

The ENGINE Model: Determining optimal development of the Irish electricity sector under different policy scenarios



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AUTHOR Desta Fitiwi Desta.Fitiwi@esri.ie





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# **Presentation Outline**

- Introduction
- The ENGINE Model
- Application Examples
  - Insights from Irish Case Study
- Summary



#### Introduction (1/2)

- EU-wide ambitious targets for emission reduction
  - 80% below the 1990 level [EC 2017, 2050 Low-carbon Economy]
  - All energy sectors are expected to contribute to this goal.
- In particular, a massive electrification of heating and transport sectors is anticipated in the coming years.
  - And, the energy has to be sourced from renewables and renewables only
- Increased renewable generation and electrification of energy sectors (other than electricity) is posing new challenges for power system planners.
  - Variability and uncertainty
- The location, as well as the level and operation, of each generation resource is increasingly important.
  - Implications on costs, emissions, grid reinforcements and technical issues
- Many commercial and public models exist:
  - Integrated energy system models such as TIMES, PRIMES, MESSAGE, POLES, OSeMOSYS, MARKAL, REDS, NEMS, ....., BACKBONE
  - Energy models such as PLEXOS, BALMOREL, METIS, NePlan, LEAP, ...
  - **Power system models** such as FAST, WILMAR, Promod, ....., **ENGINE**



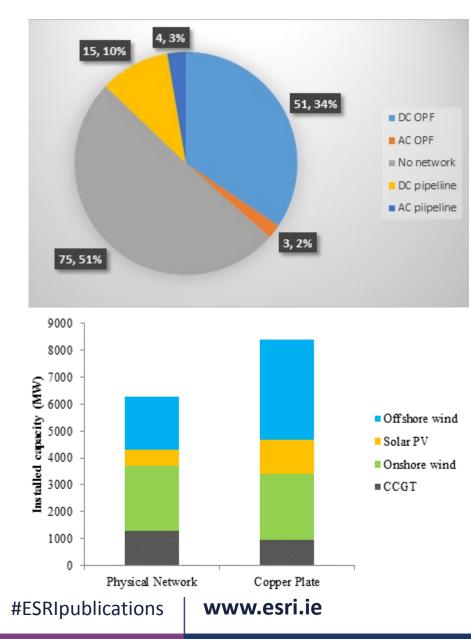
## Introduction (2/2)

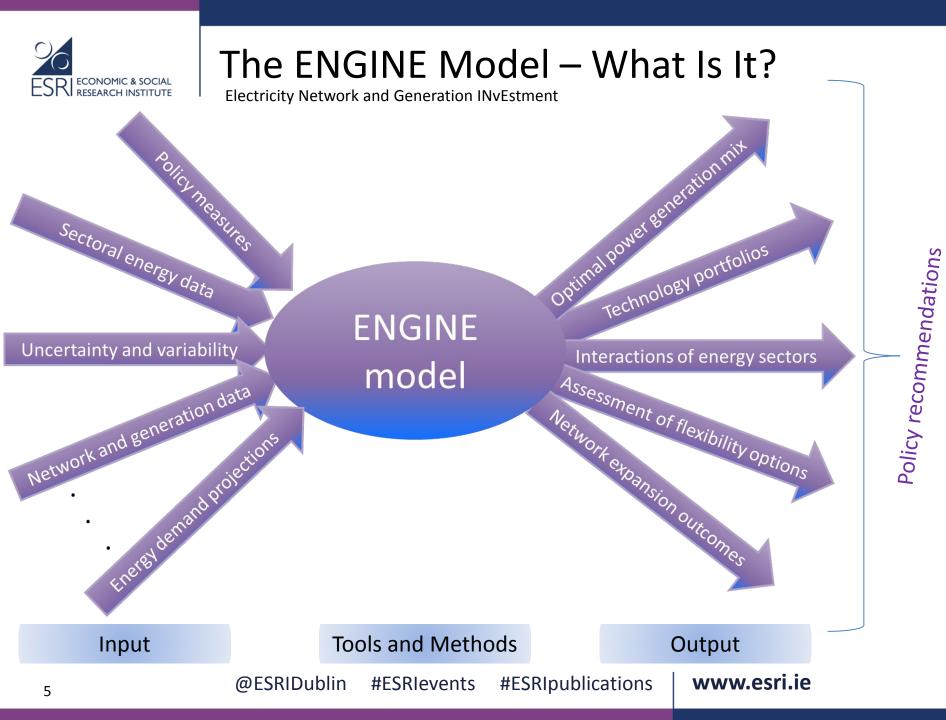
- Also, several models in the extant literature
- However, most fail to account for spatial aspects and electricity network effects.
- Hence, solutions obtained without considering these effects may prove infeasible or suboptimal.
- This is especially important in insular and weakly interconnected systems.
- E.g. for the Irish case, a Copper Plate assumption may lead to a totally different expansion solution that is 26% less expensive as compared to the model that uses a "Physical Network".

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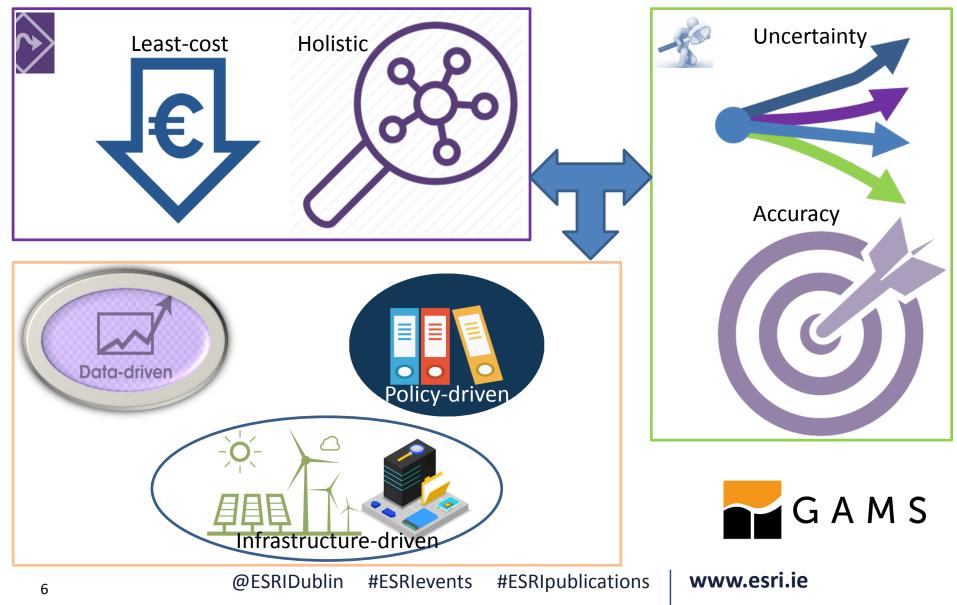
• The ENGINE model has evolved because of all these issues.







