Submission to the Joint Committee on Climate, Environment and Energy in response to the Pre-Legislative Scrutiny process of the Private Wires Bill 2025 (Amendments to Electricity Regulation Act 1999) on behalf of Friends of the Earth Ireland

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Introduction

Friends of the Earth Ireland is a community at the heart of the growing movement for a just world with zero pollution. We campaign and build movement power to bring about the system change that is needed for a just world where people and nature thrive. We promote education and action for environmental sustainability and justice and focus on Ireland's response to the big environmental challenges of our time, including the climate emergency and the achievement of the Sustainable Development Goals. We support people and groups working autonomously to connect their local work to the bigger national and international picture. We have particular experience in participatory education, campaign strategy, shaping public debate and driving policy change.

We are campaigning for a limit to the expansion of data centres in Ireland and we are grateful for the opportunity to make a submission to the Committee on the Private Wires Bill 2025 (Amendments to Electricity Regulation Act 1999), as we believe in its current form that this bill will have significant implications for the expansion of the industry resulting in wider climate, societal and environmental impacts, specifically with regard to the following points which we outline in further detail throughout this submission:

1. Risks to climate obligations and decarbonisation policy (p. 1)
2. Risks to energy affordability (p. 5)
3. Risks to areas of high electricity constraint and hoarding of grid capacity (p.6)
4. Water stress and environmental impact (p.6)
5. Risks to worker safety (p.7)

We call on the Committee to recommend substantive changes to the General Scheme of the Bill in light of these points. We list several recommendations at the end of this document on page 7.

We are happy to also present our recommendations to the committee in person in response to these concerns, as outlined at the end of this submission.

Factual and supporting information

1. **<u>Risks with current policy in relation to climate obligations and decarbonisation</u>**

a) Carbon budgets, compliance with climate objectives and fossil fuel lock-in

- Additional data centre demand, even where matched with renewables, inevitably results in increased gas reliance, through onsite generators and through increased running of gas-fired power plants. The current Private Wires policy lacks substantive detail regarding how climate obligations will be safeguarded, and does not contain analysis of the implications of this proposed legislation on carbon budgets and national and EU climate obligations including the Energy Efficiency Directive. We believe the current proposal contains a substantial risk that private wires may further incentivise fossil fuel development and fossil gas buildout.

- According to the recent ruling of the Supreme Court, public bodies are obliged to perform their functions in a manner consistent with national climate objectives under Section 15 of the Climate Act . This duty means the public bodies must ensure that decisions on private wire permissions are not merely "informed by" but are actively aligned with carbon budgets and climate plans, making policies that ignore these targets legally untenable.

- The current heads of bill states that a private wires connection may be granted by the CRU if it satisfies the below conditions:
  “The Commission will not grant a licence or permission unless an application sufficiently demonstrates that:
  a. That the private wire will promote the use of renewable, sustainable or alternative forms of energy taking into consideration project-level security of supply concerns.
  b. That the private wire will not interfere with the operation of the national grid and national security of supply.
  c. That a private wire will not interfere with any planned expansion or reinforcement of the national grid.”

- It is unclear which “alternative forms of energy” will be acceptable, and how climate legislation will be safeguarded and upheld in order to avoid unintended consequences arising from this legislation, including incentivising fossil fuel build out and driving up pollution.

- The current wording does not rule out a large energy user seeking to build a private wire between themselves and fossil fuel infrastructure. We have seen examples of fossil fuel developers such as Lumcloon Energy and Shannon LNG seeking to build data centres near to proposed or existing gas plants, as in Rochfortbridge (Lumcloon) and North Kerry (Shannon LNG/ New Fortress Energy).

- Recently proposed on-site gas generation by data centre developers indicates the scale and quantity of emissions that could be plausible under this scenario. In Kildare, Herbata Ltd are currently planning to build a data centre that would use 240MW of continuous capacity, producing over 1.6 million tonnes of CO2 every year. This represents over 40% of the sectoral emissions ceiling for the electricity sector (20 Mt CO2eq) in the second carbon budget period (2026–2030). In areas like South Dublin County Council, data centres account for over 30% of emissions. The effect of this fossil gas build out on air pollution, environmental health and water quality is not addressed or sufficiently mitigated against in the current proposed legislation.

