Review[1] of Large Energy Users Connection Policy - 4th April 2025 Consultation on Proposed Decision paper Reference CRU/202504

Joint Submission by:

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4th April 2025

The Commission for the Regulation of Utilities (CRU) claims that its Mission Statement is to protect the public interest in Water, Energy and Energy Safety, guided by strategic priorities which include driving a low carbon future and protecting customers.

However, we are deeply concerned that the CRU in this proposed decision is deliberately and disingenuously

1) breaching its Obligations under Section 15.1 of the Climate Action and Low Carbon Act 2015 as amended which states that "*a relevant body shall insofar as practicable, perform its function in a manner consistent with …. (e) the objective of mitigating greenhouse gas emissions and adapting to the effects of climate change in the State*" and
2) Not protecting domestic customers, whose electricity bills are destined to increase each time more Large Energy Users, especially data centres, are connected by a distortion of the Auction Capacity process.

[1] https://consult.cru.ie/en/consultation/review-large-energy-users-connection-policy

1. **CRU ignoring its Climate obligations as a relevant body under Section 15 of the Climate Action and Low Carbon Act 2015 as amended.**

From the example of the Shannon LNG 600MW gas-fired power plant granted planning permission[2] by An Bord Pleanála on March 13th 2025, having been awarded a 10-year auction capacity contract of 353MW[3] worth €494m from EirGrid, we note that EirGrid took no account of how the emissions from this power plant would be mitigated. It is unconscionable that An Bord Pleanála would rule that the emissions would be partly mitigated by participation in the European Union Emissions Trading System Scheme. So we have a case where Shannon LNG is able to claim support for its power station planning application having been awarded 353MW of auction capacity by EirGrid and then where the Board has to rule on how its emissions could be mitigated - not even to mention the fact that the overall masterplan mentioned throughout its planning application is for 8 data centres powered by US fracked gas imports.

The proposed CRU policy (page 2) states:
It is expected that data centres will represent 30% of national electricity demand in Ireland by 2030 if no additional data centres are contracted over and above what is already signed up.

However, the plan this proposed document on LEU's is for is "*the development of data centre infrastructure*" *(pg 3)* which will therefore surely encourage more data centre development beyond the data centres that are already *"signed up".*

The proposed policy admits (pg 6-7*) "The pace at which new electricity demand is being sought by data centres is faster than the pace of network infrastructure delivery and the development of new generation capacity."*

The CRU aim to resolve this problem, where data centres will be expected to use a disproportionate amount of energy beyond the current capacity of the existing energy infrastructure by proposing that *"Data centres connecting to the electricity network will be required to provide dispatchable onsite or proximate generation and/or storage capacity" (pg 11).*

However, despite the stated role of the CRU to protect the public interest in terms of energy they state (pg 12) *"The CRU is not proposing to introduce any new decisions relating to connections to the gas network as part of this review process..*

[2] https://www.pleanala.ie/en-ie/case/319566
[3] https://www.sem-o.com/sites/semo/files/documents/general-publications/PCAR2627T-4-report.pdf

We strongly object to this cop-out. The CRU cannot defer to Gas Networks Ireland (GNI) in terms of regulation of electricity. GNI, on its website, states that it is a business. It is therefore designed to make a profit with a vested interest in growing and developing. The CRU's role is to regulate GNI and ensure that any development is in line with legal climate obligations and in the public interest. The current proposed LEU policy refuses to regulate GNI, is not aligned with the Climate Act, the Climate Action Plan and is certainly not in the public's best interest. Rather it is aligned more with the needs of data centres, and has decided that to resolve the issue of big tech needing more energy, it will pave the way for LEU's to increase demand for fossil fuels through the proposed
"*Requirement to provide onsite or proximate generation" (pg 12) f*or LEU's.
Our concern is that this approach is being replicated across all individual planning applications for gas-fired power stations with no strategic environmental assessment of the overall climate impacts of the large-scale rollout of gas-fired power stations in line with the rollout of the large-scale energy users such as data centres.

And no account has even been taken of the stark warning in the joint report[4] from the Irish Fiscal Advisory Council and Climate Change Advisory Council that Ireland is already facing "staggering payments" of between €8 and €26 billion to other European Union member states if climate targets are missed.

An Bord Pleanála states in its decision Order[5] 7:

> *Operation of the proposed power plant would give rise to an increase in operational greenhouse gas emissions with resulting impacts on the achievement of EU and National climate change and carbon emission reduction targets. The impacts from such activities would be adequately mitigated by:*
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> - *The role of the Combined Cycle Gas Turbine in the overall energy generation sector and in facilitating renewable generation capacity and the transition to a low carbon system;*
> - *Displacement of potentially more carbon intensive power generation;*
> - *Operation in the* ***European Union Emissions Trading System scheme****;*
> - *Embedded design mitigation, including high efficiency and ability to operate at a low minimum generation capacity means that it will be dispatched before less efficient plants;*
> - *Availability of battery storage;*
> - ***Stated ability*** *to transition to alternative low carbon fuels/hydrogen*

