



Public Consultation
on the
Transmission Development Plan 2006-2010

Submission from the
Western Development Commission and IBEC West
28 February 2006

Western Development Commission

Dillon House
Ballaghaderreen
Co. Roscommon

Phone: 094 986 1441

E mail: helenmchenry@wdc.ie
Web: www.wdc.ie

IBEC West

Ross House
Victoria Place
Galway

091 561 109

aidan.carney@ibec.ie
www.ibec.ie

Introduction

The Western Development Commission (WDC) and IBEC West¹ welcome the opportunity to make a submission to the ESB National Grid Transmission Development Plan 2006-2010 (hereafter referred to as the Development Plan). The WDC and IBEC West have been working together in the last few years to highlight electricity infrastructural development and regulatory issues as they affect the west (the WDC remit covers a wider area than that of IBEC West). As part of this work the WDC and IBEC have together (with a number of IBEC members who have significant electricity demand) met with the Commission for Energy Regulation, ESB National Grid and ESB Networks on a number of different occasions to highlight issues of concern. This submission on the Development Plan provides another opportunity to continue this work.

The WDC is a statutory body established by government to promote, foster and encourage economic and social development in the Western Region². Established in 1997, the Commission was put on a statutory basis in February 1999. One of the functions of the WDC is regional policy development. In doing this, the WDC seeks to ensure that government policy reflects the needs of the region across such areas as infrastructure, natural resources, industrial and rural development. It also tracks the implementation of policies and recommends adjustments as appropriate.

In monitoring government policy and associated regulation, and ensuring that these reflect the needs of the Western Region, the WDC regards the provision of a quality electricity network and supply as important elements of the infrastructure required to underpin the economic development of the region. Hence the WDC monitors and comments on developments and policies for the electricity sector.

The IBEC West office represents over 350 businesses, in the manufacturing and service/distribution sectors, throughout Mayo, Galway, Roscommon and Athlone. Our IR/HR service is frequently identified as the main feature, which distinguishes us from other business and employer organisations. We also offer many other related services, such as Health & Safety Consultancy and Management Training. The IBEC West regional office also provides a highly effective lobby on specific regional issues of concern to members. We wish to ensure that policy makers are aware and take into account the concerns expressed in relation to the impact of policy on the future development of the West Region.

In this submission we make general comments about the importance of electricity provision in regional development and of ensuring that this is taken into account in planning for electricity infrastructure. We also highlight government policy on energy and regional development. We consider the system planning process and the development objectives and strategies outlined in the Development Plan. We then comment on the issues relating to future network development needs before commenting on specific network developments outlined in the Development Plan.

¹ Services counties Galway, Mayo and Roscommon.

² Counties Donegal, Sligo, Leitrim, Roscommon, Mayo, Galway and Clare.

The importance of electricity for regional development

The WDC and IBEC West believe that an efficient, resilient energy infrastructure is crucial for regional development. Given the importance of energy infrastructure in underpinning development we are concerned that regions such as the west, with low population densities and spatially dispersed industrial development, are given due consideration in the development of electricity transmission infrastructure.

The link between economic growth and electricity demand is recognised in the Development Plan with projected GDP growth a key element of the models for predicting future electricity demand. Thus quality, reliable power supply, capable of meeting increasing demand is essential to any economic development.

Manufacturing industry is particularly important in the west which is home to a number of very significant exporters. There is already an important cluster of advanced manufacturing in the region. In order to promote further development, the Western Region needs to be able to attract new industries to this cluster of pharmacological/medical devices firms.

Existing industry needs robust, reliable electricity supply, and infrastructure which is capable of meeting any increase in their electricity need. To allow further development, the Western Region also needs to be able to attract new industries. The internationally traded services (ITS) sector is seen as a significant growth area for the future in the Western Region. This sector is also very power dependent, particularly in terms of reliability. In order for the Western Region to be in a position to compete with other parts of Ireland for investment and employment, there needs to be sufficient electricity supply capacity available in order to attract new industries and services to locate or to start up in the Region. Without good capacity and reliability such businesses are less likely to consider regional locations.

As the Enterprise Strategy Group³ noted in its report ‘Ahead of the Curve’:

Weak infrastructure in the regions presents a barrier to their economic development. The key mechanism for enabling regional development is to enhance their infrastructure. Regions will attract enterprise only if they have the infrastructure and facilities that allow them to compete with Dublin and international regions for trade and investment. (Ahead of the Curve – Ireland’s place in the Global Economy, 2004, p98)

The WDC has, with IBEC West, previously raised concerns with both the Commission of Energy Regulation (CER) and ESB National Grid (ESBNG) in relation to infrastructure and supply, and has emphasised that appropriate investments must be made to allow the region to compete in attracting industry and employment.