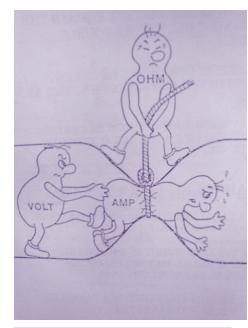
# The ENGINE Model – Key Features (1/3)

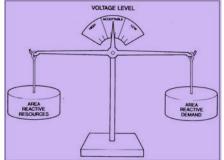




# The ENGINE Model – Key Features (2/3)

- Reasonably accurate representation of the physical characteristics of power systems via
  - Linearized AC optimal power flow based network model
  - Considers both active and reactive power flows in a linear manner.
  - Captures natural voltage magnitude deviations from nominal values across electric transmission systems.
- Generally, the model closely resembles the AC optimal power flow one, which governs flows in power systems.







# The ENGINE Model – Key Features (1/3)

- Objective function
  - Minimize TC = Investment Cost + O&M Cost + Unserved Power Cost + Emission Cost
- Constraints:
  - Active and reactive power load balances at each transmission node (Kirchhoff's current law)
  - Flow limits
  - Constraints related to network losses
  - Active and reactive power flows (Kirchhoff's voltage law)
  - Power production limits
  - Logical and budget constraints
  - Reactive power source limits
  - Renewable portfolio standard (RPS) limit
  - Spatial renewable allocation constraints
  - System non-synchronous penetration (SNSP) limit

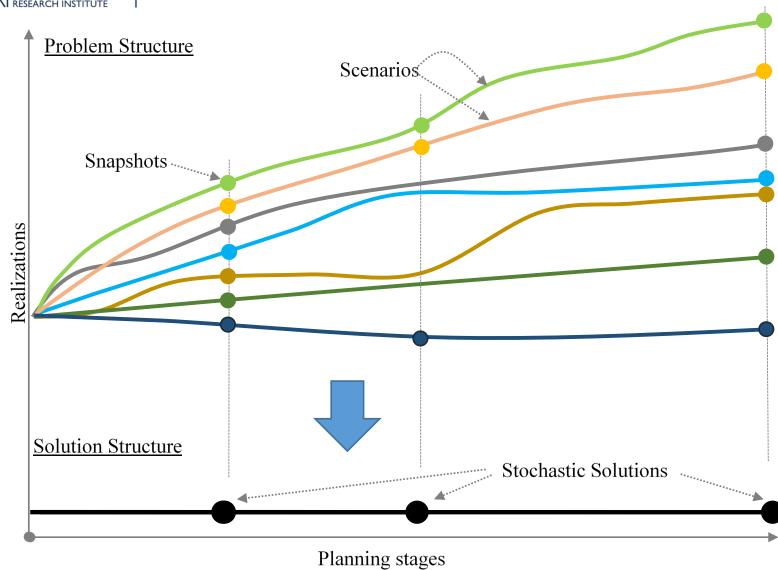




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# **Problem and Solution Structures**



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More Solution Structures

- Rolling horizon with overlaps
  - To avoid end-of-horizon effects



• Robust plus "What-if" Solutions



Backward or forward propagation approach





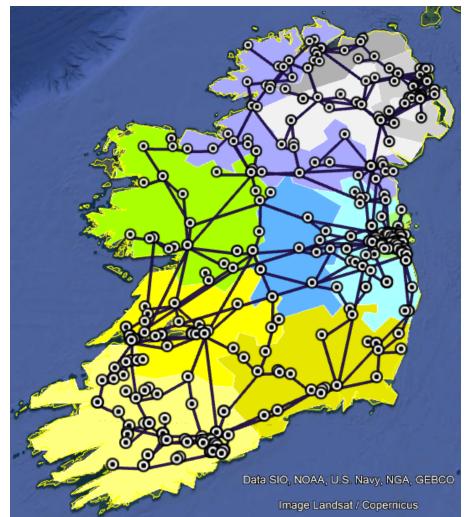
# Model Application Examples

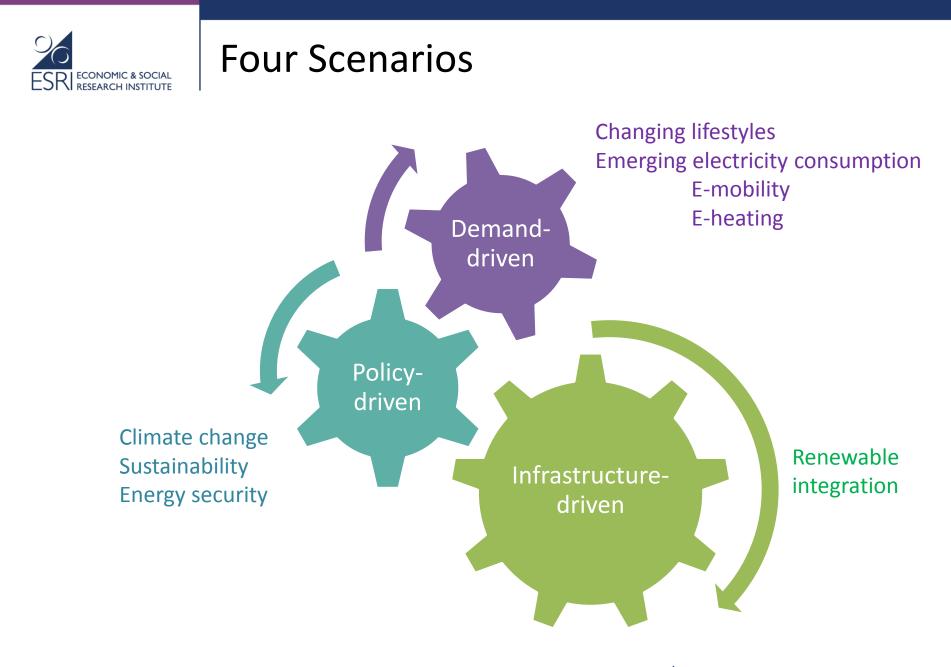
### **Irish Case Studies**



# About the Irish System

- Irish system data
  - Main source is EirGrid
- Represents the network aggregated at 110 kV or higher voltage level
  - plus generator nodes and
  - NI's transmission network.
- Overall the base case system has
  - 676 nodes
  - 900 lines and transformers
  - 174 generators
  - 292 MW pumped hydro
  - 10 MW battery storage