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[4] https://www.fiscalcouncil.ie/wp-content/uploads/2025/03/Irelands-climate-action-and-the-potential-costs-of-missing-targets.pdf

[5] https://www.pleanala.ie/anbordpleanala/media/abp/cases/orders/319/d319566.pdf?r=751241240859

2. Distortion of the Auction Capacity process

On March 16th, 2025, the Irish Independent newspaper reported[6] that from 2018 to 2024, a report by UK analysts Aurora Energy Research and Beyond Fossil Fuels (BFF) found that **€6bn in capacity payments were awarded for gas generation in Ireland, about €1bn a year and that** Billpayers are already paying further monies on top of these charges. The newspaper reported that billpayers have also paid an additional €1.18bn over the three years to September in a so-called temporary generation levy to cover four new gas generation units. The cost of the auction capacity for LEUs should not be socialised across to domestic consumers and this decision paper has ignored these downstream impacts. This is the full story:

> # Consumers' energy bills set to rise further as more data centres will add to costs
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> Commission for Regulation of Utilities confirms data centres and power suppliers are eligible for big capacity payments

6 https://www.independent.ie/irish-news/consumers-energy-bills-set-to-rise-further-as-more-data-centres-will-add-to-costs/a633724800.html

After recent price hikes by energy providers, further data centres and power plants are coming on stream which are set to see bills rise further. Stock image

John Reynolds
Sun 16 Mar 2025

Household electricity bills are effectively subsidising data centres by hundreds of millions of euro a year, an investigation by the *Sunday Independent* can reveal.
The energy regulator, the Commission for Regulation of Utilities (CRU), has confirmed that data centres and power suppliers are eligible for hundreds of millions of euro in so-called capacity payments for generating electricity, some of which is gas-powered.
Such payments have increased significantly since 2007 and are contributing to higher bills. They are paid to electricity providers for being available to supply power when it is needed, and a component of the price of electricity.
Now, after a suite of price hikes by energy providers, further data centres and power plants are coming on stream which are set to see bills rise further.

Our analysis, in collaboration with an environmental campaign group and a firm of energy analysts, found €600m in capacity payments awarded to or applied for by three companies supplying or running data centres.

The largest recipient is Lumcloon Energy, which built a 275MW gas power station, for which it was awarded €364m in such payments when it was completed last year. In December it submitted plans to build a €1bn 250MW data centre nearby, with on-site fuel cells, solar and battery power, which would also be eligible for subsidies.

Bord Gáis is due €132m in payments later this year for a power station being built beside a west Dublin cluster of data centres.

Some €101m in capacity payments was applied for by two Echelon Data Centres facilities there and in Wicklow scheduled between 2023 and 2027.

Ireland already has some of the highest electricity prices in Europe and new electricity peak demand records were hit during recent cold snaps

Dublin-based Echelon Data Centres said it had bid for capacity payments but clarified that its gas-powered generation facilities in Arklow and Dublin haven't been built yet, so it has not received any money.

Lumcloon Energy said its gas plant provides backup for wind, claiming its power is cheaper than from temporary generation. Its data centre's on-site power plan is innovatively market-leading, it added.

A spokeswoman for Bord Gáis said that its Profile Park facility is currently being built, due for completion later this year. It has a contract making it eligible for capacity payments from later this year, she added.

Ireland already has some of the highest electricity prices in Europe and new electricity peak demand records were hit during recent cold snaps.

SSE Airtricity recently announced a price hike of 10.5pc taking effect next month, equating to €171 on the average annual bill. It cited a 20pc increase in network charges last October, and capacity payments are a component of these as well as overall power costs.

Daragh Cassidy of price comparison site Bonkers.ie said: "Data centres use more than a fifth of all electricity nationwide and impact peak demand, which is typically when the least efficient and most expensive gas-fuelled suppliers are needed, so it's ridiculous to think they don't impact on prices."

A spokesman for Energy Minister Darragh O'Brien said: "The CRU decides on the power procured in the capacity market. It also has responsibility for the setting of electricity connection policy."

Ger Fulham, managing director of Dublin-based energy procurement consultants Kore Energy, said capacity payments are one of a number of regulatory charges

that have collectively doubled between 2019 and this year, according to his own analysis. Those charges make up about a fifth of recent price rises, he added. He said that between 2007 and 2018 billpayers paid about €5bn in capacity payments, an average of €454m a year.

Then, from 2018 to 2024, a report by UK analysts Aurora Energy Research and Beyond Fossil Fuels (BFF) found that **€6bn in capacity payments were awarded for gas generation in Ireland, about €1bn a year.**

Gas-powered energy generation is more expensive than renewable power and is vulnerable to price surges

Billpayers are already paying further monies on top of these charges. They've paid an additional €1.18bn over the three years to September in a so-called temporary generation levy to cover four new gas generation units, Mr Fulham explained.