While we welcome the recent improvements and reinforcements in the transmission network, there are still areas of difficulty, and we are particularly concerned as to their effect on inward investment and consequently on regional development. A clear example of the role of electricity transmission in regional development is its influence on the choice of location of Masonite, a major transmission connected customer near Flagford, Carrick on Shannon. We believe that Masonite could not have located further west or north than its current location because of the weaker electricity

³ The Enterprise Strategy Group was appointed by Mary Harney, T.D. Minister for Enterprise, Trade and Employment to develop a 10 year strategy for maintaining growth in enterprise in Ireland.

infrastructure in the north and west. In the future, similar companies may face similar choices. Clearly electricity infrastructure has an effect on regional development.

In much of the region there is little choice of energy supply (e.g. natural gas) and hence the Western Region is particularly reliant on electricity. It is thus important that electricity users in the region can plan for future developments confident that supplies will improve and that their remoter locations will not militate against them in terms of electricity provision and cost.

The WDC and IBEC West welcome the recognition in the summary to the Development Plan, that the TSO is very conscious of the need to support regional development. However, only 25% of the investment in the Development Plan will be undertaken in the Border Midland and West Regions (BMW). This is not enough. Given the importance of electricity infrastructure in regional development as outlined above, we believe that the investment in the less developed region (the BMW) should be significantly more. We believe that this is underpinned by government policy on balanced regional development which is discussed below. Furthermore, we believe that the breakdown of the investment spend between regions needs to be more detailed so that the planned investments and the development of the network in different regions can be more easily monitored. This would be normal practice in relation to other infrastructural development (such as that funded under the NDP).

Government policy for balanced regional development

The TSO must take account of government objectives in its development planning. The promotion of balanced regional development is a key government policy, with the commitments outlined in the National Development Plan 2000-2006 (NDP) and the National Spatial Strategy 2002-2020 (NSS). In both of these major policy documents the role of electricity in regional development is considered. The key points in relation to electricity are highlighted here.

In the NDP it is acknowledged that the investment in electricity infrastructure and supply will not be directly controlled by the government, but it was highlighted that it should not constrain regional development:

The vast bulk of capital investment in the energy sector over the period to 2006 will take place outside of the provisions provided for in the Plan. The importance of the energy transmission network to the promotion of regional development is recognised. The Government will be concerned, in the context of a more competitive environment for energy supplies, to ensure that energy capacity *does not act as a constraint on regional development*. (NDP, 2000, p67 (italics added))

The WDC would like to emphasise that this should be borne in mind when planning investments in transmission and that regional development considerations be explicitly recognised in planning and development in the sector.

The NSS 2002-2020 is the key government policy on balanced regional development. As was highlighted throughout the NSS, the development of regional infrastructure is essential to achieve that strategy. A number of the relevant points are drawn attention to here.

The NSS emphasises that:

Reliable and effective energy systems, such as gas and electricity to power industry and services, are key prerequisites for effective regional development. (NSS, 2002, p64)

It goes on to suggest that:

Prime considerations in terms of spatial policies relating to energy include:

- Developing energy infrastructure on an all-island basis to the practical and mutual benefit of both the Republic and Northern Ireland
- Strengthening energy networks in the West, North West, Border and North Eastern Areas in particular
- Enhancing both robustness and choice of energy supplies across the regions, through improvements to the national grids for electricity and gas (NSS, 2002, p64)

Clearly the provision of electricity infrastructure is an essential part of government policy for balanced regional development. It is therefore important that there is a mechanism to take this into account in relation to investment in transmission infrastructure and the development of the electricity grid. The NSS is discussed again below in comments on specific aspects of the Development Plan.

General Comments on the Development Plan

The WDC and IBEC West welcome the major investment which has taken place in the electricity transmission grid in recent years, and we recognise the benefits which it has brought to the region. We also welcome the publication of a draft Development Plan which describes the process of planning and development of electricity transmission in Ireland for the next five years. We do have, however, a number of general comments about the Development Plan.