# Further Considerations

• Regional weights for onshore wind allocation

NUTS3 region	IE022	IE012	IE013	IE023	IE024	IE025	IE011
ξ <sub>reg</sub>	1.00	2.06	2.70	1.79	1.61	1.55	2.07

- Generation technologies
  - CCGT with and without CCS, Coal with and without CCS
  - Biomass, Solar PV, Wind onshore, Wind offshore

•	Storage						eductic ulative	
	Battery and Pump	ed hydr	0	Technology Wind onshore	Capex (M€/MW) 1.4	2020 0.05	2025 0.1	2030 0.2
	Emission price (Euros/tons c	of CO <sub>2</sub> )		Wind offshore	3.65	0.05	0.1	0.2
	Year	Price		PV Biomass	1.5 2.25	0.05	0.1 0.05	0.2 0.1
	2018	17		Coal	0.8	0.02	0.03	0.1
	2020	20		Coal with CCS	2.4	0.05	0.08	
	2025	25		CCGT	1.1	0.05	0.08	0.1
	2030	30		CCGT with CCS	4.4	0.05	0.08	0.1
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# Decommissioning

and

#### North-south Interconnector

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# **Considered Cases**

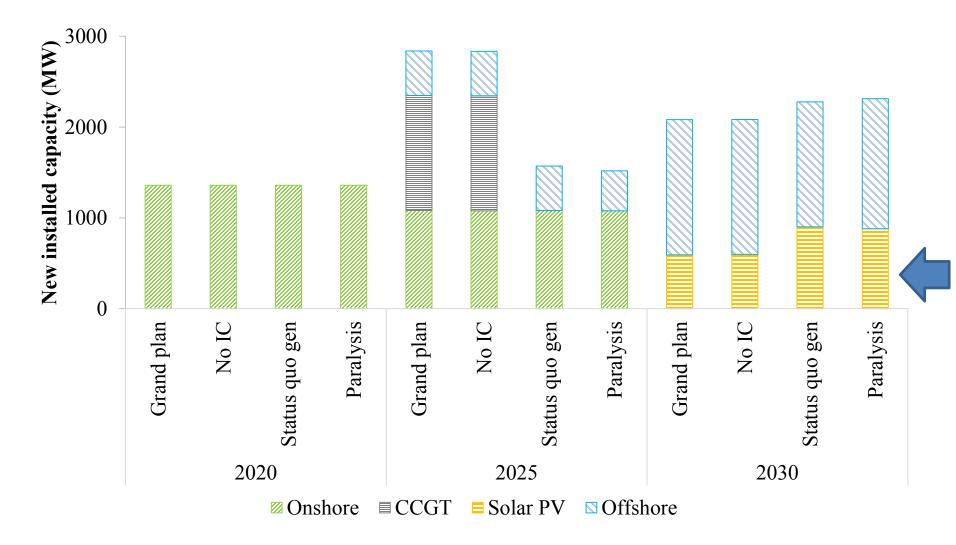
Casas	Variations					
Cases	Decommissioning	Interconnector				
Grand plan	Yes	Yes				
No IC	Yes	No				
Status quo gen	No	Yes				
Paralysis	No	No				

- 50% RES-E target by 2030
- SNSP level set to 75%
- No storage and HVDC interconnections

Desta Z. Fitiwi, Muireann Lynch and Valentin Bertsch, "Optimal development of electricity generation mix considering fossil fuel phaseout and strategic multi-area interconnection", ESRI Working Paper No. 616, Feb. 2019 (published).

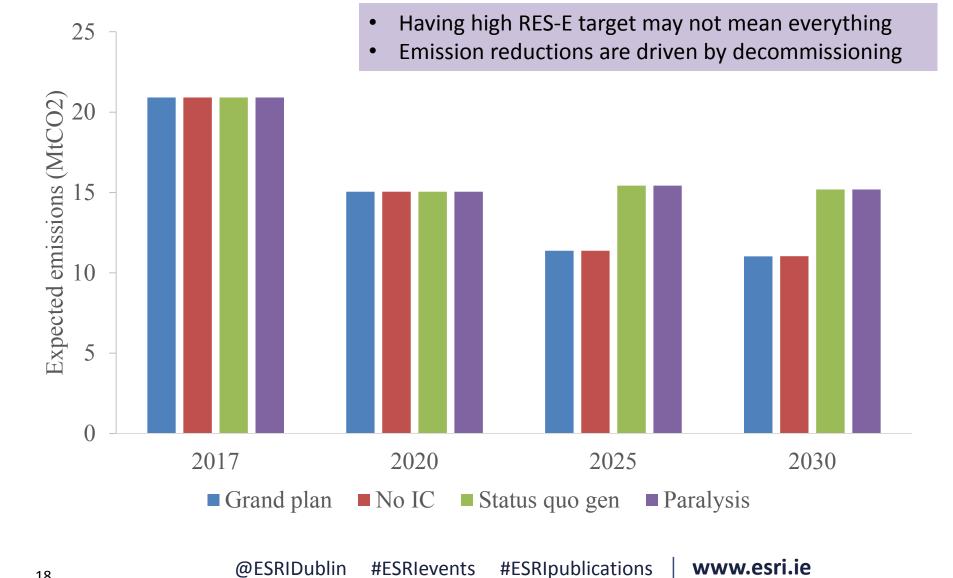


## **Generation Expansion Results**



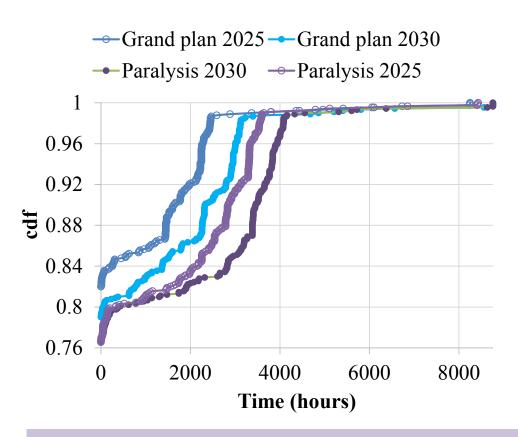


# Impact on Emissions

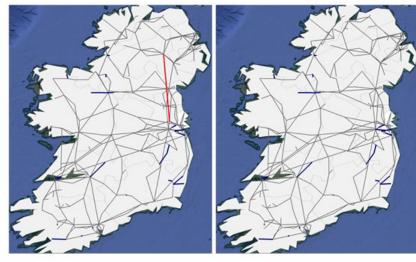




## Grid Expansion Needs (1/2)

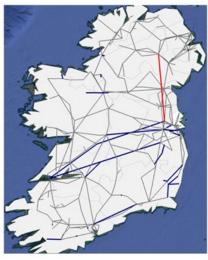


The *Paralysis* scenario leads to more congestion and hence more grid investment needs



