



Ibec Submission to the Renewable Energy Export Policy and Development Framework

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Ibec is the largest business representative organisation in Ireland: we speak for companies across a range of industrial, commercial and non-profit sectors. Ibec's Energy Policy Committee includes a variety of energy generators, suppliers, network/distribution operators and consumers.

Ibec welcomes the opportunity to comment on the first stage of the public consultation on a Renewable Energy Export Policy and Development Framework.

This project is of an ambitious scale and has the potential to bring commercial advantages to a range of actors across the supply chain. It maximizes the benefits from intra-European trade in renewable energy through national cooperation and will introduced indirect benefits related to job creation, reinforced security of supply and the potential for a reinvigorated domestic industry.

However, the development of the renewable export project should not limit the ability of Ireland to meet its own renewable targets and it is vital that there is no extra cost brought upon the consumer here in Ireland.

Economic benefit: How will Ireland benefit from the proposed export project?

The European Commission addresses the advantages stemming from Member States entering cooperation agreements, which results in a range of positive effects including "...further income from selling renewable energy and from the indirect benefits related to job creation, increased security of supply, a stronger domestic industry, technological innovation etc."¹

Many of our members look forward to the commercial opportunities that will arise as a consequence of the proposed policy. The development of renewable energy resources in Ireland, and the export of electricity generated from these resources, have the potential to deliver significant economic benefit at a number of levels.

European Union

This proposal supports the European Union's (EU) long term aim for a substantial decarbonisation of the energy sector by 2050 and it will help to reduce the European Union's overall dependence on imported sources of fossil energy.

It will yield positive benefits in the short term and contribute to the EU's interim targets for a 20% reduction in greenhouse gas emissions and a 20% contribution from renewable energy, both by 2020.

Ireland

The project has the potential to generate significant inward investment into rural areas of Ireland, which will create economic growth, support enterprise and generate employment. It will create a new export industry which utilises a beneficial, indigenous, sustainable resource, which has the capability to generate a stable and long term stream of earnings from the products exported.

The development of increased interconnection between Ireland and Great Britain will result in closer energy integration with the UK and with the rest of Europe. This will serve to reduce Ireland's energy isolation, and increase our overall security of energy supply.

As well as the economic activity generated during the construction and operation of the assets, a wind energy project of the scale envisaged for the export of RES-E has the potential to attract turbine or turbine component providers to set up manufacturing facilities in Ireland. This is a unique opportunity and renewable supply chain activities should be co-ordinated as much as possible to maximise enterprise opportunities and value to Ireland.

The project also brings with it the potential to deliver benefits to the Irish consumer. The European's Commission's recently published guidance on renewable cooperation mechanisms suggests reinvesting the revenues accrued from

¹SWD(2013) 440 final, page 3.

cooperation agreements into national renewable energy development or to reduce existing renewable energy levies on energy consumers. While it is important to note that this proposal relates to statistical transfers, this may improve public acceptance by bringing tangible benefits to the consumer.²

Local/Regional Benefits

This project will bring local benefits, such as the provision of direct and indirect employment during the construction phase and into the operational phase of the project.

It could have the potential to result in the upgrading of local infrastructure and create access routes in previously inaccessible lands (i.e. cutaway bogs) that could be further developed to support tourism and amenity activities.

2) Renewable Energy Resources: What type of resources should be considered for the generation of electricity for export?

At this stage of the process, all renewable energy resources should be considered. Timing, technology maturity and costs will be important considerations and may dictate the feasibility of certain technologies. However the framework for national policy development should consider all forms of renewable generation.

3) Location

3.1) Where should the generation of electricity for export take place?

The Strategic Environmental Assessment (SEA) should identify suitable areas for generation.

3.2) Should only one area or several areas be identified?

The consultation document does not define what size or geographical criteria constitute an 'area'. It is likely that the SEA could be used to identify suitable areas for generation.

To develop a project of scale, it is highly unlikely that a single contiguous parcel of land would be capable of delivering the export potential. It is most likely that lands meeting multiple criteria, as possibly outlined in the forthcoming SEA, would be deemed suitable for exporting of RES electricity.

4) Grid Options

The critical considerations for the Grid Options relates to establishing a clear, unambiguous compliant regulatory framework which allows the transmission infrastructure to be delivered by 2020. In addition, this framework should also provide certainty, in terms of firm access, for generation asset developers who invest to meet this opportunity.

The renewable export projects should be developed in such a way as to support and not compromise the development of Ireland's own electricity transmission system (as per the Grid25 Strategy) or other national strategic infrastructure, for example avoiding sterilisation of routes.

4.1 How will the power be exported to the UK?

² SWD(2013) 440 final, page 9. Under EU law, such a proposal would need to be scrutinised to ensure compliance with state aid guidelines.

The issue of whether the transmission lines to the point of export are underground or overground will be crucially important and will have a huge bearing on the sensitivities surrounding public acceptance. This will also have significant technical and economic ramifications.

4.2 Will the existing grid be utilised or will new infrastructure be constructed exclusively for the export of energy?

There are a number of options that could technically facilitate the required objectives. The grid infrastructure should be developed in a co-ordinated manner to meet certain basic standards and to facilitate future integration opportunities with the Irish grid where (and if) appropriate.

However, it is vital that there is no additional cost imposed on any electricity consumers in Ireland.

4.3 Where will the landfall points be along the Irish coastline?

It is proposed that the location of landfall points would be on the East and South East Coasts.

5) Community benefit/gain: How can local communities benefit from renewable energy developments in their locality?

In order to facilitate community gain, the European Commission recommends that the incremental cost of supporting the production of energy from a joint project be absorbed by the off-taking country (the UK in this instance).³

In considering the issue of community gain in the context of renewable energy export, the Government should consider that these principles will also apply to the transmission route as well as to the generation resources. EirGrid customers should not be expected to meet these costs.

6) Environmental Considerations: As part of the preparation of the environmental assessments scoping processes, what environmental factors should be taken into consideration and what level and details of such factors should be included?

Ibec welcomes that a Strategic Environmental Assessment (SEA) will be undertaken to inform the proposed Renewable Energy and Export Policy Development Framework.

The significant benefit of decarbonising the electricity supply chain is an important factor which needs to be integrated into the SEA process.

³ SWD (2013) 400 final, page 17.

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