



Submission to EirGrid in response to its Industry Led Public Consultation on ‘Our Electricity Future’

June 2021

Introduction

Dublin Chamber is the largest business membership organisation representing the Greater Dublin Area, its membership spans the spectrum from SME to MNC and across sectors.

Dublin Chamber has long advocated for sustained and strategic capital spend on key infrastructure as an essential contributor to Ireland’s international competitiveness and Dublin’s reputation as a place in which to live, work, study, and do business.

The Chamber is also committed to driving for climate action and readying the business community for a low carbon economy, working in support of realising its vision of Dublin as a city world-renowned for its economic vibrancy, sustainability, and quality of life. Energy security and sustainable, renewable energy is an essential contributing factor to this vision.

EirGrid’s ambition to deliver on a renewable-based power system is commendable and the commitment to what is a broad and significant public consultation is very welcome. Dublin Chamber is pleased to make a submission in response to EirGrid’s ‘Our Electricity Future’ consultation.

In the following paper, Dublin Chamber will consider and balance the requirement for EirGrid to deliver the infrastructure that will support the national Renewable Energy Source – Electricity (RES-E) target of 70% renewables whilst also ensuring continued energy security for private customers and for industry. Dublin Chamber is in favour of a blended approach between the four scenarios of Generation Led, Developer Led, Technology Led, and Demand Led while arguing that Generation Led should be the most overarching approach to deliver energy security and deliver for climate action goals.

Considerations from the Dublin Chamber perspective will include the continued need for cost competitiveness, security of supply, delivering on climate action goals, and certainty and expediency of delivery.

A Blended Approach

Dublin Chamber supports the EirGrid suggestion of a blended approach to securing our electricity future by incorporating all four of the suggested Generation Led, Demand Led, Technology Led, and Developer Led approaches, however, we encourage Generation Led to be the predominant approach with a lesser role to be played by Technology Led and Demand Led, with the least use of Developer Led electricity infrastructure delivery.

While Developer Led is not the preferred option, it is important to keep this option as part of the planning mix as industry should not be deterred from locating in a preferred area due to difficulty in regard to grid connection. It is unlikely that for the vast majority of viable industry projects that a location away from amenities is suitable, but in the minority of cases where this is the case, Developer Led should remain part of the infrastructure delivery planning mix. Grid connection should not be the barrier to new industry projects.

Technology Led is not the most conducive approach to the delivery of infrastructure as is currently required. However, it should remain part of the mix as innovation in energy supply will be essential for a low carbon economy beyond 2030.

Demand Led, while positive in terms of cost and delivery, cannot be the dominant approach as Dublin Chamber is opposed to dictating the location of industry due to the knock-on impacts that this may have on Ireland as an attractive location for FDI.

In consideration of the timeline to deliver for climate action impact, cost-effectiveness, security of supply, and delivering infrastructure in response to planned renewable generation, Generation Led as the dominant approach is the best option, while contributions from the other approaches can add to the overall Electricity Future plan.

Climate Action Ambition and Delivery

Dublin Chamber commends EirGrid's ambition to deliver the appropriate grid infrastructure in support of a 70% RES by 2030 and is confident that this ambitious target is achievable considering the strong record of EirGrid and ESB in integrating renewables onto the grid. Ireland's climate action and emissions reduction targets are dependent on the switch to renewable energy. It is also dependent on the electrification of our heat and transport systems. Therefore, this infrastructure for our electricity future is essential to achieve climate action targets.

From the detailed analysis of the four suggested approaches outlined by the EirGrid Technical Report Executive Summary, it is clear that the delivery of the infrastructure itself in a timely manner is within reach if the appropriate approach is utilised. In reference to the approaches and the corresponding analysis outlined, Generation Led as the most dominant approach is most likely to enable delivery within the necessary timeframe of 2030, thus allowing it to contribute to national climate action targets most effectively.