(a) Grand plan

(b) No IC





(c) Status quo gen

(d) Paralysis



# Grid Expansion Needs (2/2)

#### Comparison of congestion across the cases

Cases	Grand plan	No IC	Status quo gen	Paralysis
Number of components				
congested	142	154	151	176
Total congested length (km)	3.509	3,659	4,020	4,435
Congested length-year				
(km*hour/year)	9,943	10,354	13,920	15,409

*Paralysis* scenario leads to the most grid reinforcement needs

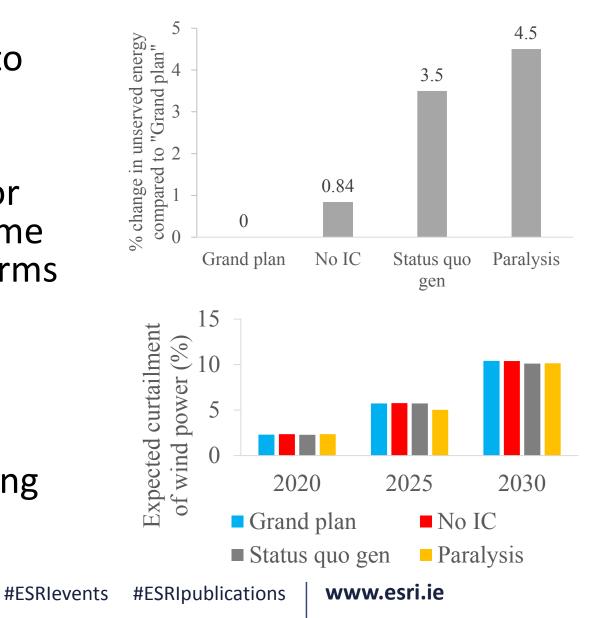
• 35% more congested length compared to that of the *Grand plan* scenario



# Reliability and RES Curtailment

- "Paralysis" leads to the highest EENS.
- N-S interconnector seems to have some contribution in terms of reliability.
- But, no visible differences in RES curtailments among the cases

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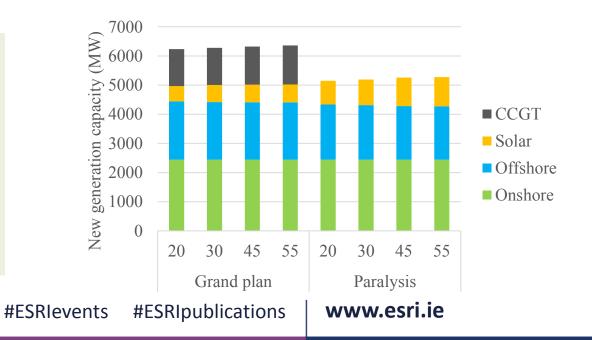


# Effect of Changes in Carbon Price

		Grand	plan		Paralysis			
Carbon price (€/tCO <sub>2</sub> )	20	30	45	55	20	30	45	55
Change in system cost (%)	0.0	+2.6	+6.3	+8.5	0.0	+3.5	+8.3	+11.3
Change in expected wind								
energy curtailment (%)	0.0	-0.6	-0.7	-1.1	0.0	-0.6	-1.4	-2.0
Changes in expected								
emissions (%)	0.0	-0.1	-0.1	-0.2	0.0	-0.25	-0.30	-0.32

- Increased carbon price has little effect in reducing emissions
- High RES-E target may render carbon price signal ineffective
- Costs increase substantially with carbon price

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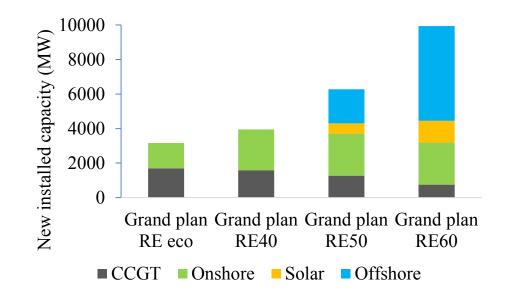




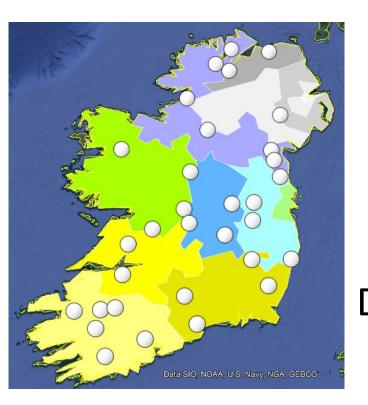
# Effect of Changes in RES-E Target

	Grand plan RE	Grand plan	Grand plan	Grand plan
	есо	<b>RE40</b>	RE50	RE60
RES-E target	35	40	50	60
Change in system cost (%)	0	+1	+11	+25
Change in expected RES energy				
curtailment (%)	0	-71	+55	+81
Changes in expected emissions (%)	0	-4	-16	-30

- Exponential increase in generation capacity needs with increased RES-E target
- So is curtailed RES energy
- This may be due to the lack of energy storage media.

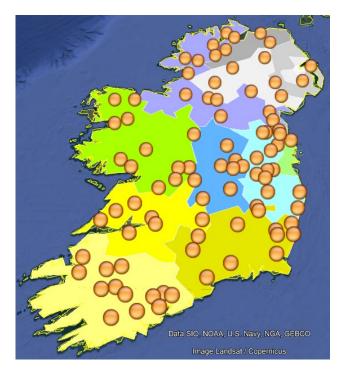






Centralized

vs Decentralized



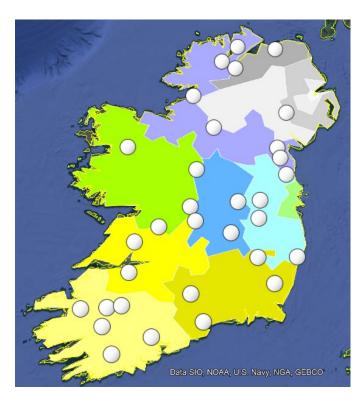
#### **RES Development**

Desta Z. Fitiwi, Muireann Lynch and Valentin Bertsch, "Optimal development of electricity generation mix under centralised and decentralized RES development portfolios: Insights from Irish case study", ESRI Working Paper No. XXX, XXX. 2019 (forthcoming)



# Centralized vs Decentralized (1/4)

- Centralized RES development portfolio
  - Large-scale wind and solar PV investments determined by a high level central planner.
  - A few connection nodes
  - Selected based on electrical connectivity and proximity to resources
  - Storage system mainly composed of large-scale pumped hydro and battery
- Up to 55% RES-E integration target by 2030.
- System Non-Synchronous Penetration (SNSP) is set to 75%.

