EirGrid GROUP

Securing Today.
Sustaining Tomorrow.

Annual Report 2023









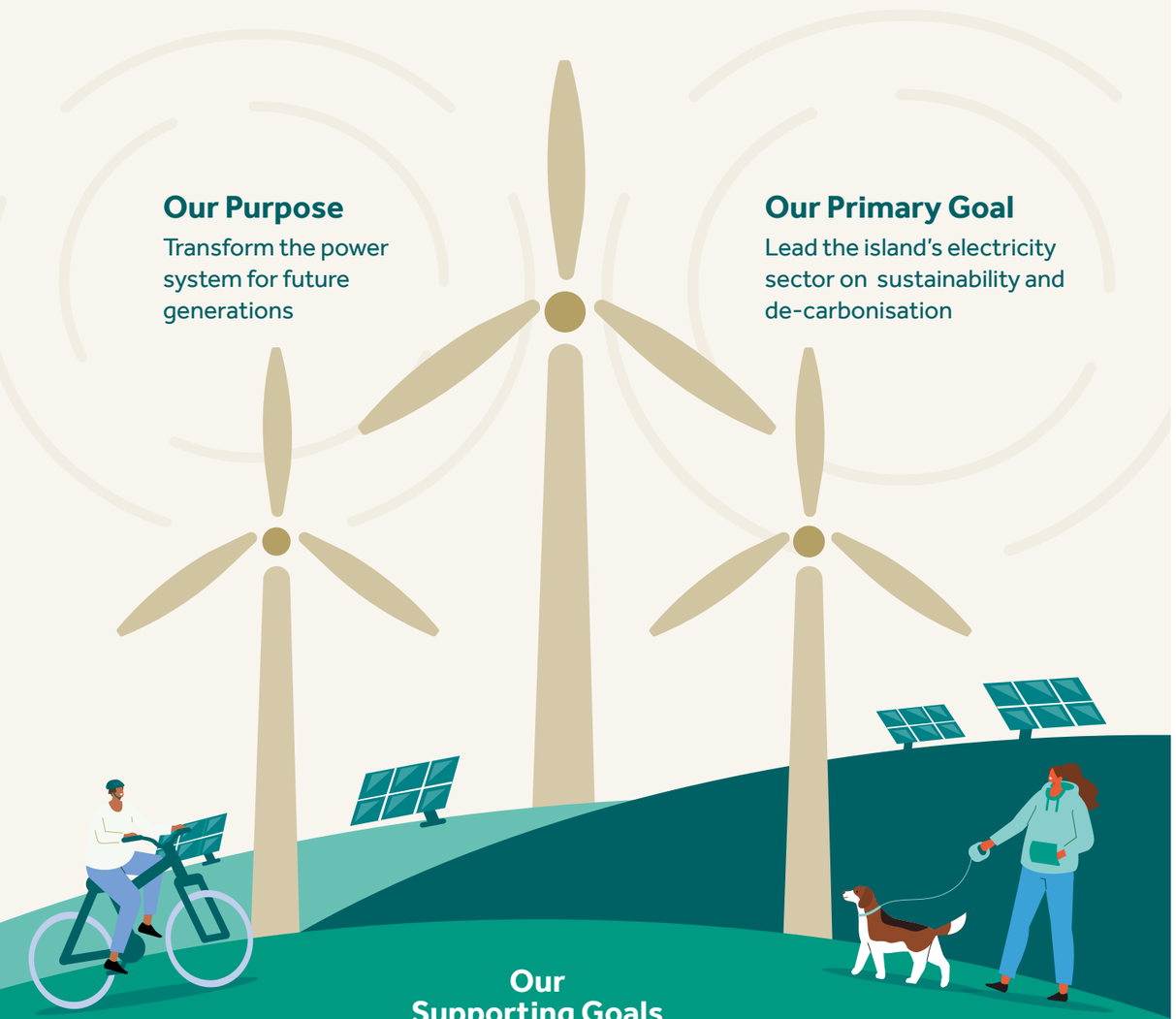

Contents

REPORT FROM THE CHAIR	**8**
CHIEF EXECUTIVE REPORT	**16**
FINANCIAL REVIEW	**26**
BUSINESS REVIEW	**32**
Evolving Policy Landscape	38
Ensuring the Secure Transition	40
Delivering Ireland's 2030 Ambition	50
SEM Operations	64
Northern Ireland	66
SONI Governance	72
RESPONSIBLE BUSINESS REPORT	**74**
Our Sustainability Journey	78
Environmental	80
Social	92
Governance	110
CORPORATE GOVERNANCE	**112**
Chair's Corporate Governance Statement	112
The Board's Governance Report	124
Directors' Report	156
Directors' Compliance Statement	159
Directors' Responsibilities Statement	160
GLOSSARY	**162**
FINANCIAL STATEMENTS	**168**

Group Strategy to 2025

Our Purpose
Transform the power system for future generations

Our Primary Goal
Lead the island's electricity sector on sustainability and de-carbonisation



