



ELECTRICITY
ASSOCIATION
OF IRELAND

Response to the CRU

Review of Large Energy Users connection policy

Electricity Association of Ireland

Status: Final Response

Date: 15th March 2024

A decarbonised future powered by electricity.

Electricity Association of Ireland

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The Electricity Association of Ireland (EAI) is the representative body for the electricity industry and gas retail sector operating within the Single Electricity Market (SEM) on the Island of Ireland.

Our membership comprises utilities that represent 90% of generation and retail business activities and 100% of distribution within the market. Our members range in size from single plant operators and independent suppliers to international power utilities.

We believe that electricity has a fundamental role in providing energy services in a decarbonised, sustainable future, in particular through the progressive electrification of transport and heating. We believe that this can be achieved, in the overall interest of society, through competitive markets that foster investment and innovation.

We promote this vision through constructive engagement with key policy, regulatory, technology and academic stakeholders both at domestic and EU levels.

We represent the Irish electricity industry in EURELECTRIC, the representative body for the European electricity industry, and help shape the broader European response to developing policy and legislative initiatives.

Introduction

The Electricity Association of Ireland welcomes the opportunity to engage in this public consultation on the Large Energy Users Connection Policy Review. We have responded to each of the key sections separately below. We believe that a transition period is essential due to the current lack of availability of zero carbon generation. However, we also have concerns about any delay in mitigating grid constraints, which must be seen as a priority issue. Our members have also been clear that LEUs like all customers have a reasonable expectation of their energy demand needs being met and a secure connection to be provided. We also see location as a key issue where pragmatism and incentivisation are crucial to successful implementation of connection policy.

Transition period

The EAI supports the objective to enable net zero new demand at the time of connection. However, this is a longer-term goal that requires a transition period, as an immediate transition to low or zero-carbon demand is not practical or possible and that achieving net zero at time of connection is simply unworkable. The approach of net zero at time of connection would place unnecessary strain on the existing state mechanisms such as the Renewable Energy Support Scheme. There also needs to be an acknowledgment of the current limitations on what the SOs and energy markets can deliver in terms of zero carbon energy.

The regulatory building blocks to facilitate and demonstrate net zero demand at time of connection are not yet in place and will be required in advance of such a connection policy requirement. The required regulatory infrastructure will include publicly available grid carbon intensity metrics across:

- time of use
- hybrid/dynamic connection policy to allow for co-location of generation and demand, reporting frameworks
- markets and/or other incentives to unlock flexibility services
- private wire legislation
- potentially, a robust standard for carbon offset contracts for natural gas connections

Clearly, it would be unfeasible to require new demand connections to achieve a policy outcome beyond or in advance of what system operators can currently deliver or the market can provide.

Measuring performance

The EAI is in favour of initially using timestamped GOs or renewable certificates where the end target may be real time zero emissions and 24/7 matching. Enhanced measuring of performance could be facilitated through deployment of sub meters to record demand usage and criticality of processes that will, in combination with batteries, help to shift demand to non-peak times of the day and move to a carbon neutral operation.

Location of LEUs

While recognising that grid constraints are an immediate issue and that, in the short-term, grid constraints will need to be considered when LEU businesses are choosing where to locate, the EAI is in favour of a pragmatic approach to the location of LEUs and see the positives of having LEUs close to electricity generation. However, we are also aware that decisions on site location must be on an individual basis to take into account of LEU operational requirements. Exemptions to locational requirements should be considered, as not all LEUs can adapt to any location.

New LEU developments could in future be co-located where large amounts of renewable energy are readily available with fewer existing grid constraints, and where circular opportunities can be designed to make the most effective use of related activities – such as the creation of energy parks where LEUs are located to use renewable energy, perhaps alongside hydrogen production, energy storage or other symbiotic development. Such energy parks would foster economic clusters in regional locations, and the growth of sustainable industry and communities in the long-term while also facilitating greater regional economic development. Location-based market and regulatory signals to incentivise new connections where grid capacity is available and where new demand would reduce curtailment of renewables should be further strengthened.

On-site generation and storage

The EAI is not opposed to partial on-site generation and storage as it could help with the transition to carbon neutrality. On-site generation can help with demand flexibility and help us meet our carbon neutral goals. However, a demand customer should not be required to construct or provide their own generation facility simply to be connected to the grid. A pathway to the use of renewables should be outlined.

Demand flexibility

The EAI supports the broad approach, which proposes targeted and tailored market-based instruments to incentivise energy users to respond to the needs of the electricity system, and provide the kinds of flexibility services that will contribute to the reliability and decarbonisation of the grid. These will likely include demand shifting, renewable-led electrification of industrial heat, storage of varying durations, on-site back-up generation and technical system services. In order to unlock the available services, the System Operators will need to define the flexibility or responsiveness that provides real value and decarbonisation to society (including heat and transport), and the market based incentives that will elicit the provision of these services while

protecting the interests of all electricity customers. Critical for renewable-led electrification is the upgrade of EDIL software to issue dispatch instruction to flexible consumers.

The EAI would like to see consideration of the opportunity and characteristics of business customers, mostly SMEs, in the determination of enduring time-of-use tariffs (ToUT). Businesses may be well placed for greater uptake of ToUT, with predictable hours of operations, greater use of timed energy demand (immersions, dishwashers etc.), and good incentives to respond to attractive pricing models.

Renewable-led demand flexibility in the heating sector that offsets fossil fuel boiler usage with dispatchable grid electric heating by using excess renewable electricity should be facilitated and this mitigates against curtailment of our renewable fleet. Rather than demand shift, this is new demand that can respond to hour-by hour dispatch instructions from the System Operators in times of abundant generation. EAI believe the renewable-led electrification of the heating sector is an important aspect of reducing our reliance of fossil fuels particularly for LEU's.

Energy efficiency

The EAI is in favour of the use of waste heat to provide energy. Targeted and tailored market-based instruments, to incentivise energy users to respond to the needs of the electricity system, and use waste heat as an energy source, need to be developed.

Gas

The EAI believe LEUs that are not connected to the electricity grid and are powered mainly by on-site fossil fuel generation, would not be in line with national policy. The use of biomethane could be used as a pathway to the use of hydrogen in the future.

Assessment criteria

The EAI strongly believes that a transitional pathway for LEUs to comply with net-zero emission targets needs to be outlined by the CRU.

Roles of other organisations

The EAI believes that the roles of other organisations (such as An Bord Pleanála, EPA and MARA) will be fundamental to the process of achieving net-zero emissions. It is essential that net-zero goals are reached in a way that is not to the detriment of economic development in Ireland. The importance of LEUs in the Irish economy cannot be understated and this must be part of the conversation when outlining our pathway to net-zero emissions.