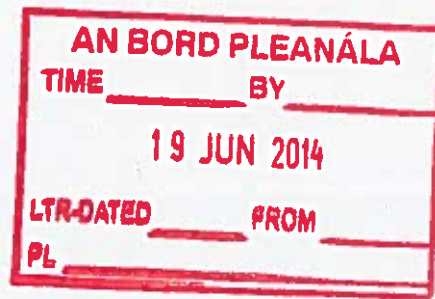




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Mr Diarmuid Collins
Senior Administrative Officer
An Bord Pleanála
64 Marlborough Street
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Dear Mr Collins

North/South Interconnector – Projects of Common Interest

Thank you for your letter of 12 June 2014. Both the Department of Environment (DOE) and Department of Enterprise, Trade and Investment (DETI) note the receipt by An Bord Pleanála of the notification made by EirGrid under Article 10(1)(a) of Regulation (EU) 347/2013 in relation to the North South Interconnector project.

As you will be aware from our recent meeting, the Department of Energy and Climate Change has delegated National Competent Authority (NCA) responsibilities to DETI in Northern Ireland for Projects of Common Interest (PCI) where:

- That part of the PCI which is in the UK is wholly within the national territory of that administration; and
- That devolved administration exercises all the relevant consenting functions

The proposed North/South Interconnector falls within these arrangements and in undertaking the delegated responsibilities and tasks of the NCA you will be aware that DETI is working closely with the DOE which has overall responsibility for the planning regime in Northern Ireland.

Interconnection is at the core of European energy policy. European Heads of State and Governments have pledged to create an internal market for electricity by 2014. National electricity markets are being reviewed and redesigned to align with a common European "Target Model" for cross-border trading and detailed rules that give legal effect to the Target Model will be binding on all EU internal borders by 2014. The existing market arrangement on the island of Ireland, the Single Electricity Market (SEM) has derogation to 2016. Interconnection is a key element of the new market design.

Interconnection is also at the core of Northern Ireland energy policy. The Northern Ireland Executive endorsed Strategic Energy Framework (SEF) sets out the direction of travel for energy policy in Northern Ireland to 2020. SEF specifically references the need for enhanced

interconnection from the perspectives of regional market security and integration and to improve the robustness of transmission and distribution grids on an all-island basis (SEF Action 39).

While all-island projections of generation adequacy show a surplus on an all-island basis, impacts on some local generation plant from the EU Industrial Emissions Directive from 2016 onwards means there are concerns for Northern Ireland, particularly post-2020. It is widely acknowledged that delivery of the North-South electricity interconnector can alleviate any concerns about future security and resilience of electricity supply in Northern Ireland. The European Commission, while acknowledging security of supply concerns within a number of Member States, has developed guidance in relation to how such concerns might be tackled. Its stated preference is by way of enhanced interconnection rather than investment in new generating plant.

Importantly, enhanced interconnection will also facilitate growth in renewable energy generation. In this respect both jurisdictions have set challenging targets for use of electricity generated from renewable sources.

The current lack of interconnection also means that electricity generated from the most efficient plant cannot currently be dispatched. Under market arrangements those generators affected are remunerated for their costs. These costs are ultimately picked up by consumers on the island and are estimated at €30 million per year.

Finally, as you will be aware, Northern Ireland Electricity (which owns and operates the transmission and distribution grids in Northern Ireland) has submitted its planning application and revised environmental statement to DOE for that portion of the proposed interconnector within Northern Ireland. The transitional provisions of Article 19 of Regulation (EU) 347/2013 will apply in respect of that application. We believe it will be important for the respective project developers to advance this project in a coordinated fashion to the extent possible, both in terms of ensuring the most efficient delivery arrangements in the interests of consumers and compliance with the PCI arrangements.

I am copying this note to Planning Policy Division colleagues in the DOE.

Yours sincerely



Bill Stevenson
Electricity Markets

cc John Mills, DETI
Fred Frazer, DETI
Alan Chowney, DETI
Joe Torney, DOE
Philip Stinson, DOE