Onshore and offshore wind pose considerable potential in the Irish context and have in recent years been providing an increasing supply of energy to the grid, there are a number of wind projects nationwide in varying degrees of readiness, and grid capability is one determinant of the progress of these projects. Wind energy has been identified as a source that will be core to clean energy production now and into the future, over the past 14 months it has at times overtaken as the lead source of generation.¹ While natural gas will be needed for some years to come to ensure security of supply during the transition to renewables, wind is to play a significant role in our energy supply into the future and there are a number

¹ The Irish Times <https://www.irishtimes.com/business/energy-and-resources/state-s-power-grid-urgently-needs-strengthening-1.4337576>

of key projects in this space that have promised significant energy contribution should the grid be ready.²

The International Energy Agency (IEA) similarly highlights the need for immediacy of requirement around utilising renewables, in consideration of this, it is again essential to prioritise speed of grid infrastructure delivery, thus the Generation Led approach should be the dominant approach.

It is crucial in the context of timely delivery that a pathway without undue resistance, extensive disruptive infrastructure development, and other similar obstacles is chosen.

In recent years there has been a step-change in attitudes around visible infrastructure and this is reflected in public sentiment towards visible projects for renewables and climate action. Delivery of key infrastructure to supply-demand should therefore encounter fewer planning obstacles that contribute to costly delays to delivery. For example, the Dublin Array project to deliver offshore wind off the coast of Bray has encountered low levels of community opposition and therefore such projects need to be prioritised going forward. Meanwhile, options that require significant and extended underground development should be avoided due to the extensive disruption and time cost.

The Generation Led approach as the leading option in a blended approach to delivering on grid infrastructure indicates the safest route to providing the necessary infrastructure in support of wind energy contribution that is also close to existing high demand.

Dublin Chamber also encourages EirGrid to be ambitious in its planning to deliver on infrastructure that will correspond to the potential of growth in the contribution of solar and other renewables onto the grid. The density of Dublin and its many buildings with significant square footage have the potential to contribute to the grid with solar energy, this needs to be considered in the Electricity Future plan.

The Generation Led scenario indicates the greatest certainty of infrastructure delivery and works in support of the delivery of renewables projects that are in the pipeline for delivery.

While the Technology Led approach does not allow for efficient and cost-effective infrastructure delivery, it remains essential that innovation for the future development of grid infrastructure for a low carbon economy continues in Ireland. This is something that is recognised by the IEA as something that will be important beyond 2030.³ Therefore, it should remain as a small aspect of the overall EirGrid future planning for delivery beyond 2030 and beyond 2050,

Industry

Security of supply, suitable infrastructure, and cost competitiveness of energy as a resource is vital to industry and to FDI in particular.

² Irish Examiner <https://www.irishexaminer.com/opinion/columnists/arid-40279718.html>

³ The Irish Times <https://www.irishtimes.com/business/energy-and-resources/net-zero-energy-emissions-by-2050-requires-fundamental-policy-shift-report-1.4567673>

In recent decades, Ireland, and the Greater Dublin Area more specifically, have successfully become home to some of the biggest names in global tech, this has included becoming a base for data centres.

Global tech firms have data centre locations within the Greater Dublin Area and these locations bring a whole industry around them with employment and considerable contribution to the economy. Many in the tech industry that hold a data centre presence in the Greater Dublin Area have made considerable investments in also establishing EMEA HQs and other large aspects of their business footprint in proximity to their data centres. The attractiveness of Dublin for these FDI footprints is holistic, as Dublin offers the appropriate energy security and climate for data presence, provides proximity to the European market (essential for serving the region's data needs), and provides vibrant and skilled capital for staffing and innovation.

It is essential that the approach adopted for our electricity future does not put a cap on the growth of Dublin as Ireland's capital city and economic centre. While data centres are just one aspect of the presence of a number of tech firms in Dublin, the presence of these data centres is core to the surrounding industry presence and requirement for a skilled labour force. Altering the business environment and energy resourcing infrastructure of Dublin may not have the impact of pushing presence to alternative Irish locations, but rather may push industry to other countries. It is essential that in considerations of the four approaches that it is recognised that for much of the tech industry, their presence must be within a capital city, and within the desired market region.