Our Supporting Goals

Operate, develop and enhance the all-island grid and market

Work with partners for positive change

Engage for better outcomes for all

Financial Year in Review



Profit before tax

€71.2m

Underlying profit

€40.6m

New max peak demand for Ireland

5,544MW

New wind record for Ireland

3,644MW

512 hours
operated above
70% SNSP

Capacity energised:

300MW
Solar

150MW
Wind

75MW
Battery Energy Storage System

Electricity from renewable energy sources:

42%

Shaping Our Electricity Future v1.1
launched

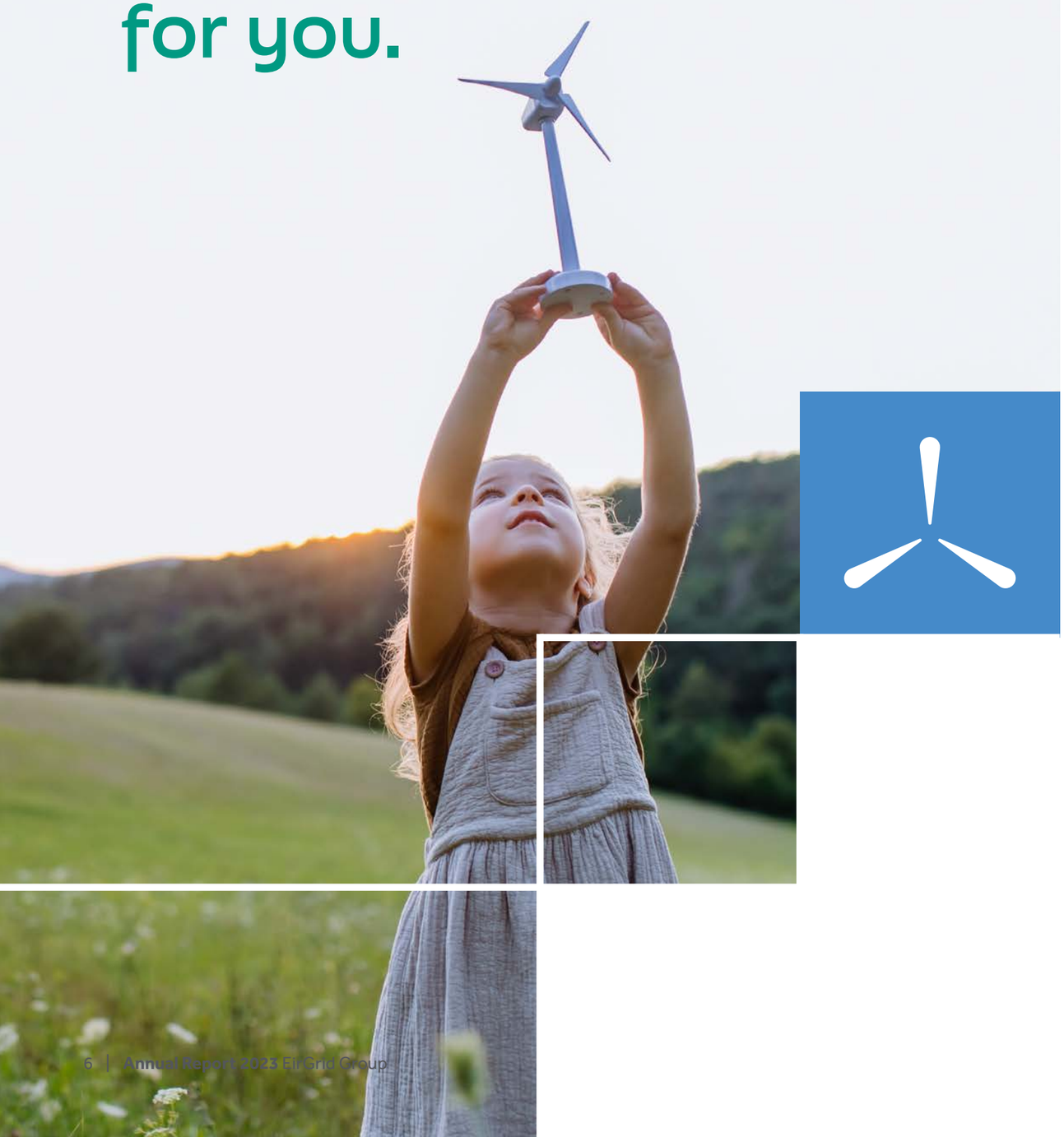


€2.4m
Celtic Interconnector Community Benefit Fund launched

First
Offshore Auction
launched

14 Energy Citizen Roadshows with over
1,100 participants

We're changing for the future, for you.



EirGrid operates and develops the electricity transmission system in Ireland and, more recently, has been mandated to operate, develop and own Ireland's offshore transmission grid. We operate, develop and enhance the power system and the wholesale electricity market. We also develop and operate interconnections with neighbouring grids and enable third-party interconnectors. We send power from where it is generated to where it is needed.