We recognise that the period covered by the Development Plan (to 2010) is relatively short and that the Development Plan is based on short term projections of demand and future transmission needs. Section 3 of the Development Plan 'Future Network Development Needs' covers some of the longer term drivers of network development. Investment in electricity transmission infrastructure is, however, a long term investment with the assets having a useful life of about 40 years (and longer with refurbishment). It is therefore important that long term electrical provision issues and future energy needs, generation issues and potential patterns of consumption are given some consideration in the Development Plan so that their impact on planned developments is taken into account before investments are made. This is in fact in the requirement for the TSO 'to plan the long term ability of the transmission system to meet reasonable demands for the transmission of electricity'⁴

Hence planning for the future needs to take account, not just of demand issues, but also trends in electricity generation and consumption patterns in the future. We recognise that we are in a period of rapid change in relation to energy issues and policy and that it is difficult to capture this in a Development Plan; however we think that it is important that wider issues are addressed. These might include longer term possibilities in relation to generation. As outlined in the Development Plan there is a government commitment to increasing the amount of renewable generation. There is also likely to be an increased focus on security of supply and the use of indigenous energy sources for generation. The greatest potential for renewable generation is likely to be in the least developed regions where there are the opportunities to make best use of natural resources such as wind and wave power and biomass production etc.

⁴ Statutory Instrument 60 (2005) section 8.1c

These trends have implications for the development of electricity networks. Thus planning of infrastructure needs to take account, not only of the demand for electricity in an area, but also future like use of electricity transmission infrastructure by generators. We recognise the direct connection of generators is planned in a different context, however we emphasise the importance of anticipating future generating trends when planning the overall transmission infrastructure. In the context of our region, we believe that developing capacity in order to facilitate regional economic development will also provide important opportunities for generation and the export of power to other parts of the country, in the long term. In future, perhaps, there needs to be more integration of transmission development planning and generation planning, although we accept that this is outside the scope of the current draft Development Plan.

We believe that the Development Plan provides the opportunity to take a longer term view of the electricity sector and should consider future issues in more detail rather than focusing on the incremental improvements. We do acknowledge that this may occur in relation to specific projects (as mentioned page 2-3) but feel that it needs to be more visible in relation to overall transmission planning.

We also believe that planning the development of the transmission network should be done on an All-Island basis and that this would allow for improved electricity infrastructure and capacity in border counties. This is discussed in more detail below.

Comments on specific aspects of the Transmission Development Plan 2006-2010

In this section we comment on specific parts of the Development Plan. We do not make comments on every section.

Section 3.1 Government Objectives

The WDC and IBEC West are pleased that the TSO seeks to take account of national and regional government policy objectives in putting together the Development Plan. We also welcome the commitment to ensuring that ‘under development of the network will not affect Ireland’s overall economic development either locally or at an aggregate level’ (pg 3-1). While we accept the concerns of the TSO about the possible stranding of assets, and believe that the cost of electricity must be carefully controlled, we also recognise that in the longer term more balanced regional development will increase regional demand and be of benefit to all users in the long term.

Section 3.2 Electricity Demand Forecasts

The Development Plan provides a very brief outline of the method of projecting growth in the demand for electricity. We believe that the Development Plan needs to provide more detail on the method of projecting demand growth and in particular how the projection of national demand growth is estimated at a regional and local level.

Section 3.2.3 Demand reduction

The WDC is concerned at the comment in the Development Plan that the closure of the Unifi factory in Donegal will increase the constraints on wind generation in Donegal at times of low demand and high wind. This is a serious issue, which clearly indicates the difficulties with the transmission system in Donegal. It is important that plans for the development of the network address this issue and that the nature of

planned developments and the way that they will resolve the problem are clearly specified in the Development Plan.

Section 3.2.4 National Spatial Strategy (NSS)

In the first part of this submission the government commitment to balanced regional development and the NSS as the policy for doing this is outlined in some detail. Clearly the TSO is not expected to 'deliver the NSS' (pg 3-5) however electricity infrastructure is an important part of the infrastructural development required in the implementation of the NSS. The NSS is government policy and should be taken into account by the TSO when planning transmission network developments. The Development Plan should provide more information on how the NSS is being integrated into the transmission planning process.

3.3 Generation

Comments in relation to the integration of the planning the development of the electricity transmission network and planning generation capacity have been made above. Comments have also been made in relation to the need to plan for potential future types, patterns and locations for renewable generation and for dispersed generation and micro generation which are likely to increase in the longer term. The Development Plan is focused on new connections and applications in progress, but it also needs to be able to consider some of the future scenarios in relation to generation (in the long term) and how these might affect the transmission network.

