

127 Baggot Street Lwr.
Dublin, D02 F634

Date: 7th of July 2021

By email to: electricityconnectionpolicy@cru.ie

RE: CRU21060 CRU consultation on Data Centre measures

Dear Connections Policy team at CRU,

On behalf of the members of the EAI Policy Committee, I am writing to you in response to the consultation on CRU's proposed direction to the System Operators concerning Data Centre grid connections.

Data centres play an important role in the Irish economy and will play a key role in industrial policy for generations to come. Cloud computing will enable greater digitalization of many aspects of society and the energy sector in particular. Their importance in providing technology support for everyday activity has never been more evident as in the last 18 months as, under COVID restrictions, all those that could were requested to work from home. For the electricity industry, data centres present both opportunities and challenges. Their energy requirements have supported the development of and completion of Corporate Power Purchase Agreements (CPPA) that have, in turn, supported the development of renewable energy projects in Ireland.

However, as large energy users, they also bring challenges to the system given their significant requirements for constant levels of energy. Further expansion of data centres may pose increased pressure on the current system and therefore their growth has to be anticipated and planned for.

Of the three options proposed in this consultation, EAI would agree with CRU's preferred approach, Option 3: 'Connection Measures'. We believe Options 1 and 2 would be inappropriate or could, over time, create barriers to entry to the Irish economy for these new businesses.

We would however note the following in relation to Grid Development the Capacity Market and Decarbonisation:

GRID

- The issues experienced with data centres are not ones we consider to be unexpected. Increased growth in these users has been forecast in previous reports published by

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EirGrid. The current situation clearly demonstrates the need for serious consideration to be given the impact of the growth of demand centres, as clearly forecasted in reports from the TSO.

- Assessing a connection application based on if the location is constrained or unconstrained is useful and prudent on a short-term basis. However, for greater transparency and to make data centres aware of the signals being produced by this, i.e., that locating in unconstrained areas may result in quicker connections — this must be accompanied by clearer and accessible constraint maps on EirGrid’s website and slightly less fluid constraint areas to assist data centres in accurately and predictably locating suitable sites. The cost of locating in an area, whether constrained or not, should also be capable of being transparently determined before a decision to invest in a location is made.

CAPACITY

- The capacity market has to deliver the degree of capacity needed to meet this growth. The historical underestimation of the capacity requirement and the withholding of capacity due to demand uncertainty cannot continue in light of the demand projections outlined by the TSO. The Regulator must continue to evaluate, in consultation with providers and users, if there is a need to procure additional capacity to meet security of supply and demand requirements, in both the short and long term. The wider societal costs of under-procuring capacity should be a key consideration in this evaluation. Appropriate assumptions around the inputs to the capacity requirement should be made, taking into account the particular characteristics of the all-island power system which is relatively small, isolated and highly constrained with a high penetration of renewables. Appropriate assumptions would help to ensure sufficient capacity is procured.

DECARBONISATION

- In some cases, data centres’ grid locations could be used to complement the delivery of renewable energy projects by locating local supply close to local demand. A data centre located in a less congested area being supplied by local renewables, could reduce the level of constraints on the network and free up grid capacity to allow new energy projects to better contribute to Ireland’s decarbonisation goals.



OTHER COMMENTS

- For generation to be procured for data centres, there must be a clear policy on hybrid connections and behind the meter connections.

We look forward to future engagement on these issues.

Yours Sincerely,

Electricity Association of Ireland, July 2021