As electricity can be generated without carbon emissions, it will play a crucial role in the response to climate change. The growth in clean electricity from renewable sources will require transformative change to the electricity system, and EirGrid has a central role to play in this. This annual report covers the period from 1 October 2022 through to 30 September 2023.

A major achievement during this twelve-month period was the publication of an updated version of the *Shaping our Electricity Future Roadmap (SOEF)* which provides a pathway for the electricity sector to deliver the transformation required to meet the Government's 2030 climate targets. We made substantial progress this year in delivering on our actions outlined in this roadmap including achieving significant milestones for critical major infrastructure projects. We also continued to implement our own Sustainability Strategy, to deliver on leading the electricity sector in sustainability and decarbonisation.

Alongside driving the energy transition and decarbonisation, it is critically important that security of supply is maintained. As the margin between supply and demand remains tight due to various reasons, EirGrid has continued to work closely with key stakeholders to address the issue in the short-term and provide advice and recommendations in relation to potential longer-term strategies required.

Report from the Chair

I am very pleased to present the Annual Report for EirGrid Group for the financial year 2022-2023.

EirGrid continues to deal with the dual challenge of decarbonising the electricity system to meet the Government's targets for 2030 and beyond, whilst at the same time ensuring security of supply. I am pleased to report that we had a very successful year, operating the electricity system safely and securely, despite challenging circumstances, whilst also progressing key elements of our *EirGrid Strategy (2020-2025)* to support meeting the Government's climate ambitions.

EirGrid is securely operating the electricity system in Ireland with world-leading variable renewable generation penetration, primarily from wind energy. The system can accommodate up to 75% instantaneous generation from non-synchronous resources (primarily wind and interconnection). However, whilst these achievements are leading the way worldwide, to meet the Government's ambitious decarbonisation targets in the years ahead, the electricity system will need to accommodate much greater amounts of renewable energy.

Whilst the level of volatility in global energy markets experienced in 2022 eased somewhat in 2023, a period of uncertainty and change remains. The ongoing war in Ukraine continues to highlight the role decarbonisation can play in terms of ensuring energy security and independence. We are monitoring developments in European policy, such as the *RePowerEU* initiative, and we have participated actively in the work of the Energy Security Emergency Group (ESEG), established by the Department of Environment, Climate and Communications (DECC).



Brendan Tuohy,
Chair, EirGrid Group

"I am pleased to report that we had a very successful year, operating the electricity system safely and securely, despite challenging circumstances, whilst also progressing key elements of our *EirGrid Strategy (2020-2025)* to support meeting the Government's climate ambitions."



Climate Policy Development

This was another year of significant activity at a European and national level in terms of climate policy development. In October 2022, the European Commission adopted its *State of the Energy Union Report for 2022*. While there are several encouraging trends, greater efforts will be required to reach the 2030 goal of cutting net emissions by at least 55% and making the EU climate neutral by 2050. We welcome the increased ambition of the revised *EU Renewable Energy Directive (RED III)*, which has now set a legally binding target of a minimum 42.5% renewable energy in final energy consumption for the EU by 2030 (with an additional non-binding higher target of 45%) and we note the challenges those targets will provide to the Irish State in achieving those targets.

At a national level, the updated *Climate Action Plan 2023 (CAP23)* was published in December 2022, setting out a significant increase in ambition in relation to renewables generation, carbon budgets and sectoral emissions ceilings. In March 2023 we also welcomed the publication of the *Policy Statement on the Framework for Phase Two Offshore Wind*, which provides further clarity on the future development of Ireland's offshore wind sector, as it moves towards an enduring, plan-led, offshore regime. *The National Policy Statement on Electricity Interconnection* and the *National Hydrogen Strategy* are also important government policy statements which are critical to leveraging the opportunities available to Ireland from offshore renewable energy.

In April 2023, Ireland signed the *Ostend Declaration*, with nine North Seas countries, outlining a commitment to collaborate on activities to support climate action and energy security. The relevant Transmission System Operators (TSOs), including EirGrid, have responded to the political agreement by commencing delivery on a programme of work to deliver on the commitment. EirGrid also welcomed the signing with the UK of the *Memorandum of Understanding (MoU), regarding Cooperation in the Energy Transition, Offshore Renewables and Electricity Interconnection.*

Implementation of the EirGrid Strategy (2020-2025)

EirGrid continues to make strong progress in delivering the EirGrid Strategy, with notable developments in this financial year. Integrating renewables into the electricity system is highly complex and becomes increasingly more challenging as the level of renewables penetration grows. Ireland is leading the way globally in this respect and has the potential to achieve groundbreaking results.

This was a pivotal year in the development of the 700 MW Celtic Interconnector, which will be the first direct electricity connection between Ireland and continental Europe. We saw significant progress with the signing of contracts with our delivery partners and formal commencement of the delivery phase. Detailed design and surveys have been undertaken, and contractors for cabling and the converter stations have been approved in readiness for the project breaking ground in November 2023.

