



**UNIVERSITY of LIMERICK**  
OLLSCOIL LUIMNIGH

**DEPARTMENT OF PHYSICS AND ENERGY**  
ROINN FISICE AGUS FUINNIMH

Commission for Regulation of Utilities  
The Exchange, Belgard Square  
North Tallaght  
Dublin D24 PXW0

Utility Regulator  
Queens House  
14 Queen Street  
Belfast BT1 6ED

**Date:** 26<sup>th</sup> June, 2018

**Re: Submission to Consultation Paper SEM-18-028 - I-SEM CRM T-4 CY 2022/23**

To whom it concerns,

I am pleased to have the opportunity to respond to this Consultation Paper and welcome the manner and detail in which it sets out the parameters relating to the planned T-4 capacity auction planned for March 2019.

My reason for responding to this particular Consultation Paper is because of its importance in terms of its potential impact on the longer-term structure and direction of the electricity generation fleet in Ireland. This opportunity will have ramifications for meeting greenhouse gas (GHG) emissions targets, reducing pollution and optimising resource utilisation.

I wish to make the following points in response to this Consultation:

**Combating Climate Change**

Combating climate change through lowering GHG emissions is one of the single biggest challenges of our time and the electricity industry must be seen to play its part, primarily through ensuring that the carbon footprint of the generation portfolio is being progressively reduced over time.

My understanding is that there is a significant tranche of fossil-fuel generation plant that is old, inefficient and in many cases unable to comply with environmental requirements, thereby requiring derogations from Brussels to continue. Not only are there limits on air emissions for the generation sector, but also the CO<sub>2</sub> footprint of generators is being limited under the Clean Energy Package to 550g CO<sub>2</sub>/kWh. This T-4 auction for capacity commencing in October 2022 presents an opportunity to facilitate the exit of such non-compliant generation plant through rigorous application of environmental compliance in the auction pre-qualification process. Over time, this will enable new, modern, efficient and more environmentally friendly plant to enter the market and hence enable the generation fleet to migrate to one of modern, efficient and flexible plant with best-in-class technology.

**Security of Supply**

It is well known that planning and building of electricity grid infrastructure is an increasingly slow process, as evidenced by the slow rate of progress with the North-South 400-kV transmission line. It seems reasonable to assume that the planning and construction of generation power plant is equally slowed by planning objections and challenges. This is a developing trend

in Ireland, and hence there is a need to plan for such infrastructure at an earlier stage to offset the long lead times.

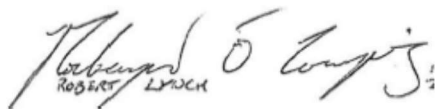
The growth in energy demand generally, driven by the recovering economy together with data centre growth, new technologies and largescale housing developments, all point to the need for a well-planned electricity networks and generation infrastructure. At this time of strong competition for foreign direct investment, it is vital that Ireland can point to a quality electricity service with a high security of supply.

I would urge that the Regulatory Authorities would take this opportunity to take a longer-term look at this crucial matter of security of supply, particularly in areas that are known to be constrained areas. Furthermore, I am aware that the Commission for Regulation of Utilities (CRU) has concerns in this regard and in recent months wrote in a letter to the Oireachtas Joint Committee on Communications, Climate Action and the Environment stating, *“Currently there is a surplus of electricity generation capacity on the electricity system as a whole. However, notwithstanding this surplus on the system, it is possible to have localised shortages in supply. The Dublin region has experienced rapid demand growth and demand is expected to continue to increase .... Further reinforcement of the transmission system in Dublin will be necessary to continue to move power to customers, such as data centres. Additional generation in Dublin would also reduce such constraints. Conversely, the loss of existing generation in Dublin could cause security of supply concerns for the electricity supply in Dublin, but not the system as a whole”*.

#### **Opportunity for the Electricity Supply Industry**

Finally, the outcome of this first T-4 auction will have long-term repercussions for electricity consumers as regards environmental impact, electricity prices, competition in the electricity industry, opportunities for new plant to enter the market, and security of supply, particularly in Dublin where there are concerns regarding a potential power shortage. Increased competition in different sectors here have demonstrated its potential to drive down prices over time – most notably in the airline industry. Additionally, it is critical that the T-4 auction makes the right choices in terms of Ireland creating jobs, growing the economy and remaining attractive for foreign direct investment. The installation of new plant within constrained regions, e.g. Dublin, will increase opportunities to operate such plant efficiently through operating as base load and providing combined heat and power in these regions, reducing the nation’s overall carbon footprint and use of energy stored in fossil fuels. Moving the country to more efficient lower emissions and conservation focused generation portfolio will be seen as a significant step by the electricity sector in helping combat climate change. This first T-4 auction is an opportunity to move that process forward and one not to be missed.

Yours sincerely,



ROBERT LYNCH

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