



**Department of Communications,  
Marine and Natural Resources**

**OPERATIONAL PROGRAMME FOR  
ECONOMIC INFRASTRUCTURE  
1994 –1999**

**IRELAND**

**FINAL REPORT**  
*(Original print 17-02-03)*



**EUROPEAN REGIONAL  
DEVELOPMENT FUND**

**Updated 26 March 2003**

# **Appendix 8**

## **Memorandum of Understanding**

**Between**

**The Commission of the European Communities**

**And**

**the Minister for Transport, Energy and Communications of Ireland**

**On**

**Community Structural Funding**

**For**

**Peat Fired Electricity Generation**

## **1. Introduction**

The Commission of the European Communities and the Minister for Transport, Energy and Communications of Ireland, referring to the agreed Operational Programme for Economic Infrastructure and in particular to the proposal contained therein for the partial funding of a new peat fired electricity generating station to be situated in the East Midlands of Ireland and to the extensive discussions which have taken place on this proposal, agree the following conditions for the disbursement of Community Structural Funds for this project. The Department of Transport, Energy and Communications will monitor the fulfilment of these conditions and will report biannually to the Commission until 2006.

## **2. Jobs.**

The Minister believes that this project is vital to the continued development of, the East Midlands area. The Minister will ensure that Bord na Mona, the semi-state body charged with peat extraction and supply, will create some 250 permanent and 250 seasonal jobs (that is, 375 job years per annum) in peat production and related activities on the bogs supplying peat to the proposed station. The Minister estimates that there will be 64 jobs in operating the station and 25 jobs in support and ancillary activities.

It is anticipated that there will be 700 job years involved in the construction of the station and a further 420 job years in the development of the bogs and associated works.

## **3. CO<sub>2</sub> Emissions**

The Irish Government has signed and ratified the UN Framework Convention on Climate Change and has forwarded an initial communication on Ireland's CO<sub>2</sub> abatement policies and measures to the Commission and to the UN Convention Secretariat. The target set is to limit increases in

CO<sub>2</sub> emissions to, at most, 20% over 1990 levels by the year 2000. The proposed new peat fired station can be accommodated within this growth limitation target. The new station will give rise to a temporary increase in emissions of CO<sub>2</sub> from peat fired stations, but the phased decommissioning of the oldest and least efficient peat fired units will lead to an overall reduction in CO<sub>2</sub> emissions from peat fired plants. The Irish Government is conscious of the Commission's concerns in relation to emissions of CO<sub>2</sub> arising from the combustion of peat. Existing peat fired stations in general are old and have moderate to low conversion efficiencies. Some are near the end of their operational lives. It is the intention of the Minister to ensure the early commencement of a programme of phased closure of these stations as they reach the end of their operational lives and the refurbishment of other stations to improve their efficiencies from an operational and environmental perspective: A definite programme will be agreed at an early date with the Electricity Supply Board and Bord na Mona. Emissions of CO<sub>2</sub> will decline from 2.79m tonnes in 1994 to 2.68m tonnes in 1997 but will increase to 3.69m tonnes with the coming on stream of the new station in 1999. Emissions will decline steadily thereafter to reach 2.36m tonnes in 2006 with the decline continuing as stations reach the end of their operational lives. The attached table outlines the anticipated profile of CO<sub>2</sub> emissions from peat fired electricity generation up to 2023.

#### **4. Cutaway Bogs.**

Minister and the Commission have concerns in relation to the environmental aspects of cutaway bogs following peat production. The Minister will impose a condition on Bord na Mona to implement a development plan for the bogs supplying the new station after the peat is extracted, dividing areas between coniferous forestry, deciduous forestry, grassland and wetlands. Bord na Mona expect to have about 400 hectares of their total estate developed as wetlands by end 1999. They will use 26,000 hectares of bogs to supply peat for the new station over its lifetime and

anticipate that about 7,000 hectares of this area will be suitable for wetlands development. The Minister will ensure that Bord na Mona achieve this target. The first cutaway bogs suitable for wetlands development in this area will become available for development from about 2007 onwards. , The Minister will ensure that these wetlands fully realise their tourism and amenity potential.

### **5. Technology**

The Minister is committed to the use of the latest state of the art proven technology in the operation of the station. The Minister has been advised that the most appropriate combustion technology is fluidised bed technology and that it is capable of conversion efficiencies of 36.7% under Irish conditions. The call for tender will specify requirements with respect to the efficiency of and emissions from the plant. There will be full compliance with all relevant EU Regulations and Directives in the tendering and planning processes and in the operation of this station.

### **6. Implications for Ireland/UK Gas Interconnector**

It is the intention of the Irish Government that the gas interconnector to the United Kingdom, partially funded under the Commission's REGEN initiative, will be used to its maximum capacity .The Minister is convinced that the construction and operation of this new peat fired station is fully in line with national and Commission's energy policy, notably the national security of supply dimension of that policy. It will not have any major implications for the envisaged viability of the interconnector project. The market for electricity in Ireland is growing at the rate of about 150 MW per annum and the insertion of the new peat station in the generation plant programme will mean a delay of at most one year in the alternative gas fired electricity

generating station programme thus putting back by up to one year the expected attainment of maximum usage of the pipeline and postponing the anticipated achievement of economic break-even from 2003 to 2004. The interconnector will now reach 50% of capacity utilisation in 2000 as against 1999 and full capacity in 2011 as against 2015 shown in the original assessment done in 1990. However, since 1990 the development of the gas sector in Ireland has been better than originally anticipated in the 1990 feasibility study of the economics of the interconnector in that the premium sector has had higher growth than anticipated and also, it now seems probable, contrary to the original assumption made in the feasibility study, that fertiliser manufacture from natural gas will likely continue in Ireland after the year 2000.

## **7. ERDF Funds**

Funding sought for the peat fired electricity generating project will not exceed that provided in the Operational Programme for Economic Infrastructure.

Signed on behalf of the Commission of the European Communities

Signed: Michael Lowry

Minister for Transport, Energy and Communications of Ireland

Dated this 12th day of April 1995.