In July, EirGrid published our updated *Shaping Our Electricity Future (SOEF)*, *Version 1.1*, which captures the changes to electricity policy set out in the Government's *Climate Action Plan 2023* and sets out a pathway for an electricity system that can deliver 80% of electricity demand from renewable energy by 2030. *SOEF V1.1* identifies the actions required from across the entire electricity ecosystem. Commitment to delivery from all stakeholders is crucial to its execution. In terms of electricity infrastructure delivery, the requirements to meet the 2030 targets are very significant and will require close collaboration with all stakeholders, as well as a coordinated engagement approach and careful management of supply chain, expertise and resources.

Building on the work of the *SOEF* Roadmap, this past year we also progressed work on preparing *Tomorrow's Energy Scenarios 2023 (TES 2023)* for public consultation at the end of the financial year. *Tomorrow's Energy Scenarios* presents the long-term energy scenarios for Ireland and Northern Ireland and considers how electricity demand and generation might evolve from 2035 to 2050. This is a key strategic initiative which will inform the long-term planning and development of the electricity system, looking out from 2035 to 2050.

Regarding offshore, we supported the Government on managing the first offshore auction, which is a significant milestone for the delivery of Ireland's offshore ambition. We are also working proactively in support of the Government's *Policy Statement on the Framework for Phase Two Offshore Wind* and progressed our plans to connect 900 MW of offshore wind to the south and south-east coasts.

Public and community engagement

Strong public and community engagement is a critical enabler for achieving Ireland's onshore and offshore ambition, in line with the *Climate Action Plan 2023* and the targets specified in the carbon budgets. In this regard, we furthered our extensive public engagement activities, which had commenced last year, with the launch of the original version of *Shaping Our Electricity Future (SOEF)*. Working closely with the Sustainable Energy Authority of Ireland (SEAI), ESB Networks and partners in local communities, we continued to roll out our programme of Energy Citizens Roadshows. These events are aimed at informing local communities about how EirGrid's plans to develop and futureproof the grid, as well as providing information about microgeneration, home energy upgrades and retrofitting grants, and regional development plans. We see ourselves as partnering with local communities, working closely with them to support not just the EirGrid local developments but, more generally, helping the local communities to drive the energy transition.

Stakeholder, public and landowner engagement is a particularly significant element of delivering the Celtic Interconnector project. The Celtic Interconnector Community Benefit Fund was established to recognise the importance of local communities who facilitate the development of the electricity grid and will benefit groups and projects in the East Cork area. We are firmly committed to ensuring that our work leaves a strong positive legacy in the area, not just in respect of the electricity system but also in respect of enhanced biodiversity along the route of the cable and in nearby communities. We also launched our offshore public engagement programme *Shaping our Offshore Energy Future* to raise awareness of EirGrid's role in the delivery of the Government's targets associated with offshore and the work we are undertaking to prepare for its delivery.

Security of Supply

Since 2016, EirGrid has been forecasting tightening generation capacity margins and the need for investment in new capacity to support continued demand growth and the continued decarbonisation of the electricity system, as existing fossil-fuelled, power stations close. Our *Generation Capacity Statement*, published in October 2022, continued to forecast capacity deficits during the 10 years to 2031.



Under the Commission for Regulation of Utilities' (CRU's) *Electricity Security of Supply Programme of Work*, EirGrid continued to collaborate with CRU and DECC and we have contributed to its delivery. Significant progress was made on delivering temporary emergency generation to ensure security of supply in the short to medium term. This temporary generation will ramp up over the winter months and will act as an insurance policy to protect and secure electricity supply. As of September 2023, we await the publication of the *Independent Review – Security of Electricity Supply* (by Mr. Dermot McCarthy) into the circumstances requiring emergency measures to be introduced and we look forward to participating fully in the ensuing process, as determined by Government.

We continue to stress the need for urgent reform of the Capacity Remuneration Mechanism (CRM) which, in our opinion, is not fit for purpose, as it has failed to deliver the required generating capacity. A well-functioning Capacity Remuneration Mechanism remains the central component for both ensuring sufficient generation adequacy for security of supply and the necessary investment in a balanced portfolio of generation, with a range of diverse technologies, that will enable the transformation of the electricity system and achievement of targets for 2030 and beyond.

Sustainability Strategy Delivery

As outlined in our Responsible Business section later in this report, EirGrid is continuing to progress the delivery of our Sustainability Strategy. The organisation is implementing change to ensure we can deliver on our strategic objectives across all three pillars: Environmental, Social and Governance. Of note this year was the launch of a new partnership with SciFest, our STEM Educational Partner, our successful re-certification of the Business Working Responsibly Mark with Business in the Community (BITC) and the completion of our second emissions' footprinting exercise for 2021 and 2022. We are progressing significant preparation activities required to align our sustainability programme of work with the *EU Corporate Sustainability Reporting Directive (CSRD)*, which was formally adopted in November 2022. Other work under the delivery of this strategy included a sustainable procurement assessment, continued work on our social partnerships, and commitments to biodiversity.