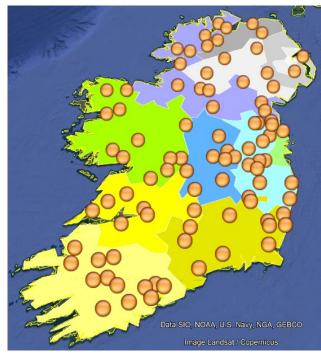


PHEP Locations COOMATAGGART TRALEE CASTLEBAR BALLYBEG OLDSTREET (360 MW) www.esri.ie



# Centralized vs Decentralized (2/4)

- Decentralized RES development portfolio
  - Solar PV and onshore wind installations are mainly community-driven.
    - ✓ High-level incentives for self-sufficiency
    - Which means more embedded generations
  - Only solar PV can be installed in populated areas
  - Storage mainly composed of distributed battery energy storage systems
    - No investment in 2020, moderate by 2025 and high in 2030
- Up to 55% RES-E integration target by 2030.
- System Non-Synchronous Penetration (SNSP) is set to 75%.



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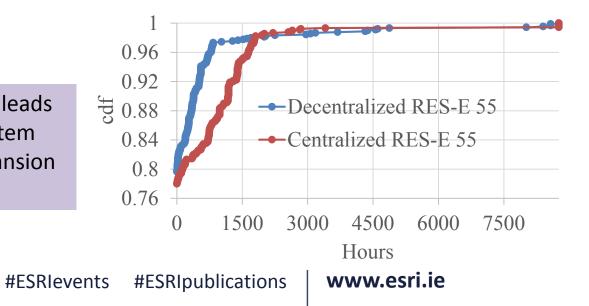


# Centralized vs Decentralized (3/4)

		Centralized	Decentralized	% Change
2020	Onshore wind	1464	1450	-1
	New CCGT	1108	1046	-6
2025	Onshore wind	2160	2180	+1
	BESS	39	168	+77
	Onshore wind	1518	115	-1225
2030	Solar PV	160	349	+54
2050	BESS	С	171	+100
	PHEP	737	1239	+41
	Aggregate (MW)	6827	6717	-1
	Cumulative cost (M€)	4447	4334	-3

- Centralized RES development leads to more congestion in the system
  - Implications on grid expansion needs

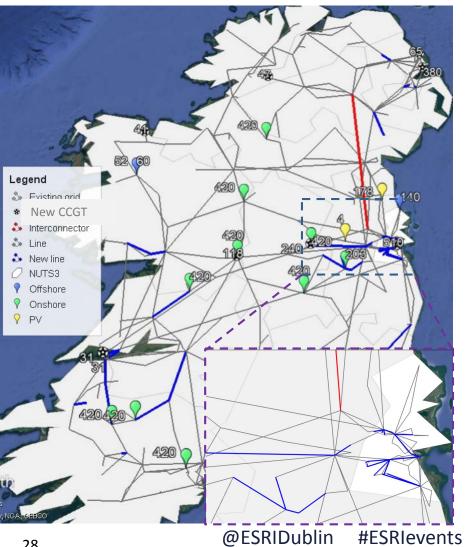
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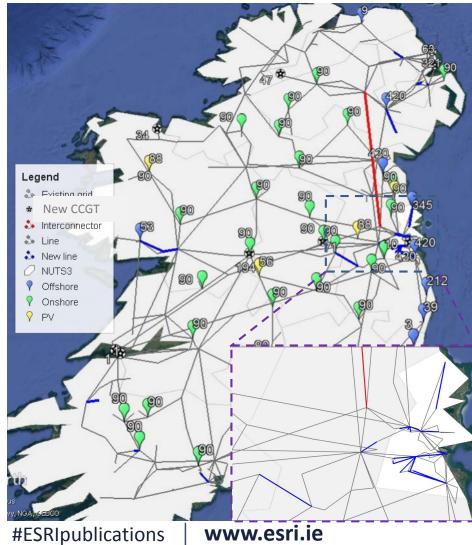


## Centralized vs Decentralized (4/4)

#### Centralized



Decentralized

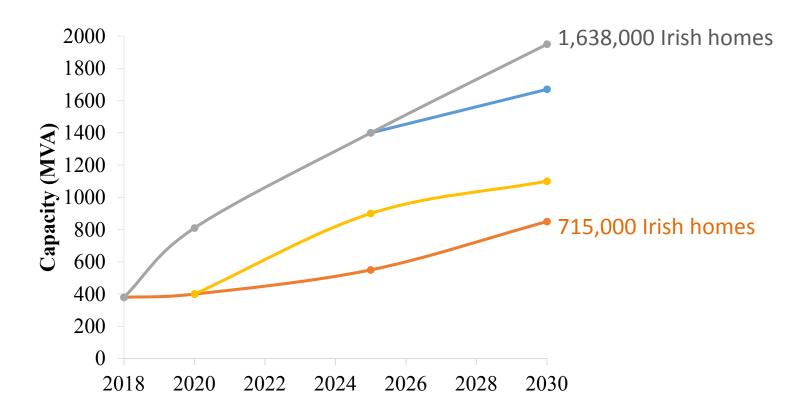




#### **Growing Datacentres**

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# Anticipated Datacentre Growth in IE



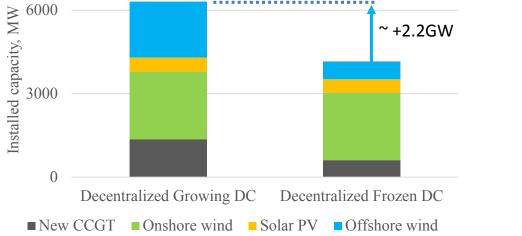
For comparison, Ireland's housing stock in 2016 had 2,003,645 houses and apartments (CSO, 2017)



## Possible System-wide Effects

		Datac	Datacentre frozen at 2020 level					Growin	g datao	centre	
		y2020	y2025	y2030	Cumulative		y2020	y2025	y2030	Cumulative	% Increase
	CCGT	0	686	0	686		0	1046	0	1046	+34
Generation expansion	Onshore wind	1450	1438	757	3644		1450	2180	115	3744	+3
(MW)	Solar PV	0	0	0	0		0	0	349	349	+100
. ,	Offshore wind	0	0	0	0		0	0	0	0	-
Storage (MW)	BESS	0	181	0	181		0	168	171	339	+47
	РНЕР	0	0	738	738		0	0	1239	1239	+40
9	Self-sufficiency (%)	10	19	23	51		10	21	22	53	+2
	NPV cost (M€)	1884	1293	822	3999		1884	1433	1017	4334	+8
Expected e	emissions (MtCO2)	18	12	11	41		18	12	13	44	+7
Expected R	ES curtailment (%)	2	6	7	15		2	7	3	12	-22