3.4.1 Interconnection with Northern Ireland

As mentioned above the WDC believes that there is considerable potential to improve electricity transmission and supply in Donegal by increased use of the Strabane/Letterkenny interconnector, and also by planning electricity transmission on an All-Island basis. While the emphasis in the Development Plan is on the main interconnector and the planned 2nd interconnector, we believe that there is potential for improvement to the network in the north west by increasing the potential and use of the smaller interconnectors. Coolkeeragh power plant is very close to Donegal and could be in a position to provide stability in the North West in the context of the growth of wind generation in Donegal and neighbouring counties. This could also bring benefits in relation to the All-Island Single Energy Market (section 3.5).

3.7 Implications of Drivers for Network Development

We welcome the All Island study which will investigate the implications and consequences of large scale penetration of renewable energy on the island of Ireland. We believe that this will give some indication of the network developments required to facilitate the growth of renewable energy in Ireland and believe that the results should be incorporated into transmission planning as soon as possible.

Planned Network Developments

We welcome the section on regional benefits, which clarifies how the developments in the network affect each region.

Srananagh Project:

We agree that the Srananagh 220kV station will strengthen the whole North West region and welcome the extension of the 220kv transmission system into the North West. The availability of high-capacity transmission networks is a major

consideration in the location decisions of investors and the expansion of existing industry.

We welcome the fact that it will provide the network flexibility to accommodate developments envisaged by the NDP and the NSS.

Castlebar – Tonroe Circuit:

The current proposal in the Development Plan is to construct the new Castlebar – Tonroe line at 220kV capacity but to operate initially at 110kV. We believe this proposal, if approved by the CER, will provide the flexibility to meet long-term needs and significantly improve reliability for consumers in Co. Mayo. We would be concerned that in order to reduce the overall level of expenditure in the Development Plan, the CER may not approve the construction of the new line in Co. Mayo at 220kV capacity. While we fully support the efforts of the CER to achieve cost efficiencies, we believe the construction of the Castlebar – Tonroe line at 220kV capacity is a critical step in the strategic development of the network.

While we agree that the Castlebar-Tonroe 110kV line will provide an extra connection into Mayo and should be able to meet significant demand growth, we remain concerned about security of supply issues and voltage issues in Ballina. We do not feel that this part of the Development Plan provides enough detail to alleviate these concerns.

Dalton – Galway loop into Cashla:

There are three lines from Cashla to Galway. At present if one of these lines is out of service and another one happens to trip, the remaining line will overload. The new loop proposed is critical in that it will provide a fourth circuit and remove the Dalton load from Galway. We welcome the fact that this will help to ensure that the rapid growth in demand in Galway can be met.

Binbane – Letterkenny:

It seems that the Binbane Letterkenny 110kV transmission line will resolve the issue of constraints on wind generation in Donegal at times of low demand and high wind mentioned above. It is not clear whether this planned development will resolve the issue completely and how much additional wind generation capacity at periods of low demand will be provided. More detailed information needs to be provided on this.

As mentioned above, there is potential for significantly more wind generation in the North West (and wave generation in the longer term). It is important that planned network developments will be able to take account of this.

This development should also help to meet increased demand in Donegal. We would like to see this development progressed as quickly as possible.

Potential Further Developments

5.1.3

We note that there are a number of significant issues expected to arise in the West in the period from 2010 onward. We expect that solutions to these will be addressed in more detail in the next Development Plan.

5.3.2 Significant wind generation on the network

The Development Plan recognises that there is likely to be significant wind generation on the network in the future, and describes some of the issues which will arise if this should be the case. It does not, however, provide any detail on the changes which might need to be made in planning the transmission infrastructure or the infrastructural solutions which might be required. As commented earlier we feel the Development Plan should have more focus on likely long term trends in electricity provision and transmission infrastructure and show how current network developments are taking these possibilities into account.

Conclusion

The WDC and IBEC West welcome the publication of the draft Development Plan and are pleased to have the opportunity of making a submission on it. We are happy to provide further information or examples in relation to this submission, should they be required.

Western Development Commission & IBEC West
28 February 2006

If there are any queries in relation to this submission, please contact

Dr Helen McHenry
Policy Analyst

Western Development Commission
Dillon House
Ballaghaderreen
Co. Roscommon
Phone: 094 986 1441
E mail: helenmchenry@wdc.ie