



Commission for Energy Regulation

An Coimisiún um Rialáil Fuinnimh

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East-West Interconnector will move Ireland closer to heart of European electricity sector

The Commission for Energy Regulation ('the Commission, CER') will oversee the development by EirGrid of a new electricity interconnector between Ireland and Wales. The Commission has today welcomed the Government's decision to formally grant consent to EirGrid to proceed with the development of the East-West Interconnector. The Commission has now written to EirGrid approving the company's plans to appoint ABB to develop the new interconnector. This is an important milestone and the Commission will maintain regulatory oversight of the project as it develops further.

Benefits

The East-West Interconnector will be a 500MW electricity line connecting Ireland and Wales. It represents a major step forward in the development of the electricity sector in Ireland.

Development of this project offers the following advantages:

- Security of electricity supplies - At times when the margin between indigenous supply and demand is tight, the interconnector offers the back-up of UK supplies;
- Competition in the electricity sector - The interconnector will effectively operate in the SEM market as competitive entity. This will result in increased competitive pressure on all generators in the market;
- Renewables – The interconnector will assist in achieving Ireland's 40% renewable generation target;
- Exports – The interconnector will allow for electricity exports from Ireland to UK, in particular wind exports;
- UK & Irish market integration - The availability of reliable interconnection will facilitate the development of an integrated electricity market between Ireland and the UK.

Costs and Savings

The interconnector will cost up-to €600 million to develop. However the EU Commission has indicated that it will make up-to €110 million available to Ireland for this project.

In total EirGrid has estimated that the interconnector will deliver a total benefit of **almost €1 billion** to Ireland over its 30 year economic life-time. This represents a net benefit of about €400 million.

The decision to proceed with this project is a major boost to Ireland during this difficult economic period. This interconnector will deliver a more competitive and secure electricity system and move Ireland closer to the heart of the European electricity market. Increasing Ireland's interconnection with our neighbouring electricity markets has been a priority for the Commission for a number of years.

The Commission's letter to EirGrid approving the development of the East-West Interconnector can be found on the Commission's website, www.cer.ie.

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Note to Editors:

- In 2004/05, the Commission carried out a study to assess the options for developing interconnection between Ireland and Britain. It presented its findings which presented the case for an 'East-West' Interconnector to Government in September 2005;
- In July 2006, the Government indicated its support for the proposed project requesting the Commission to arrange the design of a competition to secure the construction of one 500MW East-West interconnector and that this interconnector would be owned by EirGrid. Subsequently the Commission engaged with EirGrid to develop this project;
- The following progress has been made:
 - A connection point in both Ireland and Britain has been secured;
 - The subsea route has been finalised and a marine survey carried out;
 - Sites for the converter stations have been selected and secured;
 - Planning is in progress in both Ireland and Britain;
 - Relevant legislation has been passed;
 - A competition for the construction of the interconnector has been conducted and ABB selected as the preferred bidder resulting from the tendering process.
- The EU Commission announced that it intended to make €110 million available for this project. Full details of this can be found on the website of the European Commission.
- An Independent company called Imera Power also has plans to develop interconnection between Ireland and the UK. The Commission welcomes and supports these plans also.
- Construction of the East-West interconnection is subject to the project receiving planning approval.