



An Coimisiún
um Rialáil Fóntas
**Commission for
Regulation of Utilities**

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Commission for Regulation of Utilities

Information Note: Issuing of Celtic Interconnector Operating Licence

Decision

Reference:

CRU202620

Date

Published:

18/03/2026

Closing

Date

16/04/2026

CRU Mission Statement

The Commission for Regulation of Utilities (“CRU”) is Ireland’s independent energy and water regulator. Our work impacts Irish homes and businesses ensuring resilient, efficient, sustainable, and safe energy and water services for Ireland.

The CRU’s purpose is to actively serve the public interest by regulating the provision of energy and water to Irish homes and businesses, while supporting the transformation to net zero. The CRU is guided by eight strategic priorities that sit alongside the core activities we undertake to deliver on the public interest. These are:

- Support Transition to Net Zero
- Enable Efficient and Competitive Energy Markets
- Enable Resilient Critical National Infrastructure
- Enable Efficient Investment in Infrastructure Delivery
- Protect the Public in Energy Safety
- Effective Economic Regulation of Water Services
- Empower and Protect all Customers
- Enhance Teams, Capabilities and Governance Standards

Further information on the CRU’s role and relevant legislation can be found on the CRU’s website at www.cru.ie.

Executive Summary

This paper sets out the proposed Electricity Interconnector Operating Licence for the Celtic Interconnector to be granted to EirGrid plc pursuant to Section 14(1)(i) of the Electricity Regulation Act 1999 (as amended).

The Celtic Interconnector will connect the Irish and French electricity systems and is being developed by EirGrid in cooperation with Réseau de Transport d'Électricité (RTE), the French Transmission System Operator.

This proposed licence reflects:

- Existing CRU Interconnector Operator Licences
- EU Electricity Market Regulation (EU 2019/943)
- CACM Regulation (EU 2015/1222)
- FCA Regulation (EU 2016/1719)
- Applicable Network Codes
- SEM Trading & Settlement Code
- Capacity Market Code

Public / Customer Impact Statement

The Celtic Interconnector has been identified as being in the public interest as it:

- Enhances security of supply
- Supports renewable integration
- Facilitates market coupling with Continental Europe
- Contributes to Ireland's decarbonisation objectives

The proposed licence:

- Ensures non-discriminatory third-party access
- Ensures congestion revenues are used in accordance with EU law
- Requires maximum capacity availability subject to secure operation
- Maintains ring-fencing from generation and supply activities

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1. Introduction

1.1 Background

1.1.1 Legislative Background

Under Section 14(1)(i) of the Electricity Regulation Act 1999 (as amended),¹ the CRU is empowered to grant a licence authorising a person to transport electricity across, and to maintain, an interconnector. This provision establishes the statutory authority for the CRU to issue an interconnector operator licence, with the detailed operational conditions set out in the licence granted under this power.

1.1.2 Interconnector Operating Licences

Ireland currently has interconnector operating licences in place for:

- The East–West Interconnector operated by EirGrid Interconnector Designated Activity Company (EIDAC). This interconnector is regulated via a fully regulated model.
- The Greenlink Interconnector – this interconnector is operated via a Cap and Floor regime.

The Celtic Interconnector will operate under a fully regulated model, consistent with the approach applied to the East–West Interconnector as set out in the EIDAC operating licence.

Accordingly:

- The draft Celtic Interconnector licence is closely aligned with the existing EIDAC licence structure.
- It does not include a condition equivalent to “Condition 22 – Cap and Floor Regime” contained in the Greenlink licence

The proposed licence incorporates necessary updates to reflect:

- Regulation (EU) 2019/943 (Electricity Market Regulation, recast).
- Updated EU Network Codes and subsidiary methodologies; and
- The specific end-to-end Ireland–France configuration of the Celtic Interconnector and noting the interconnector is ultimately operated by both France and Ireland.

¹ [Issued pursuant to Section 14\(1\)\(i\) of the Electricity Regulation Act 1999 \(as amended\)](#)

1.1.3 Structure of Paper

- **Section 2** outlines the proposed licence conditions
- **Section 3** sets out next steps.

2. Licence Conditions

2.1 Overview of Licence Conditions

The draft licence consists of:

- **Part I – Terms of the Licence**
- **Part II – Section A: Standard Conditions**
- **Part II – Section B: Revenue and Third-Party Access**
- **Schedule 1 – Interconnectors to which this Licence Applies**
- **Schedule 2 – Right of Revocation**

2.1.1 Part I – Terms of the Licence

This condition names the party to which the licence is granted and the date the licence comes into force. The licence shall continue in full force and effect until determined by not less than 25 years' notice and that such notice not to be served earlier than the 25th anniversary of the date on which this licence comes into force. The issuing of the licence is subject to the Conditions set out in Sections A and B in Part II

2.1.2 Part II – Section A: Standard Conditions

Condition 1 – Interpretation and Construction

This Condition deals with how the words and expressions used in the Conditions are to be interpreted and construed and includes definitions of key terms used within the licence.

Amendments have been made to update the references and include those relevant to Celtic interconnector operating framework.

