

## PRESS RELEASE

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### **Irish regulator considers new regulatory approach on interconnection: a welcome boost for investor confidence and better protection for consumers**

Greenlink Limited, the developer of the 170km electricity interconnector project between Ireland and the UK known as 'Greenlink' [1], has welcomed today's announcement from the Commission for Regulation of Utilities (CRU) [2] confirming the commencement of its detailed assessment of the project, including consideration of a new type of regulatory support that will reduce risk for consumers. This is the first time the so-called Cap and Floor regime, already operated by the UK regulator, has been considered in Ireland [3].

Mike O'Neill, CEO, commented;

*"With this announcement, the regulator has signaled that it is open to considering an innovative type of regulatory regime to support interconnection in Ireland, one that will provide better protection for electricity consumers and a clear roadmap for further private investment in our Greenlink interconnector project. This is an important step forward for us, potentially providing consistency with the UK regulator's approach and building on the historical exchange of electricity with the UK."*

The statement from the CRU sets out the roadmap for how and when it will consider and make a decision on our application for a Cap and Floor regime that underwrites revenue but limits consumer exposure. The information paper from the CRU also sets out public participation in the process with details of the consultation that will allow stakeholders to review and comment on the project.

The CRU states its intention to give an Initial Project Assessment ("IPA") decision in respect of Greenlink by September 2018 if the project is likely to be in the public interest, which then leads to a Final Project Assessment ("FPA") decision during 2019. The IPA will confirm the regulatory arrangements that will support the project.

Mike O'Neill continued;

*"Coming just three weeks after the announcement by the Government of a consultation on interconnection policy, it shows real momentum building in Ireland to move forward with much needed interconnection and maximize the benefits to consumers and the Irish economy.*

*"Greenlink provides such benefits on both sides of the Irish Sea. It will stimulate private investment in infrastructure and contribute to Ireland's low carbon ambitions under Project Ireland 2040, launched in February. The project will lower costs to electricity consumers at the same time as enhancing Ireland's energy security through access to UK and connected EU and Nordic electricity markets."*

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## **NOTES TO EDITORS:**

1. Greenlink will be a 170km interconnector stretching from Great Island in Co. Wexford to Pembroke in Wales. The link is planned with a capacity of 500MW, equivalent to powering 380,000 homes\* and is a €400m privately-financed infrastructure project developed by Element Power. It will stimulate inward investment and jobs and result in savings for Irish electricity consumers of up to €800m over the project's lifetime. Greenlink has so far secured a 500MW connection agreement with National Grid in Wales and a Cap & Floor decision from Ofgem. More information at: [www.greenlinkinterconnector.eu](http://www.greenlinkinterconnector.eu) \*Based on annual household use of 4200kWh as per CRU's decision paper published March 2017 following its review of typical consumption figures (CER: 7042) and total flows from UK to SEM of 1,600,000 MWh/year and from SEM to UK of 1,000,000 MWh/y.
2. As an EU Project of Common Interest (PCI), it is considered to have a significant impact on energy markets and market integration in EU countries, boost competition in energy markets and help the EU's energy security by diversifying sources, and contribute to the EU's [climate and energy goals](#) by integrating renewables.
3. [https://www.cru.ie/document\\_group/policy-for-electricity-interconnectors/](https://www.cru.ie/document_group/policy-for-electricity-interconnectors/)
4. The Cap and Floor regime operates to limit consumers' financial exposure to interconnection projects. If the interconnector's revenues exceed a maximum (the cap) then the excess is returned to consumers. Similarly, in the unlikely event that revenues fall below a minimum (the floor) then consumers top up the developer's revenues to the level of the floor. This system is already in place under the UK's energy regulator, Ofgem, and can be used to attract long-term private capital and hence lower costs, and avoid any burden on the government.

**ABOUT ELEMENT POWER:** Element Power is a European based energy company that develops, acquires, builds, finances and operates large-scale renewable generation, interconnection, storage and other flexible grid services. Greenlink Limited is a wholly owned subsidiary of Element Power. Active in seven countries with a deep pipeline of projects in development, the Element Power group has extensive experience and a successful track record in delivering energy projects in the low carbon sector. Element Power also manages the operation of over 280 MW of renewable energy assets for some of the leading investors in the sector. [www.elpower.com](http://www.elpower.com)