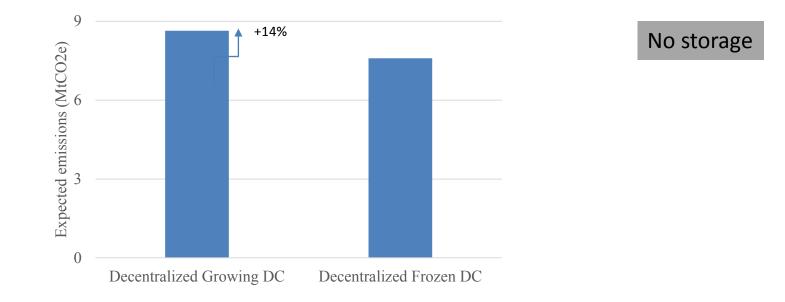
# $\underbrace{\text{Excention a social}}_{\mathbb{R}^{600}}$



- As much as 50% increase in new generation expansion needs.
- System-wide costs may increase by 29%.



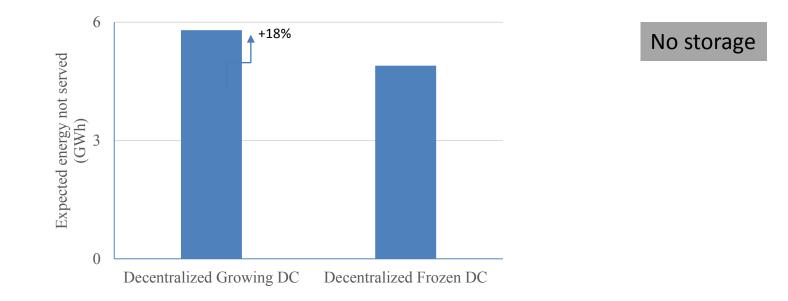
# Impact on Expected Emissions



- On average, emissions in the power sector across the island may increase by more than 14%.
- A hurdle to meeting Ireland's stringent emission reduction targets.



# Impact on Expected Energy Not Served



- Involuntary load shedding in the entire island may increase by more than 18%.
- A big concern for ordinary consumers.
- And, system operators may also feel the pressure.



# Impact on Network Expansion Needs

No storage

RES Development	Growing d	atacentres	Datacentre capacity frozen at 2018 level		
Portfolios		Decentralized		Decentralized	
Lines		23		19	
Transformers		6		4	
Length (km)		200		145	
			2	8%	

• N.B. Expansion needs assessments are plain, and do not account for N-1 security criteria.



Centralized

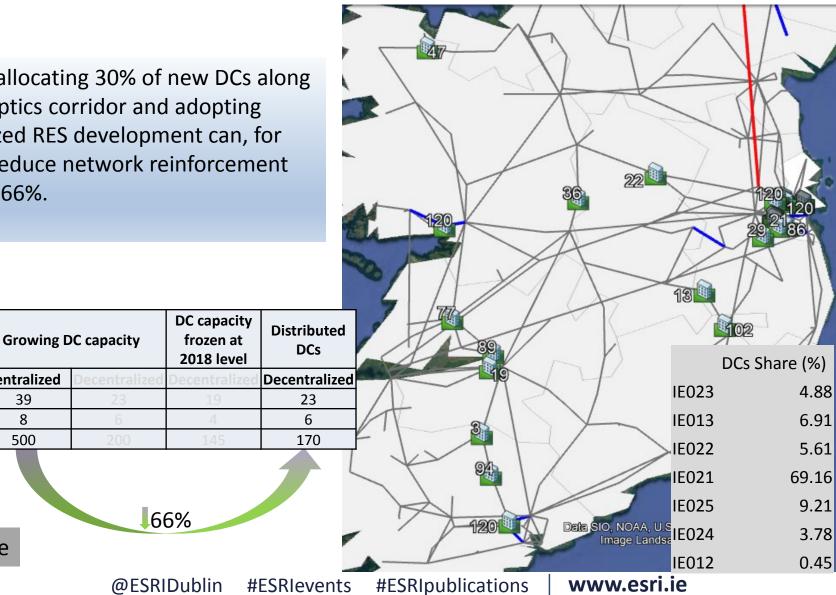
39

8

500

#### Alleviating the Impacts

Optimally allocating 30% of new DCs along the fibre optics corridor and adopting decentralized RES development can, for example, reduce network reinforcement needs by  $\sim$ 66%.



Case

Transformers

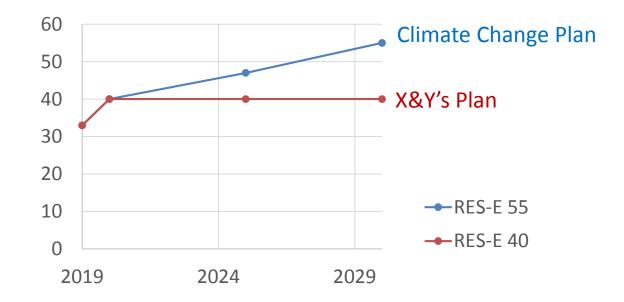
Length (km)

Lines

No storage



#### Difference between 55 and 40?



# Group calls for 70% target for renewable electricity by 2030

A report from energy and utilities analysts Baringa says target is technically possible and would be cost neutral to the consumer



#### RES-E 40 to RES-E 55

						1					%
		y2020	y2025	y2030	Cumulati	ive	y2020	y2025	y2030	Cumulative	Increase
	CCGT	0	1358	3	1361		0	1046	0	1046	-30
Generation	wind	1450	797	32	2279		1450	2180	115	3744	+39
expansion (MW)	Solar PV	0	0	349	349		0	0	349	349	0
(10100)	Offshore wind	0	0	0	0		0	0	0	0	-
Storage	BESS	0	0	240	240		0	168	171	339	+29
(MW)	PHEP	0	0	360	360		0	0	1239	1239	+71
Self-suff	iciency (%)	10	13	14	37		10	21	22	53	+30
NP\	/ cost (M€)	1884	1386	993	4263		1884	1433	1017	4334	+2
Expected	emissions (MtCO2)		13	14	45		18	12	13	44	-3
•	oected RES ailment (%)		5	4	11		2	7	3	12	+8



# Coordination of Generation and Transmission Expansion Planning

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# Benefits of GEP-TEP Coordination

		Cen	tralized		25				
		GEP&TEP	GEP		(MtCO2)				
2020	Onshore wind	1464	1464		M)				
	New CCGT	1094	1108		emissions 6 - 10				
2025	Onshore wind	1848	2160		ssim 10 -				
	BESS	28	39						
	Onshore wind	1804	1518		Expected				
2030	Solar PV	0	160		Ě				
	PHEP	770	737		0	2017	2020	2025	2030
	Total (MW)	7008	6827				GEP&TEP	GEP	
Cum	nulative cost (M€)	4267	4447	4% reduction					

		Decent	tralized	
		GEP&TEP	GEP	
2020	Onshore wind	1450	1450	
	New CCGT	1050	1046	
2025	Onshore wind	2183	2180	
	BESS	170	168	
	Onshore wind	111	115	
2030	Solar PV	0	349	
2050	BESS	0	171	
	PHEP	1344	1239	
	Total (MW)	6308	6717	6% reduction
Cu	umulative cost (M€)	4286	4334	1% reduction
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## Energy Storage for Ireland (ESFI)?



