



**AUGHINISH ALUMINA LIMITED**  
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**Re: Electricity Interconnection Policy – Technical Consultation**

This response is confidential.

Aughinish Alumina Limited (“Aughinish”) welcome this opportunity to respond to the Electrical Interconnection Policy - Technical Consultation.

**Aughinish Alumina Background**

Since 1983, Aughinish has operated a large alumina refinery based in West Limerick employing circa 482 direct employees and 385 onsite contractors. Aughinish has one of the lowest carbon footprints in the world, ranked in the best 5% of alumina producers globally. Aughinish produces 30% of EU alumina requirements. The refinery, with embedded high efficiency gas fired Combined Heat and Power plant, is one of the largest single site users of gas in Ireland operating on a 24-hour basis, 363 days of the year. (insert typical power exported to grid by AAL). Aughinish is commissioning a demonstrating 25MW flexible electric boiler in 2023 and has potential to consume up to 1,000MW of electricity to offset natural gas consumption.

**Ireland’s increased energy ambition**

Aughinish supports the Government’s CAP21 ambitious target that up to 80% of Irish electricity consumption will originate from renewable sources by 2030. Aughinish firmly believe that the deployment of more renewables is crucial to meeting Government climate targets and decarbonising the electricity system.

Future Government policy on the delivery of further interconnection capacity should be preceded by a review of grid constraints currently impacting the electricity system. As further renewable generation connects to the system, the Transmission System Operators are increasingly struggling to accommodate these onto the network. Areas of highest constraint are located in the west of the country, where interconnection to another jurisdiction is not possible. Setting minimum interconnection capacity targets before addressing the congestion issues would provide little benefit to the wind turbines dispatched down in the West.

The similarity of weather patterns between Great Britain and Ireland would need to be rigourously examined in the assessment of the cost benefit analysis of further interconnection between the two regions. Future interconnection to the EU IEM may not provide value to Irish domestic households, whose PSO levies will have paid for the renewable generation to be built.

In March 2021, EirGrid informed the CRU the base cost for the Celtic Interconnector, including contingencies, had risen from €930m to €1,116m<sup>1</sup>. The revised projected expenditure reduces the EU grant aid to 48% of assumed delivery cost, far below the original 60% threshold the

1. [CRU21057-Celtic-Cost-Recovery-Framework-consultation.pdf](#)

Irish and French regulators considered appropriate if negative impacts were to be avoided on both countries' consumers. Aughinish believe any further interconnection policy would require a thorough cost benefit analysis with a robust assessment of onshore reinforcements.

**Cost benefit analysis:**

Future Regulatory consideration of “*in the interest of the final electricity customer*” should include a cost benefit analysis of the whole energy system and not just the economics on electricity from point to point. This should include:

- the cost on the island to bring wind power from the constrain areas (often the west of the island) to the beach-point of the interconnector.
- The impact of similar weather trends in the UK market.
- The law of diminishing returns with increased interconnector volumes.
- Consideration of stranding other interconnector assets such as the gas interconnector to the UK.
- The opportunity cost. Instead of exporting our indigenous electricity, it could be used to displace vast amounts of fossil fuel in the heat sector.

The primary benefits of increased interconnector capacity would relate to the enhanced security of supply and a diverse power mix. De-risking future renewable deployment by installing interconnectors would be supported by Aughinish after grid infrastructure is put in place to better utilise indigenous renewables to decarbonise the Irish economy.

Yours sincerely,

*Aughinish Alumina*