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By email to: RECPPA@seai.ie

RE: Renewable Electricity Corporate Power Purchase Agreements

The Electricity Association of Ireland (EAI) is the representative body for the electricity industry and gas retail sector operating within the Single Electricity Market (SEM) on the Island of Ireland.

Our membership comprises utilities that represent 90% of generation and retail business activities and 100% of distribution within the market. Our members range in size from single plant operators and independent suppliers to international power utilities. Our members have a significant presence in NI, ROI and the UK across the sector value chain. We represent the interest of the all-island market in all relevant jurisdictions, including the EU via our membership of the European electricity representative body Eurelectric.

We believe that electricity has a fundamental role in providing energy services in a decarbonised, sustainable future, in particular through the progressive electrification of transport and heating. We believe that this can be achieved, in the overall interest of society, through competitive markets that foster investment and innovation.

The EAI welcomes the opportunity to respond to this SEAI consultation on policy options which could increase the uptake of CPPAs and contribute 15% of Ireland's target to derive 70% of total electricity consumption from renewable energy sources by 2030. The European Power Sector is fully committed to leading the delivery of a climate neutral economy and supports Ireland's objective for a 51% emission reduction by 2030.

To meet these objectives the pace of renewable energy deployment must at least double over the next decade. An accelerated decarbonisation objective comes with higher investment needs. Investors need clear and reliable long-term signals to allocate funds to such capital-intensive projects. A well-functioning power market and efficient carbon pricing are key tools to deliver the necessary investment signals in a technology-neutral way. It is important that these signals are complemented by specific routes to market for renewable generators such as RESS or CPPAs.

Many developers would like to have the option of CPPAs and there is an expectation that some renewable electricity projects may well find a route to market via this mechanism. Uncertainty in relation to the forward price of electricity, and an expectation that increasing volumes

A decarbonised future powered by electricity

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of zero marginal cost Renewable Energy will drive electricity prices to levels below the LCOE for renewable energy technologies, is a key barrier to developers and consumers locking in a fixed future price of electricity via a CPPA. CPPAs will need to evolve in order to align with these market signals.

EAI believes RESS is likely to be the main route to achieving Ireland's 70% RES-E target by 2030. CPPAs should be able to co-exist with other renewable support mechanisms provided they do not hinder delivery of renewables targets. There is a need to ensure equal treatment in the market for REFIT/RESS and CPPA projects. The market must also provide adequate tools to manage the risk associated with these long-term arrangements.

EAI cautions against "integration" of CPPAs and RESS which is likely to reduce the effectiveness of RESS and put upwards pressure on prices (as noted in the Baringa report). However, we believe revenue stacking should remain an option for developers. There is concern that the work already done in getting a well-functioning RESS up and running may be undermined should RESS and CPPAs be intertwined, leading to sub-optimal results and lower levels of renewable electricity in 2030, particularly should linkage result in changes to RESS structure or auction frequency.

The role of CPPAs is to optimise the contribution of corporate demand towards meeting RES-E targets and minimise the overall cost to consumers. "Integration" of CPPAs and RESS may not be optimal for corporates. It is difficult to understand how additionality for CPPA projects can be demonstrated if RESS and CPPAs are intertwined.

EAI is supportive of effective and proportionate measures to encourage CPPAs but does not support mandating LEUs to procure a certain level of renewable energy/CPPA. We would also not support priority grid access for CPPA projects. CPPAs require a clear, efficient and timely route to market. This should address planning risk and must include a process for grid connection. It would be preferable if the grid connection process allowed for variation from the RESS timelines. There is a need to reform the Guarantee of Origin (GoO) regime to allow corporates register and manage their GoO position.

We look forward to engagement on these issues and to receiving a response to this communication.

Yours Sincerely,

Electricity Association of Ireland (EAI)