### Role of Storage (1/2)

		With storage	No storage	
	[Units in MW]	Centralized	Centralized	% Change
2020	Onshore wind	1464	1464	0
	New CCGT	1108	1132	+2
2025	Onshore wind	2160	2177	+1
	BESS	39	0	-
	Onshore wind	1518	3499	+57
	Biomass	0	0	-
2030	Solar PV	160	160	+0
2030	Offshore wind	0	1977	+100
	BESS	0	0	-
	PHEP	737	0	-
	Cumulative (MW)	7187	10408	+31
	Cumulative cost (M€)	4447	4477	+1

COOMATAGGART TRALEE CASTLEBAR BALLYBEG OLDSTREET (360 MW)

- Investment deferral
- Reducing stress on the network



### Role of Storage (2/2)

		With storage	No storage	
	[Units in MW]	Decentralized	Decentralized	% Change
2020	Onshore wind	1450	1464	+1
	New CCGT	1046	1138	+8
2025	Onshore wind	2180	2260	+4
	BESS	168	0	-
	Onshore wind	115	115	0
	Biomass	0	0	-
2030	Solar PV	349	2404	+85
2030	Offshore wind	0	1791	+100
	BESS	171	0	-
	PHEP	1239	0	-
	Cumulative (MW)	6717	9171	+27
	Cumulative cost (M€)	4334	4612	+6

COOMATAGGART TRALEE CASTLEBAR BALLYBEG OLDSTREET (360 MW)

Investment deferral Reducing stress on the network



#### Hypothetical Experiments

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# "Offshore Wind Only" Policy (1/2)

#### **HYPOTHETICAL EXPERIMENT 1**

Strong public opposition to onshore wind and solar PV power installations forces change in renewable development portfolio.

- By 2021, a favourable renewable support scheme is put in place.
  - Which encourages massive investments in offshore wind.
- Hence, offshore wind constitutes a lion's share of the total generation capacity additions by 2025 and beyond.
- This will be accompanied by investments in new pumped hydro and large-scale battery.

#### The Opportunity: Ireland's Offshore Energy Resource 65GW







# "Offshore Wind Only" Policy (2/2)

						Decentralized
		y2020	y2025	y2030	Cumulative	<b>RES-E 55</b>
Generation	CCGT	0	861	0	861	
expansion	Onshore wind	1450	0	0	1450	
(MW)	Offshore wind	0	1724	637	2361	
Storage (NANA)	BESS	0	458	153	611	339
Storage (MW)	PHEP	0	0	900	900	1239
	NPV cost (M€)	1884	1624	1179	4686	4334
	Expected emissions (MtCO2)	18	12	13	43	44
	Expected RES curtailment (%)	2	5	4	10	12

#### The "Offshore wind only" policy

- Leads to only 7% increase in system cost.
- Achieves the same RES-E target with lower generation capacity.
- Requires lower investment in storage, thanks to the relatively stable offshore wind power output.
- Lower emissions and curtailments.



Next Irish General Election 2021 (1/2)

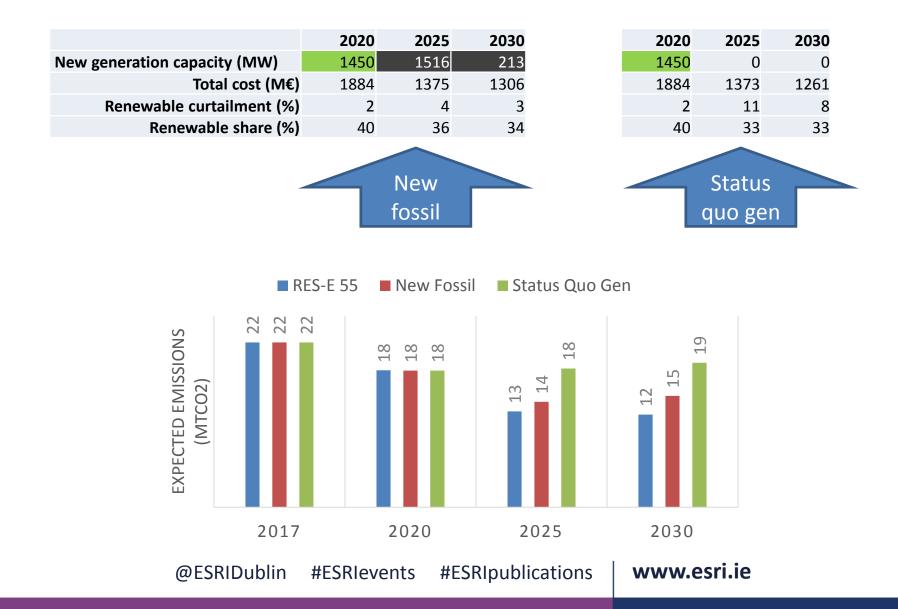
# **HYPOTHETICAL EXPERIMENT 2**

By 2021, Ireland abandons its commitments for climate action.

- Hence, fossil fuels will continue to be the mainstream sources of power generation.
- New policy with limited or no support for renewable power generation.
- Not conducive for new investments in renewables.

### Next Irish General Election 2021 (2/2)







Diversification Policy (1/2)

# **HYPOTHETICAL EXPERIMENT 3**

The policy stipulates new investments in renewable power generation sources should be composed of:

- ✓ 55% Onshore wind
- 30% Offshore wind
- 5% Biomass
- 10% Solar PV
- ✓ ?% Tidal and Wave



# Diversification Policy (2/2)

			Diversify			Diversify	
		Centralized	Centralized	% Change	Decentralized	Decentralized	% Change
2020	Onshore wind	1464	1464	0	1450	1450	0
	New CCGT	1108	1108	0	1046	1046	0
2025	Onshore wind	2160	2160	0	2180	2180	0
	BESS	39	39	0	168	168	0
	Onshore wind	1518	0	-	115	0	-
	Biomass	0	329	+100	0	330	+100
2030	Solar PV	160	659	+76	349	660	+47
2050	Offshore wind	0	1977	+100	0	1980	+100
	BESS	0	0	-	171	171	0
	PHEP	737	493	-49	1239	496	-150
Cu	imulative (MW)	7187	8229	+13	6717	8480	+21
Cumu	lative cost (M€)	4447	4584	+3	4334	4437	+2

• Such a policy leads to lower need for energy storage media.



