

Offshore Wind Grid Development Consultation
Energy Division
Department of Communications, Climate Action and Environment
29-31 Adelaide Road
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22 July 2020

CONSULTATION TO INFORM A GRID DEVELOPMENT POLICY FOR OFFSHORE WIND IN IRELAND: RESPONSE

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We write in response to your consultation paper dated June 2020 titled "Offshore Wind: Consultation to Inform a Grid Development Policy for Offshore Wind in Ireland" (Consultation).

We are iCON, an independent investment group with a core focus on privately held investments in energy infrastructure assets in Europe and North America. Our investors include renowned institutions from the UK, Europe, USA, Canada, Middle East and Asia and our team combines infrastructure investment specialists with a network of senior industry professionals with broad management and sector expertise.

We are assisted by McMahon Design & Management (MDM), a company providing engineering design and management services across a range of sectors including energy and pipelines, subsea cables and telecoms infrastructure. MDM has particular familiarity with planning and permitting procedures and wide-ranging contacts with government agencies and local authorities in Ireland.

Preface

We are conscious that no specific model has been put forward in the Consultation and that this is deliberate given the various challenges identified and the desire to remain flexible at this stage. Rather than focussing on a specific option, we set out below some overarching thoughts as to the characteristics required of a bespoke model for Ireland, to enable the Irish Government to achieve its ambitious goal of producing at least 3.5 GW of offshore wind energy by 2030 whilst taking into account the seven 'key drivers' identified in the Consultation. As we see it, chief amongst these challenges is the **interface between EirGrid as the transmission system operator (TSO) and the developer** – for example, as regards identification of projects, development of the asset (and in particular onshore connection risk), operation (and revenue risk) and ownership. Our response below takes account of these and the desire to address potential interface risks with the TSO.

The Consultation raises several of the issues and challenges involved with specific reference to the Irish market and regulatory regime, although we recognise that certain other aspects, including changes to the EU Electricity Directive (split operator-owner certification model), the implications of state aid (notably the current and expected Environmental and Energy Aid Guidelines (EEAG)), and guidance for the procurement of state-owned infrastructure assets and the limitations on procurement by the TSO under Irish and EU concessions. In addition, public and utilities procurement regulations require consideration in terms of the potential challenges they present to Ireland achieving its targets by 2030.

the aim of reducing costs to the ultimate consumer. We would suggest that the model be sufficiently flexible and bid for on a competitive basis to allow for this.

- With regard to your concern in relation to proper co-ordination of onshore and offshore transmission assets, further consideration will need to be given to selection of projects or bundling of projects (where appropriate) to address this issue. We are also happy to forward you examples of ways in which both the bidding costs and the time associated with putting such projects in place have been mitigated, including through a split owner-operator model. Whilst the split owner-operator model is a recent addition to TSO models adopted Europe-wide, it has successfully been applied to a number of exempted interconnectors or ISO certified network operators to reduce TSO interface issues whilst keeping investment in infrastructure assets attractive. The recent restructuring of National Grid into owner and operator (NGESO) parts also demonstrates the attractiveness of this model.

Conclusion

We have deliberately kept our response brief as we are keen to explore with you a flexible model that is tailored to the needs of the Irish Government and its key stakeholders. We remain very keen to invest in the Irish offshore wind market. As a reference iCON is currently developing a 1.4GW interconnector from the UK to France alongside MDM who are providing technical support on the project. For further information about iCON, our funds and our investment portfolio, please see our website at iconinfrastructure.com.

We look forward to engaging with you, EirGrid and any other stakeholders in relation to this ambitious new offshore wind development policy, and are open to meet and share / explore our thoughts on the various models that can potentially provide consumer benefit and a lower cost of offshore wind for Ireland.

iCON Infrastructure LLP
July 2020

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