Board Composition

I would like to welcome James Nyhan and Pauline Walsh who were appointed to the Board in October 2022 and May 2023 respectively. Michael O'Sullivan was also appointed to the Board in May 2023 but resigned in December 2023. I would like to thank all of them for the contributions they made during this financial year.

SONI Governance

On 30 August 2022, the Utility Regulator (UR) in Northern Ireland published its decision on SONI governance and modifications to its TSO licence. These modifications were codified into SONI's licence on 26 October 2022. The new licence conditions require, amongst other requirements, the establishment of a majority independent SONI Ltd board of directors (with all directors approved by the Utility Regulator); restriction on shareholder decision making to only those matters reserved for shareholder decision under the *UK Companies Act 2006*; along with managerial, operational and resource independence from EirGrid plc.

In a key milestone to implementing the new governance arrangements required under SONI's licence, four new independent directors were appointed to the board of SONI Ltd with effect from 1 October 2023.

I would also like to pay particular tribute and thanks to the former Chair, Dr Theresa Donaldson and Board member, Mr Tom Coughlan, who had to step down from the Board of SONI Ltd to enable compliance with the decision of the Utility Regulator.

Whilst we regret the decision of the Utility Regulator, we are committed to implementing it and are working with SONI to demerge the businesses in compliance with the new licence condition.

Key Areas of Focus for the Coming Year

The key areas of focus will continue to be ensuring security of supply, by delivering the temporary emergency generation. As noted in previous Annual Reports, EirGrid has been on record on a number of occasions over the past few years noting that the central component of both ensuring sufficient generation adequacy for security of supply and the necessary investment in a balanced portfolio of a variety of technologies is a functioning Capacity Remuneration Mechanism. EirGrid will be monitoring developments in this area very closely, and we suggest it should be a critical focus for policymakers and for regulatory authorities.

We will continue to support climate ambitions, which are likely to increase after the United Nations Conference of the Parties (COP) 28, and we will renew our focus on the delivery of the transformed power system for future generations to underpin these ambitions. The execution of the EirGrid strategy and delivery of the *Shaping Our Electricity Future Roadmap* will be critical enablers in this.

Conclusion

I would like to thank the Minister for the Environment, Climate and Communications, Eamon Ryan TD, and his departmental officials. We have collaborated closely throughout this year, and, on behalf of the Board of EirGrid plc, I am greatly appreciative of their support for our work.

I would like to thank the Commission for Regulation of Utilities for their work with us, despite differences of opinion on some matters.

I would like to thank our colleagues in SONI Ltd for their ongoing collaboration on the implementation of the decision of the Utility Regulator in respect of the SONI governance and modifications to its TSO licence. We are committed to ensuring that we continue to work together to deliver benefits for consumers in Northern Ireland.

I would particularly like to thank Chief Executive, Mark Foley, the Group's Chief Officers and my fellow Board members for their dedication, leadership, and support.

Finally, on behalf of the Board, I would like to commend our staff and management for their efforts in successfully driving the implementation of our strategy and thank them for their ongoing commitment during the year. It was inspirational to see the level of commitment, dedication, and motivation among all the staff of EirGrid Group (including SONI Ltd) during the past year and this is hugely appreciated.



Brendan Tuohy,
Chair, EirGrid Plc





Chief Executive Report

I am delighted to report continued momentum on the implementation of our Strategy, particularly in terms of the delivery of significant projects, which will play a key role in achieving our purpose of transforming the electricity system for future generations.

This year saw the signing of contracts for the Celtic Interconnector project ahead of construction start in Autumn 2023. In addition, significant progress was made on some of our major infrastructure projects including submission of planning applications for the Kildare-Meath project and for projects within the Powering Up Dublin Programme. After significant delays with the planning authorities, planning permission was finally secured on the North Connacht project.

Following the update to the Government's targets in the *Climate Action Plan 2023*, we published our updated *Shaping Our Electricity Future*, *Version 1.1*, which plans for an electricity system that can deliver up to 80% of electricity from renewable sources by 2030. Developments in offshore included supporting the Government on the first offshore auction and continued planning for our role as offshore transmission system operator and asset owner.

Evolving Policy Landscape

At a European level we are engaging closely with key policy stakeholders on a range of important policy matters and their potential implications for Ireland both directly and through the European Network of Transmission System Operators for Electricity (ENTSO-E). Working together, EirGrid and SONI are currently world leaders in integrating variable renewable resources into a power system, and therefore can offer a unique perspective to our European neighbours.

At a national level, we welcomed the publication of the *Climate Action Plan 2023* and *Annex of Actions* and are fully committed to their implementation whilst looking forward to *Climate Action Plan 2024* and updated actions. Another key policy development during the year was the publication of the *Policy Statement on the Framework for Phase 2 Offshore Wind*, the implementation of which is referred to below.