#### Summary

- The utility of ENGINE model has been demonstrated by running various policy scenarios:
  - Decommissioning, North-south interconnection, RES development portfolios, Massive datacentre rollout, RES-E targets, Carbon price, SNSP level, GEP-TEP interaction, Storage, High RES diversification and Do-nothing
  - > Future analysis will include the impact of increasing electrification of heating and transport sectors
- Costs and emissions are driven primarily by the decommissioning of old inefficient generation units
- High RES target may render carbon price relatively ineffective in reducing system emissions.
  - Increased carbon prices have little effect other than increasing costs.
- With no storage, renewable portfolio is initially onshore wind based, and investments in solar PV and offshore wind are delayed until 2030.
- But with storage, the optimal renewable portfolio is mainly onshore wind based.



#### Summary

- Numerical results demonstrate clear benefits of:
  - Deploying energy storage systems in the Irish system, mainly in terms of deferring expensive power generation and transmission infrastructures.
  - Coordinating generation and transmission expansion planning
- Moderate diversification may not be too costly.
- Offshore wind oriented policy requires lower storage capacity.
- The anticipated growth of datacentres by 2030 could have strong implications new generation capacity, grid expansion needs, average GHG emissions and involuntary load shedding.
- Investors should be encouraged to plan for power generation self-sufficiency.
  - By investing in onsite or offsite generation and energy storage systems.
  - Adopting energy efficiency measures.
- Right policy to optimally allocate new datacentres in regional places.
  - E.g. Reduction in grid reinforcement needs by two third if 30% of new DC capacity is allocated in regional places and decentralized RES development is adopted.



# Thank you very much for your attention!

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### **Cost Comparisons**

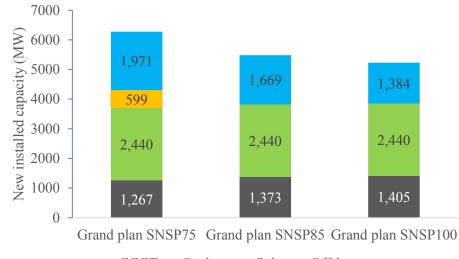
#### $NPV of system-wide \ cost \ (in \ M \textbf{\in})$

			Case						
Year	Cost term	Grand plan	No IC	Status quo gen	Paralysis				
	Investment	130	130	130	130				
2020	Emission	263	263	263	263				
	0&M	1355	1355	1355	1355				
	Investment	206	206	153	152				
2025	Emission	177	177	240	240				
	0&M	1004	1004	1026	1026				
	Investment	173	173	175	179				
2030	Emission	137	137	189	189				
	0&M	1276	1278	1294	1295				
Cum	ulative	4721	4724	4825	4829				



# Effect of Changes in SNSP Limit

	Grand plan	Grand plan	Grand plan
	SNSP75	SNSP85	SNSP100
SNSP limit	75	85	100
Change in system cost (%)	0	-2	-4
Change in expected variable RES power curtailment (%)	0	-106	-596
Change in expected emissions (%)	0	+2	+4



■ CCGT ■ Onshore ■ Solar ■ Offshore

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#### **Effects of Datacentre**

	DC Status Q	uo				
		2020	2025	2030	Cumulative	
	CCGT	0	686	0	686	
Generation expansior	Onshore wind	1450	1438	757	3644	
(MW)	Solar PV	0	0	0	0	
	Offshore wind	0	0	0	0	
Storage (MW)	BESS	0	181	0	181	
Storage (WWW)	PHEP	0	0	738	738	
Self-s	ufficiency level (%)	10	19	23	17*	
	NPV cost (M€)	1884	1293	822	3999	
Expecte	d emissions (MtCO2)	18	12	11	41	
Expecte	d RES curtailment (%)	2	6	7	15	
	Expanding I	DC				
		2020	2025	2030	Cumulative	% Increase
	CCGT	0	1046	0	1046	34
Generation expansion	Onshore wind	1450	2180	115	3744	3
(MW)	Solar PV	0	0	349	349	100
	Offshore wind	0	0	0	0	-
Storage (MW)	BESS	0	168	171	339	47
Storage (ININN)	PHEP	0	0	1239	1239	40
Self	-sufficiency level	10	21	22	18*	2
	NPV cost (M€)	1884	1433	1017	4334	8
•	d emissions (MtCO2)	18	12	13	44	7
Expecte	d RES curtailment (%)	2	7	3	12	-22

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### Parameter Assumptions

#### Table A.1. Parameter assumptions of generators (existing and candidate alike)

	Operation cost	Emission rate		Cos	t reducti	ions	
	(€/MWh)	(tCO <sub>2</sub> /MWh)	Investment cost	(C)	umulativ	tive)	
Generation technology			(M€/MW)	2020	2025	2030	
Offshore wind	22.8	0.015	3.65	0.05	0.10	0.20	
Onshore wind	13.0	0.015	1.40	0.05	0.10	0.20	
Solar PV	11.4	0.046	1.50	0.05	0.10	0.20	
Biomass	54.0	0.230	2.25	0.02	0.05	0.10	
Coal	34.0	0.925	0.90	0.05	0.08	0.10	
Coal with CCS	38.0	0.185	4.40	0.05	0.08	0.10	
CCGT	40.0	0.367	0.90	0.05	0.08	0.10	
CCGT with CCS	55.0	0.037	2.40	0.05	0.08	0.10	
Hydro	10.5	0.010	-	-	-	-	
Gas oil fired	80.0	1.041	-	-	-	-	
Heavy fuel oil fired	100.0	0.769	-	-	-	-	



# **Policy Implications**

- Given the anticipated datacentre growth, policy makers should be aware that meeting national renewable and emission reduction targets in the coming decade or so would require unprecedented effort.
  - With massive investments in renewables, decommissioning of existing older generators, which need to also be accompanied by large-scale grid reinforcements.
- Thus, data companies should be encouraged/urged to:
  - Partly (or fully) cover their electricity consumption; Invest in key infrastructures such as energy storage systems;
  - Adopt swift energy efficiency measures.
- Other remedies also exist
  - adopting decentralized RES development, and optimally allocating new datacentres at regional places rather than in and around Dublin.