



**AUGHINISH ALUMINA LIMITED**  
(Registered in Ireland No.59982)

For Attention of  
Kenny Dane (Kenny.Dane@uregni.gov.uk)  
Utility Regulator  
Queens House  
14 Queen Street  
Belfast BT1 6ED

**Non-Confidential Response to SEM-20-006**

20<sup>th</sup> March 2020

Dear Kenny,

**Capacity Remuneration Mechanism 2024/25 T-4 Capacity Auction Parameters and Compliance with the Clean Energy Package**

Aughinish Alumina Limited (Aughinish) since 1983 has operated a large alumina refinery based in West Limerick. The alumina plant is one of the most energy efficient in the world and produces 30% of EU alumina requirements for the production of aluminium and other products. In 2003, Aughinish invested over US \$130M in a 160MW High Efficiency Combined Heat and Power (“CHP”) plant to meet the power and heat needs of the refinery, thus becoming an exporter of power and no longer only a consumer. Since commercial operation in 2006, the CHP plant has played a major role in Ireland reaching its energy efficiency targets and reducing emissions, accounting for an average saving of approximately 330,000 tonnes<sup>1</sup> of CO<sub>2</sub> per annum. Aughinish is the least carbon intensive fossil fuel generator in Ireland, with an electrical carbon intensity of ~263 g CO<sub>2</sub> /kWh.

Further to your request for proposals on how the CRM should be adapted to take account of the CO<sub>2</sub> limit. Article 22(4) of Regulation (EU) 2019/943 published on the 5 June 2019, excludes units whose electrical carbon intensity is greater than 550 g CO<sub>2</sub> per kWh, except for limited run hours. This intensity limit is in line with the EU intention to phase out coal and peat-fired generation. The intensity limit should not be a concern to CHP whose carbon intensity is substantially below the 550 g threshold. However Article 22(4) is not sufficiently detailed to identify a specific methodology for the calculation of CO<sub>2</sub> emissions for electricity from CHP.

On the 17 Dec 2019 ACER opinion no 22/2019 “Calculation of the values of CO<sub>2</sub> emission limits” was published. The ACER opinion exists in the context of a suite of legislation that makes up the Clean Energy Package (“CEP”). The CEP is aimed at enabling the EU to transition to cleaner energy and clearly establishes that CHP is to be promoted as a means of power generation in the EU.

---

<sup>1</sup> The 330,000t CO<sub>2</sub> savings includes gas CHP replacing Heavy Fuel Oil boilers, and grid power imports.

It is our view that in advance of the April 2020 capacity auction, the Regulatory Authorities must develop a methodology to calculate the carbon intensity of CHP which gives primacy to legally binding and established provisions of EU law that deal specifically with CHP generators. In the context of the CRM rules the heat produced by CHP must be taken into account in the calculation of the emissions limits. Any other approach would send an exit signal to low carbon gas fired CHP which is contrary to the legislative intention and purpose.

Aughinish is available to provide supporting information/advice and engage on this matter.

Yours sincerely,

Ríoch Magan

Aughinish Alumina