"I am delighted to report continued momentum on the implementation of our Strategy, particularly in terms of the delivery of significant projects, which will play a key role in achieving our purpose of transforming the electricity system for future generations."

Mark Foley
Chief Executive,
EirGrid Group





Interconnection will become increasingly important as we deal with the challenge of integrating more renewables into our electricity system with a view to achieving the 80% target by 2030 set by the *Climate Action Plan 2023*, and beyond looking towards even greater penetration of offshore renewable energy. In addition to supporting the Department for Environment, Climate and Communications (DECC) in the development of its *Policy Statement on Interconnection*, which was published in July 2023, we are exploring further cross-border interconnection opportunities with other TSOs. Alongside this, the publication of the *National Hydrogen Strategy* is also an important initial building block which will support the delivery of Ireland's offshore ambition.

Security of Supply

Since 2016, EirGrid has been forecasting tightening generation capacity margins and the need for investment in new capacity to support continued demand growth and the continued decarbonisation of the electricity system as existing power stations close. In October 2022, EirGrid's annual *Generation Capacity Statement (GCS)* was published and predicted a challenging outlook for Ireland, with capacity deficits identified during the 10 years to 2031. In the short term, we flagged that deficits would increase due to the deteriorating availability of power stations, resulting in their unavailability ahead of intended retirement dates. In later years, the deficits only expected to reduce if new capacity could be secured through the capacity auctions.

In support of the Commission for Regulation of Utilities' (CRU's) *Electricity Security of Supply Programme of Work*, we have progressed temporary emergency generation and other mitigating actions under CRU's direction. The two tranches of temporary emergency generation units have made progress under tight timeframes and are due to be energised in the coming months. Whilst the margin between supply and demand remains tight particularly at peak times, the gradual ramp up of emergency generation will help to alleviate this concern. We continue to closely monitor the situation and work with conventional generation to ensure that performance and availability is maximised as well as working to optimise our operation of the grid. However, there are a number of variables that are beyond the control of EirGrid that will influence the outcome including the amount of wind and solar available for renewable generation; support from Great Britain to import power via interconnection and; the number of unplanned outages due to breakdowns at power stations.

Last year, we welcomed the decision by Minister Ryan to appoint Dermot McCarthy to conduct an independent review into the circumstances requiring emergency measures to be introduced to secure electricity supply over the coming winters. It is our understanding that this work has reached a conclusion; we look forward to the publication of the findings and are committed to engaging with and supporting DECC on implementation.

Secure Transition

Temporary generation is not a long-term solution to ensuring our security of supply. EirGrid has been consistently clear that, alongside renewables, renewable-ready gas generation is a critical enabler of the energy transition as well as the delivery of the *Climate Action Plan*. A balanced portfolio of different technologies in the right locations is essential to enable EirGrid to operate this transformed electricity system. This includes adequate dispatchable generation, as a replacement for old, carbon-intensive power stations, to act as a backstop for the energy transition which has been acknowledged by Government and other key stakeholders.

We have been strong in our conviction that the Single Electricity Market (SEM) Capacity Remuneration Mechanism (CRM) is not fit for purpose and is in urgent need of reform. The failure of the capacity auctions during this financial year to deliver the necessary gas generation capacity is of particular and ongoing concern. This is on foot of the failure of previous capacity auctions to deliver. Urgent reform and investment in new generation capacity is required and EirGrid will continue to engage with the CRU in their role as members of the SEM Committee to drive action on this.

Shaping Our Electricity Future

The original *Shaping our Electricity Future (SOEF) Roadmap* published in 2021 provides a blueprint for the power systems of Ireland and Northern Ireland with 70% electricity from renewable energy sources whilst accommodating significant growth in electricity demand by 2030. Growth in electricity demand through the electrification of new heating and transport is critical to the decarbonisation of these sectors.

A major achievement during this year was the development of an updated version, *SOEF Version 1.1*, to include the necessary additional infrastructure and changes to system and market operation required to support the Government's revised targets set by the *CAP23*. This roadmap is a robust strategy for delivering very ambitious targets, but the scale of challenge is immense and EirGrid can only deliver on aspects of the roadmap that are within our remit. The delivery of the roadmap will demand unprecedented collaboration across the entire ecosystem as well as support from the public.

During this financial year, noteworthy progress has been made by EirGrid on work that is within our remit across the four pillars of the roadmap. I have detailed some important milestones in the network infrastructure pillar and public engagement pillar under Infrastructure below. Under the system operations pillar, key deliverables included the publication of our *Operational Policy Roadmap* which sets out our plan to accommodate continued growth in variable non-synchronous renewable generation between now and 2030. Under the electricity markets pillars, we supported the Regulators in progressing key workstreams particularly relating to Scheduling and Dispatch and the Future Arrangements for System Services.