- Global Energy Monitor has already documented multiple cases of data centre developers in Ireland building captive on-site gas plants in order to meet their rising energy demand and provide flexibility in response to constraints on the electricity grid.

- It is likely that biomethane may be considered as a mitigation measure by any customers seeking to build out gas networks. However we believe mitigation measures such as biomethane need to be safeguarded for decarbonising existing fossil gas heavy sectors.

b) Delay in achieving decarbonisation objectives and diverting resources away from other sectors.

- We believe that there is a real risk in the current Private Wires policy that it further incentivises data centre growth and undermines decarbonisation objectives by allowing data centres to build private networks between their facilities and renewable electricity generation, thereby diverting resources away from decarbonisation of other industries, sectors and existing users.

    - The private wires policy statement states that it “allows for the construction and operation of Private Wires in four specific scenarios where it is clear that allowing private investment in an electricity line is the most efficient approach to a new connection and is in the public interest.” (p.7) Private Wires is simultaneously listed as a core policy as part of the Government’s new Large Energy User Action Plan which is intended to “[E]nable Ireland to attract the next generation of investment in energy intensive sectors, such as life sciences, semiconductors, Artificial Intelligence (AI) and data centres.”

- Therefore there is a risk in the current proposal that without a moratorium or energy cap on the energy demand of new data centres, and if data centres are allowed to avail of Private Wires connections, renewable energy sources will be diverted to serve the expansion of one industry, at odds with the public interest.

- Renewables development is needed to decarbonise existing industry and meet legally binding climate targets, which require cumulative reductions in emissions. As research has shown, load growth from new large energy users, specifically data centres, has rapidly exceeded renewables growth, with all the new wind energy coming stream between 2017 and 2023 being outpaced by electricity demand from new data centres.

- Data centres already use more electricity than all homes in the country (p.35). Globally this has become unprecedented, with Professor Paul Deane showing that per capita, data centres use more electricity in Ireland than anywhere else in the world. As mentioned above, one new hyperscale data centre such as the Herbata development in Naas would use more energy than thousands of homes, tripling the current electricity demand for the whole county of Kildare.

- The current trend indicates that without intervention, demand from new data centres will increase. The scale of this increase is significant. In their Large Energy User connection policy decision paper, the Commission for Regulation of Utilities has suggested there will be "5.8GW additional demand capacity required for the data centre sector in Ireland in the medium term." (p.5), nearly doubling the entire demand of the island. In 2025, the same decision paper shows that the median demand of data centres and new tech load growth exceeded the demand of any other sector (p.35)

- As previously stated, there is therefore an urgent need to ensure planned and existing renewables serve the decarbonisation of existing demand. However without very strict criteria on additionality, limits on new capacity, and priorisation criteria to ensure that electrification of residential heating and transport are protected, there is a risk that allowing large energy users such as data centres avail of Private Wires will divert renewables in order to be deployed to supply new data centre loads. This, in turn reduces the likelihood of Ireland meeting emission targets and with consequential risk of significant EU fines estimated as high as €26bn.

c) Competition between public interest and industry for renewables build out

- We believe that allowing this rapidly scaling industry to build a private network between themselves and new renewables generation, risks a corporate capture of new renewables for one industry alone, at the expense of the wider public. We believe it may

have unintended consequences in terms of driving up the cost of renewables, as Professor Hannah Daly has noted, "By encouraging large corporate buyers with deep pockets to secure renewables through private contracts, the policy risks undermining the competitiveness of public renewable auctions, potentially pushing up costs for everyone else."

- The SEAI has also noted that the current trend of growth in data centre energy demand " will strain progress to RES-E targets and steepen electricity costs, particularly when paired with delays to crucial grid infrastructure projects." (p. 25, National Energy Projections Report)

- The Economic Assessment of Green Energy Park Concepts commissioned by the Department as part of their Large Energy Users Action Plan also notes that labour constraints are a risk in the further development of the sector. In light of the constraints on labour and access to renewables, we believe Private Wires legislation should seek to rule out speculative data centre connections.