Gas-powered energy generation is more expensive than renewable power and is vulnerable to price surges — such as those seen since the war in Ukraine — yet it is predicted to increase nationally, according to the CRU. "On-site generation will be eligible to participate in the capacity market. Peak day gas demand is predicted to grow due to increased gas-fired electricity to meet demand on days of low renewable availability," a CRU spokeswoman said.

The report also found that payments bid for by and awarded to gas-powered electricity suppliers cover an increase in new power stations' generation capacity here by 3.9GW, about 80pc more than the current 4.7GW. Eirgrid capacity statements also point to an increase equal to four or five new large gas power stations being required by 2030.

Data centres' power use is forecast to increase to 31pc by 2032. It has risen more than 20pc a year since 2015, according to research by University College Cork published in December. There are 89 data centres in Ireland, mostly concentrated in and around Dublin, with around 11 in construction and applications for at least 30 more to be built, according to planning applications and industry data.

Their use of electricity has also effectively cancelled out all of the growth in renewable electricity from sources such as wind, critics have previously pointed out.

Partly as a result of this, BFF's analysis found that Ireland has the highest per capita existing and planned gas power plant capacity in Europe. Out of the six markets the report analysed, Ireland also had the highest overall level for such payments, about 70pc higher than the next-ranked, Britain.

Critics have called for government action to bring down electricity prices, including power market reform and limits on data centre expansion.

> Social Democrats spokeswoman on climate Jennifer Whitmore said: “The Government has rolled out the red carpet to data centres without any strategic analysis of the overall impact on our grid, energy security and ability to meet emissions targets. Without any transparency on their impact on prices, data centres’ extreme levels of energy demand could only be forcing our already high energy prices up even further. The Government should be working to bring them down.”
> Rosi Leonard, data centre campaigner at Friends of the Earth, said: “We need to start talking about capacity limitations on these energy users who are rapidly outpacing renewables generation, and can now make a handsome sum from capacity markets.”
> The campaign group’s head of policy Jerry Mac Evilly said regulation of the electricity market needs “a fundamental overhaul”, and contradicted the Programme for Government’s commitment to decisive action to reduce reliance on fossil fuels.
> “The capacity market is locking us into more, not less, gas infrastructure,” he added.

On March 22nd, 2025 the ‘Irish Independent’ newspaper further reported[7] that Eirgrid has confirmed that the 600 MW Shannon LNG gas power plant given planning permission[8] by An Bord Pleanála on March 13th 2025, and has a 10-year auction capacity contract of 353MW[9] worth €494m from EirGrid, a cost that will ultimately be paid by households and businesses through their electricity bills. This is the full story:

> ## Shannon LNG power plant’s €494m capacity contract will be paid for by customers’ bills

[7] https://www.independent.ie/business/shannon-lng-power-plants-494m-capacity-contract-will-be-paid-for-by-customers-bills/a1737089115.html
[8] https://www.pleanala.ie/en-ie/case/319566
[9] https://www.sem-o.com/sites/semo/files/documents/general-publications/PCAR2627T-4-report.pdf

An artist's impression of Shannon LNG at Ballylongford-Tarbert landbank .

John Reynolds

Eirgrid has confirmed that the Shannon LNG gas power plant given planning permission this week has a 10-year capacity contract worth €494m, a cost that will ultimately be paid by households and businesses through their electricity bills.

Capacity payments, which have increased significantly since 2007, are paid to power suppliers for being available to supply electricity when needed.

“Shannon LNG was successful in the 2026/2027 T-4 capacity auction for two units, each of which was awarded 176.6 MW at a price of €140,000/MW/year, for a duration of 10 years,” an Eirgrid spokesman said.

The contracted power price is at the highest level of such rates, according to a recent analysis by the environmental campaign group Beyond Fossil Fuels (BFF) and Aurora Energy Research.

Out of six markets analysed, Ireland had the highest overall level for capacity payments, about 70pc higher than Britain. It also found that Ireland has the

highest existing and planned gas-power plant capacity in Europe per head of population.

Shannon LNG's parent company New Fortress Energy did not respond to calls and emails. A recent filing it made to the US Securities and Exchange Commission (SEC) confirmed its capacity contract, but did not state the value. The contract requires the plant to begin delivering power to the grid next year.

The company has been given permission for a battery storage system, as well as the power plant, on a 630-acre site in Kerry. It separately received planning permission for five kilometres of 220kv underground cabling and fibre optic cables.

According to the SEC filing, Klondike, a subsidiary of New Fortress Energy, plans to build and operate large data centres in Brazil, America and Ireland.

Last week the Sunday Independent revealed that three companies supplying data centres, or with plans to build them in Dublin, Wicklow and Westmeath, qualified for €600m in capacity payments. Adding Shannon LNG to the list would bring the total to €1.1bn.

Data centres' power demands are increasing, and Eirgrid forecasts suggest they will account for up to 31pc of national electricity usage by 2032, from a current level of about 20pc.

An increase in gas-powered electricity equivalent to at least four or five new large power stations is required, Eirgrid said.

End.