Celtic Interconnector

In November 2022, EirGrid and Réseau de Transport d'Electricité (RTE), the French Transmission System Operator (TSO), signed technical and financial agreements and contracts with our delivery partners underpinning the development of the Celtic Interconnector. This 575-kilometre cable will connect the electricity grids of France and Ireland and is a critical infrastructure development which will facilitate increased integration of renewables into the electricity grid and access to electricity markets in Europe. Contracts have been signed with Siemens Energy for the development of converter stations in Ireland and France, and with French cable manufacturer Nexans. Agreements have also been signed for €800 million of financing to be provided by the European Investment Bank, Danske Bank, Barclays and BNP.

Progress with delivery of the project is well under way and we are looking forward to breaking ground in November 2023. A total of €2.4m of Community Benefit Funds have been allocated, and the first phase of €960,000 which accepted application during Summer 2023 has gained significant interest in the region and will continue to be a key area of interest for the local communities as the associated processes are progressed.

Infrastructure

Key progress was made on the delivery of critical transmission system upgrades in this financial year. Under the Powering Up Dublin programme, planning permissions were lodged for two major substations under the Dublin Programme. The planning application was also lodged on the Kildare-Meath grid upgrade. Despite delays in the process, we finally secured planning permission from An Bord Pleanála for the North Connacht project. The best performing route option for the high voltage cable for the East Meath-North Dublin project was announced and construction continued on our Laois-Kilkenny project with some elements already completed.

Community and stakeholder engagement is a key enabler for delivering infrastructure developments. In our Powering Up Dublin campaign, we completed five Dublin Energy Citizen Roadshows, as well as the running several Energy Citizens Roadshows across the country. To continue our engagement with industry players, we hosted regular meetings of the Shaping Our Electricity Future Advisory Council and as well as frequent industry forums on the Roadmap. We also reached a key partnership agreement with the Irish Farmers Association (IFA) and ESB Networks and signed a Memorandum of Understanding (MOU) for our collaboration.

In March this year, the *independent expert review on the North South Interconnector*, was published by DECC and found that the conclusions of the 2018 International Expert Commission on the decision to build the North South Interconnector above ground remain valid. Progress with the North South Interconnector project has been made with tendering by ESB and NIE Networks for the main overhead line construction contract and for supply of materials in progress. In addition, we have recommenced our process for landowner engagement which will be critical in ensuring progress with this project.

Shaping Our Offshore Energy Future

Offshore Grid Connection Applications for Phase 1 projects were issued ahead of the Offshore Renewable Energy Support Scheme (ORESS) auction. Following the publication of the auction results in June 2023, we are working proactively with the successful developers to progress towards energisation in the second half of the decade. This is an important milestone in the delivery of offshore wind and achieving Ireland's renewable energy targets. In addition to the Phase 1 projects led by developers, we are also now working on the development of two offshore wind platforms on the south and south-east coast as per the new plan-led approach outlined in the Government's *Policy Statement for Phase 2*.

Both these streams of offshore development will be critical for meeting the targets of 80% electricity from renewable energy on the grid which includes 5GW of offshore generation by 2030 under the *Climate Action Plan*. With the launch of *Shaping Our Offshore Energy Future* in April 2023, EirGrid has embarked on a public engagement process that will seek the views of local communities, businesses, and industries on how we can progress the delivery of offshore grid infrastructure in a way that takes appropriate consideration of the needs and opinions of all stakeholders.

Separately, with a longer-term vision, EirGrid has been working with ENTSO-E and other European TSOs during 2023 to produce the first *Offshore Network Development Plan (ONDP)* that ENTSO-E is mandated to publish by January 2024. The *ONDP* will illustrate how a pan-European offshore electricity grid could look in 2040 and 2050 to meet EU member state offshore renewable energy ambitions. EirGrid is also now actively participating with other TSOs to identify and assess offshore transmission projects, and to develop cross-border policy relating to offshore transmission development.

SONI Demerger

Whilst I am disappointed with the decision of the Utility Regulator in relation to SONI's Governance, we remain respectful of the decision and are committed to implementing it. During the year we have commenced a 'de-merger' programme of SONI from EirGrid and will continue to collaborate closely with SONI in Northern Ireland both during and following completion of this multi-year programme of work.

Key Areas of Focus for the Coming Financial Year

We will continue prioritise the delivery of EirGrid's remit under the *Shaping Our Electricity Future Version 1.1 Roadmap*. We will be working towards increasing the levels of non-synchronous generation even further in the delivery of our *Operational Policy Roadmap*. We will also be endeavouring to enable advanced progress towards reform of the electricity markets including both the Capacity Remuneration Mechanism and the Future Arrangements for System Services.

We will drive the delivery of significant infrastructure projects whilst continuing the roll out of our engagement commitments in order to secure the support from the public which will be vital in achieving the climate targets for 2030 and beyond.