2. Risks to energy affordability

- Under current proposals any user taking all of their electrical capacity from a Private Wire will not be required to pay network charges to the System Operator despite relying on the public grid for back-up. As noted in the Private Wires Policy Statement "Allowing private wires creates risks that the System Operators will not be able to recover their costs and that other customers may find themselves providing an effective cross subsidy to the private wire operator." (p.10)

- Customers connected to the public network also pay VAT on their electricity supply. It will be essential to ensure that customers that make use of Private Wires and who also require a connection to be maintained with the public network pay their fair share of all the fixed cost required to support the public network, the overall security and integrity of the electricity system in Ireland and as appropriate VAT on their electricity supply.

- Again, the current policy and legislation does not address how public customers will be safeguarded from cross-subsidising the private wire operator. It does not address the risk that large energy users will be relying on the public grid for back up but are not expected to pay their fair share towards its upkeep and development.

3. **<u>Risks to areas of high electricity constraint and hoarding of grid capacity</u>**

- Private Wires has been raised by politicians as a solution to constraints on the grid. However the current policy indicates the risk of a very different scenario where the public grid would still see capacity taken up by customers availing of Private Wires:

> "If an electricity customer using a Private Wire chooses to keep their Grid connection, the charges they will pay to the System Operators will be reduced by the reduction in the amount of electricity that flows through the connection. However, the System Operators will be required to ensure that the connection can, at any time, provide the full Maximum Import Capacity of electricity flow to the customer, and will not see their costs reduce. ***This means that there will be reduced network costs for the private wire operator which will be recovered from other customers and moreover, the reserved network capacity cannot be allocated to future customers meaning that extra network reinforcement will be required to meet that demand, increasing cost for network customers"*** (p.10,11 - Private Wires Policy Statement, DECC)

- We believe that this amounts to large energy users being able to hoard capacity on the grid while not necessarily using it. We believe this is at odds with the public interest, and risks worsening the social inequality which results from the current strain on the grid and the lack of prioritisation.

- We have major concerns that data centre connections may undermine necessary connection of new housing developments, which would run directly counter to Government policy on housing. As has been well-documented, lack of prioritisation and allowing the rapid expansion of the data centre industry has resulted in some substations on the public grid in Dublin having their entire capacity mopped up by data centres, undermining other sectors, particularly housing. The CRU has noted that 50% of electricity produced in Dublin and Meath already goes to data centres. Senior officials in the Department of Climate, Energy and Environment have also flagged concern regarding the lack of priorisation for grid connections between the tech industry and housing.

4. **Water stress and environmental impact**

- Any policy which may result in the buildout of large energy users such as data centres should take into account the significant volume of water required by this industry. Just one hyperscale data centre in Ireland can require 18,000 litres of water a day (p.62 of Herbata Architectural Statement). Recently the UN Special Rapporteur on the human right to safe drinking water and sanitation recommended that states should "promote a

moratorium on the development of data centres and provide clear information on their water and energy consumption and the risks that they pose to climate change, the sustainability of aquatic ecosystems, the human rights of impoverished populations and the survival of vulnerable productive sectors." (p.18 of UN report)

5. **Safety concerns for workers**

- We note concerns raised by ICTU's energy committee that worker safety must be central to any Private Wires policy, particularly regarding the inspection of cables and ability to isolate supply for maintenance and works. We support the recommendations of ICTU that any necessary safety standards be in place before Private Wires legislation be advanced.

Recommendations

- For these reasons we believe that progressing with Private Wires legislation in its current form would be contrary to climate law and the public interest, and would risk deepening inequality by increasing costs for all energy consumers .

- Data centres should be excluded from any proposed private wires policy on the basis of their rapid and uncapped demand growth.

- Fossil fuel generation should be ruled out of any private wires policy and a more robust analysis of the impact of Private Wires legislation on carbon budgets and climate commitments is carried out. Climate obligations must be the central to any Private Wires policy in order to safeguard environmental and human health, and ensure resources are not diverted away from a fair energy transition..

- In order to safeguard public investment in the grid, and to prevent hoarding of capacity, a framework for prioritisation of grid connections based on social criteria should be developed, in order to ensure that the public grid is able to accommodate the growth of vital sectors including housing targets and decarbonisation of existing users. This would ensure that connections are not simply granted on a first-come, first-serve basis.

- Further to this, we recommend that the Climate Committee consider the promotion of a moratorium on new data centre development, on the basis that the current scale of the industry is undermining legally binding climate targets and derailing decarbonisation efforts.