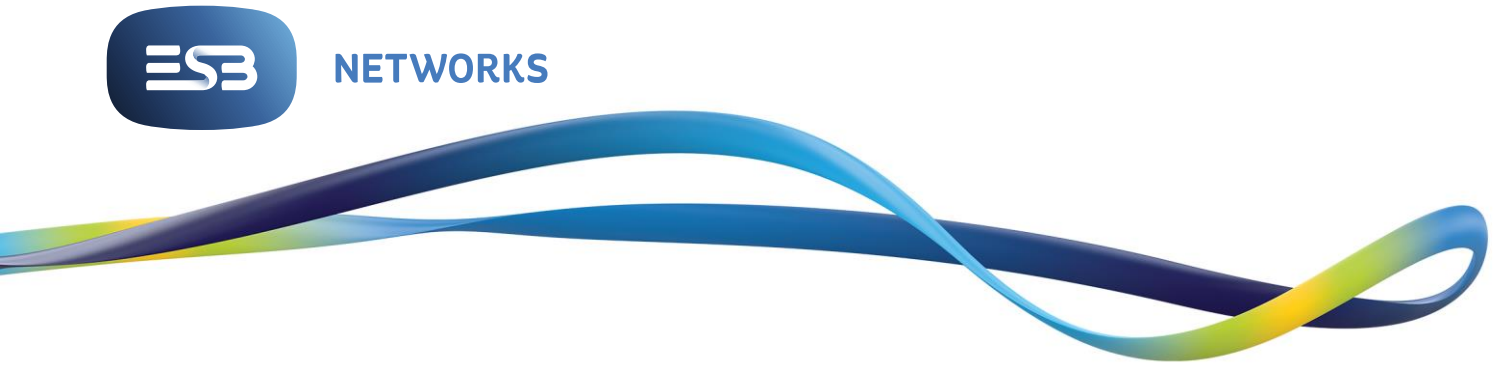

PROXIMITY REQUIREMENTS FOR RENEWABLE ENERGY COMMUNITIES

ESB Networks Response to CRU Consultation on Proximity Requirements for Renewable Energy Communities (CRU2023101)

Date: 13th October 2023

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1. Introduction

ESB Networks welcomes the opportunity to respond to the Commission for Regulation of Utilities' (CRU) consultation paper on 'Proximity Requirements for Renewable Energy Communities.' Policy for Renewable Energy Communities (RECs) and its subsequent development will be key in helping Ireland reach its renewable energy targets. As such, ESB Networks – primarily through its National Networks and Local Connections (NN,LC) Programme - is continuously engaging with energy communities and developing initiatives to support them. For instance, in June 2023, NN,LC published a Community Toolkit to support customers and communities proactively managing their own energy use.[1]

1.1 Role of ESB Networks

As Distribution System Operator (DSO), Distribution Asset Owner (DAO) and Transmission Asset Owner (TAO), ESB Networks works to meet the needs of all Irish electricity customers, providing universal access to the electricity system, and delivering and managing the performance of a system of almost 157,000 km of overhead networks; 26,000 km of underground cables; 800 high voltage substations; significant amounts of connected generation, including ~5.4 GW of renewable generation connected to the Distribution and Transmission systems; 2.5 million demand customers; and now several thousand "active customers" – including but not limited to domestic premises with microgeneration (a rapidly increasing number), demand side management, houses with battery storage, etc.

ESB Networks is committed to enabling Ireland's renewable energy and decarbonisation targets. In this role, ESB Networks is working to actively support all Irish homes, communities and businesses in their choices and activities at this time of fundamental change in the energy sector. This includes facilitating energy communities and active consumers to participate in the energy market, who will be a critical part of the future energy system. We are doing this by developing systems, products, and platforms to enable this, while maintaining the security and quality of supply that our customers and system need.

1.2 ESB Networks' Assumptions on RECs and Future Developments

Given the definition of RECs in both the EU Renewables Directive as well as the Statutory Instrument 76/2022, ESB Networks foresees RECs engaging in activities such as production, consumption, and storage of energy, energy sale within or outside the community (through renewables PPAs, electricity suppliers, peer-to-peer trading), collective self-consumption or other forms of energy sharing, supply of energy to the community members, and participation in all suitable markets - this could include balancing, congestion management and wholesale. ESB Networks assumes that, if RECs would like to maximise their flexibility potential and reduce losses in the local network, they will decide to locate generation and demand sources close to each other.

ESB Networks would welcome the opportunity to engage with CRU on any gaps there may be in our assumptions and to determine any potential impact on the electricity network.

In line with the assumed activities and as part of the National Network, Local Connections programme's Flexibility Multi-Year Plan for the period 2024-2028, which has been submitted to CRU, ESB Networks has committed to the creation of routes to market for energy communities. We consider that energy

[1] ESB Networks – National Network, Local Connections Programme

communities could help drive greater awareness and adoption of flexibility across Ireland. ESB Networks will implement tools (e.g., Community Toolkit delivered in collaboration with customers and communities[2]) to assist customers to participate in flexibility markets.

ESB Networks has commenced the development of a blueprint that accounts for the breadth of the power system, retail market, flexibility market, smart metering, behind the meter infrastructure and consumer/behavioural developments needed over the coming decade, in an efficient and integrated/strategic manner that supports progress but emphasises the role of discovery and adaptation over the course of its delivery. It is anticipated that in early 2024 greater insight can be shared as part of a process of industry involvement in the blueprint. It will therefore be important that ESB Networks continues to work closely with CRU and industry with regard to the development of any wider regulatory framework for energy communities.

[2] ESB Networks – National Network, Local Connections Programme

2. ESB Networks Response to Consultation Questions

2.1 Question 1: Do you agree with the CRU's proposed approach to setting the proximity requirements for RECs? If not, please explain your reasons

ESB Networks understands that CRU's proposal on proximity requirements concerns the REC governance only. ESB Networks agrees that this is an appropriate approach to make REC membership more accessible and inclusive.

Referring to our assumptions stated in Section 1.2, from a flexibility provision perspective, it is worth noting that the REC members may decide to maximise their flexibility benefits by having generation placed in proximity to the electricity demand. Acknowledging that this consideration may be out of the consultation scope, ESB Networks will discuss this point in more detail in future engagements with the CRU and relevant stakeholders.

2.2 Question 2: Are there any other approaches to setting the proximity requirements of a REC that you think would better meet the objectives of the Renewables Directive?

ESB Networks believes that CRU's proposal meets the governance requirements of the Renewables Directive.

We acknowledge that there are additional elements to the Renewables Directive regarding REC's activities, such as energy sharing, that will be addressed in the future by CRU. ESB Networks is happy to engage with CRU and relevant stakeholders to further develop the framework for Energy Communities.

3. Conclusion

ESB Networks welcomes the opportunity to comment on this consultation on 'Proximity Requirements for Renewable Energy Communities' and believes that Renewable Energy Communities will be key in helping Ireland reach its renewable energy targets.

ESB Networks remains available to discuss any aspect of this consultation response and look forward to engaging with the CRU, and other industry stakeholders as this area progresses.