the digital economy and deliver economic and employment impact. They also actively promote regional locations.

Separately, my Department is engaging in detail with the Sustainable Energy Authority of Ireland (SEAI) on potential policy measures that could encourage investment by large energy users, such as data centres, in renewable electricity generation using Corporate Power Purchase Agreements. We have seen a number of Corporate Power Purchase Agreements, purchased by data centre operators in the Irish market and I hope we can encourage more.

My Department and I are acutely aware of the challenges that significant electricity demand growth poses for the management of Ireland's grid, and in particular the capacity constraints faced in the Dublin region as a result of demand. Recent public consultations from Eirgrid (*'Shaping Our Electricity Future'*) and the Commission for Regulation of Utilities (*'Proposed Direction to the System Operators related to Data Centre Grid Connections'*) demonstrate an appropriate, timely and planned approach to managing these challenges on the part of the organisations tasked with delivering and managing our electricity grid. My Department continues to work pro-actively and constructively with these bodies and all stakeholders to ensure that Ireland is planning appropriately for new demand in the context of national electrification and decarbonisation ambitions, facilitating the energy needs of a growing enterprise base including our data centre sector, and ensuring that we are stimulating future energy markets and infrastructure that will deliver smart and competitively priced services for all electricity customers.

I hope you and the Committee find this information useful.

Yours sincerely,



Leo Varadkar, TD

Tánaiste and Minister for Enterprise, Trade and Employment