Sustainability goals are prioritised and invested in within the data centre industry in Ireland, for example, Microsoft's initiatives on solar energy in schools around Dublin⁴ and Amazon's commitment to utilising its waste to contribute to district heating.⁵ It is clear that industry leaders are not only investing in sustainability, but also the sustainability efforts of the Greater Dublin Area as a significant company footprint. The ambition is present within the data centre industry to support the RES future whilst maintaining its stronghold in the Greater Dublin Area. The industry is invested in the success of the RES delivery and the success of 'Our Electricity Future' as it is core infrastructure to the industry and reflects the broader sustainability goals that are increasingly present and reflected in the corporate strategies. For example, many global businesses have indicated efforts to reduce the emissions present across supply chains as well as within their own operations.

For large multinational tech businesses that have already invested significantly in their infrastructure to support their data industry locations in the Greater Dublin Area, it is unlikely that the Demand Led approach would be an ideal option as the predominant model used as it would result in an unrealistic option of moving data centre industry away from the economic centre of the capital. Furthermore, the Technology Led and Developer Led approaches pose risk as to the efficient delivery of the required infrastructure.

It is essential that supply issues do not dictate the location of current or possible business locations, and, that infrastructure planning remains conducive to maintaining the attractiveness of Ireland, and its capital, as an FDI location.

⁴ Microsoft.com <https://news.microsoft.com/innovation-stories/microsoft-sse-ireland-solar-energy/>

⁵ Lexology.com <https://www.lexology.com/library/detail.aspx?q=707b2e59-ddd2-4624-8dc0-a834f1d81f03>

Energy Security and Cost Competitiveness

Dublin Chamber is of the firm view that vital infrastructure projects, such as those to support energy security, must be a priority for capital expenditure. Dublin Chamber recognises that EirGrid as a state-owned company has obligations to the consumer to deliver the best value for money in the planning and delivery of vital infrastructure. This must now be balanced with the need to deliver on climate action targets

Cost competitiveness for the business and domestic customer is essential in Ireland's transition to becoming a low carbon economy, and this must be considered as a factor in electricity future planning. Cost competitiveness and secure supply for the customer in the transition to renewables must also be maintained to ensure continued public and industry support for climate action goals.

The Generation Led approach is the most cost-effective of the four approaches at €0.4 billion, this is in comparison to the €0.5 billion of Demand Led, €1.5 of Technology Led, and €1.9 of Developer Led.

There will certainly be an increase in the need for electricity in the years ahead due to the electrification of heat and transport. A number of amber alerts indicating a threat to supply have occurred in the past year. Combined, this shows the clear importance of taking efficient action to ensure robust security of supply.⁶

Generation Led is also the most expedient approach, and therefore the most likely to ensure that infrastructure is in place to reduce the possibility of supply shortages to customers, both industry and domestic. Failure in supply would be detrimental to public support for the transition to renewables.

Energy security and infrastructure is also a contributing resource to the competitiveness of Ireland as a pro-business environment and an attractive FDI location, therefore the most cost-competitive and expedient approach should be the most dominant for electricity planning.

Conclusion

While the four approaches as detailed by EirGrid are a useful lens through which to consider the delivery of a fit for purpose grid, it is essential in deliberations to remain focused on the objective of a suitable plan.

To deliver on a robust and climate-friendly electricity future, the key objectives must be to deliver a grid that will support RES 70% capability by 2030, whilst also ensuring energy security and cost competitiveness, and, avoiding any adverse impact on the positive business and FDI environment that is essential to the Irish economy.

⁶ Irish Times <https://www.irishtimes.com/business/energy-and-resources/irish-electricity-system-under-too-much-pressure-for-comfort-1.4477399>
TheJournal.ie <https://www.thejournal.ie/eirgrid-amber-alert-electricity-supply-5296397-Dec2020/>

In conclusion, Dublin Chamber recommends a blended approach to securing Ireland's electricity future, with Generation-Led acting as the dominant approach in the plan, with a lesser role to be played by Technology Led, Demand Led, and Developer Led. The Generation Led approach as the dominant model is the best option to ensure timely delivery, which is essential for climate action, for energy security, and for avoiding cost implications due to a lengthy and complicated infrastructure delivery process.