Condition 2 – Separation of Accounts

This Condition set out the financial year for the Licensee with respect to the preparation of accounts. It also contains terms to ensure that the Licensee maintains accounting and reporting arrangements which enable separate accounts to be prepared for the interconnector business as distinct from any other business the licensee may be involved with. This ensures ring-fenced accounting of the Interconnector Business.

Condition 3 – Provision of Information to the Commission

This Condition sets out the terms under which information is to be provided to the Commission. It also defines what information is in this context.

Condition 4 – Compliance with Laws and Directions

This Condition stipulates that the licensee shall comply with relevant laws and any directions or determinations made by the Commission.

Condition 5 Payment of Levy

This condition specifies that the licensee shall pay the Commission any amount as specified in a Levy Order as made by the Commission under [paragraph 16 of Schedule 1 of the 1999 Act](#).

Condition 6 – Compliance with Codes

This condition specifies that the licensee shall at all times comply with the provisions of the various technical codes - the Grid Code, Distribution Code and the Metering Code. It also specifies that the licensee shall be a party to and shall comply with the Single Electricity Market (SEM) Trading and Settlement Code and Capacity Market Code, insofar as applicable to it.

Condition 7 Public Service Obligation

This condition specifies that the licensee shall comply with any public service obligation imposed on it by the Commission pursuant to [Section 39 of the 1999 Act](#).

Condition 8 Security Arrangements

This condition places a requirement on the licensee to cooperate with the Commission and Transmission System Operator in strategic contingency planning.

Condition 9 Provision of Information to the Transmission System Operator or Distribution System

Operator Market Operator, Nominated Electricity Market Operators, and other entities

This condition stipulates that the Licensee give information concerning the operation, capacity, constraints and technical specifications of the licensee's interconnector to the Transmission

System Operator (“TSO”), the Distribution System Operator (“DSO”), a Nominated Electricity Market Operator or the Market Operator.

Condition 10 Scheduling and Dispatch and Interconnector Transfers

This condition requires that arrangements are put in place such that interconnector transfers for scheduling and dispatch are submitted in accordance with the SEM Trading and Settlement Code and that the required information is provided to the Transmission System Operator

Condition 11 Ancillary Services

This condition is concerned with the licensee providing any ancillary services which the interconnector unit is capable of providing in accordance with the Grid Code or as directed by the Commission.

Condition 12 – Environment

Under this condition the licensee shall comply with all applicable European Union and Irish Environmental Laws, and shall, in consultation with the Commission, prepare a written policy setting out the manner in which the licensee proposes to comply with its duties and obligations under all applicable laws. Also, the licensee shall report annually to the Commission on its environmental performance.

Condition 13 Assignment of Licence and Transfer of Interconnector Business

This condition deals with the assignment of the interconnector licence or the transfer of the interconnector business to another party.

Condition 14 Change in Control of the Licensee

Similarly to the previous Condition 13 this condition is concerned with the licensee notifying the Commission of a change in control of the licensee.

This requires a 30 days’ notice to be given by the Licensee prior to the enactment of a change of control.

Condition 15 – Capacity Utilisation and Long-Term Transmission Rights

This condition places a requirement on the licensee to make available the maximum capacity of the licensee's interconnector. The condition also stipulates that the licensee shall make arrangements for auctioning of long-term transmission rights in accordance with any relevant laws and subsidiary methodologies

Condition 16 Dispute Resolution

This condition deals with how disputes between the licensee and another person seeking access to the interconnector are conducted. The Commission may, pursuant to [section 34A\(5\)](#) of the 1999 Act, settle any terms in dispute and the licensee shall comply with and be bound by any such determination.

Condition 17 Prohibited Activities

This condition prohibits the Licensee from engaging in generation, trading or supply of electricity on the Island of Ireland unless explicitly permitted by the Commission.

Condition 18 Restriction on Use of Certain Information

Under this condition, the Licensee is required to preserve the confidentiality of any commercially sensitive information in accordance with relevant legislation.

2.1.3 Part II – Section B: Revenue and Third-Party Access

Condition 19 Use of Revenues

According to this condition, revenues which the Licensee has received from the allocation of Interconnector capacity can only be used for the stipulated purposes, and there is an associated requirement to report on this to the Commission.

Condition 20 Access to the Licensee's Interconnector

This condition stipulates that the licensee shall offer access to the interconnector and enter into agreements for capacity with any person on a non-discriminatory, objective and transparent basis.

Condition 21 Application of Licence Conditions 19 and 20

This condition provides for an exemption to be granted to the licensee for all or some of the provisions of Condition 19 "Use of Revenues" and Condition 20 "Access to the Licensee's Interconnector".

3. Next steps

- This information note will be published alongside the licence document on the CRU consultation portal (<https://consult.cru.ie>), the CRU requests that any representations or objections are submitted on the portal.
- If any representations or objections with respect to the proposed licence are received by the CRU, these will need to be taken into consideration prior to the licence taking effect. If no representations or objections are received by the closing date, the licence will come into effect following the publication of a CRU decision paper.
- Once the interconnector is fully operational, the Licensee shall submit an annual report to the CRU detailing its compliance with, and implementation of the conditions of the licence.