The commencement of construction of the Celtic Interconnector to France in November 2023 is an exciting milestone for this crucial project and the year ahead will see more major milestones met as the delivery phase gets underway. Progressing the North South Interconnector project will also be a priority subject to a successful outcome from the landowner engagement phase. We will also continue to deliver on our interconnector readiness programmes to enable operation of the Greenlink interconnector project which will connect the Irish electricity grid with Wales.

In offshore, we will continue the delivery of phase 1 working closely with developers and will progress deployment of phase 2 under the new plan-led approach.

Conclusion

I would like to extend my sincere thanks to Brendan Tuohy, Chair of EirGrid plc, and the members of the EirGrid plc Board. They have provided me and my Executive Team with valued support as we continue to execute on our Strategy and ensure security of supply.

I would like to thank Minister for the Environment, Climate and Communications, Eamon Ryan TD, and Departmental officials, who have supported us throughout the year.

I would also like to thank our colleagues in SONI as we progress the implementation of the changes to SONI's Governance – we will continue to work closely with them.

I would like to thank our people for their commitment and hard work for the successful operation of the power system particularly through the challenges of Winter 2022-23 and for enabling the successful delivery of major milestones in our Strategy throughout the year.

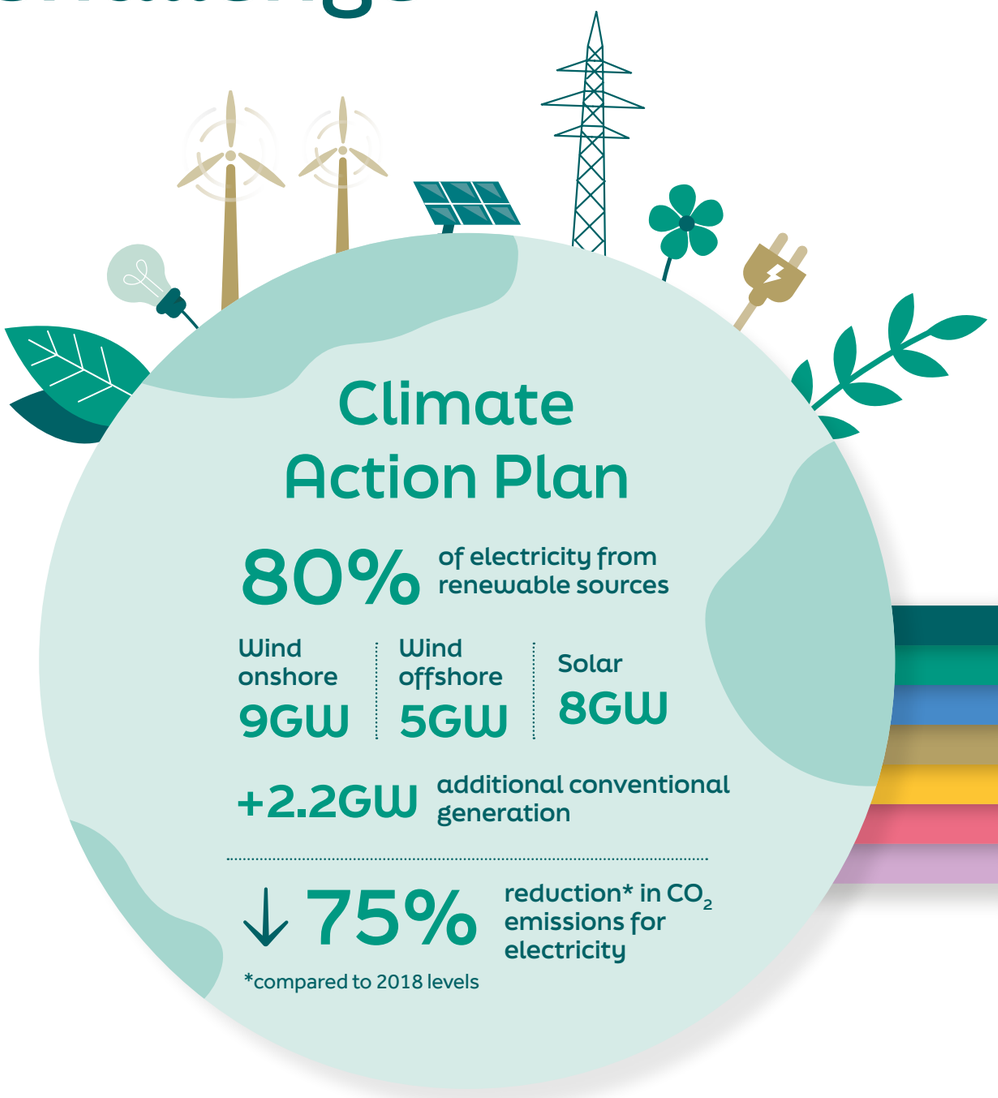


Mark Foley,
Chief Executive, EirGrid Plc





2030 Electricity Challenge



Climate Action Plan

80% of electricity from renewable sources

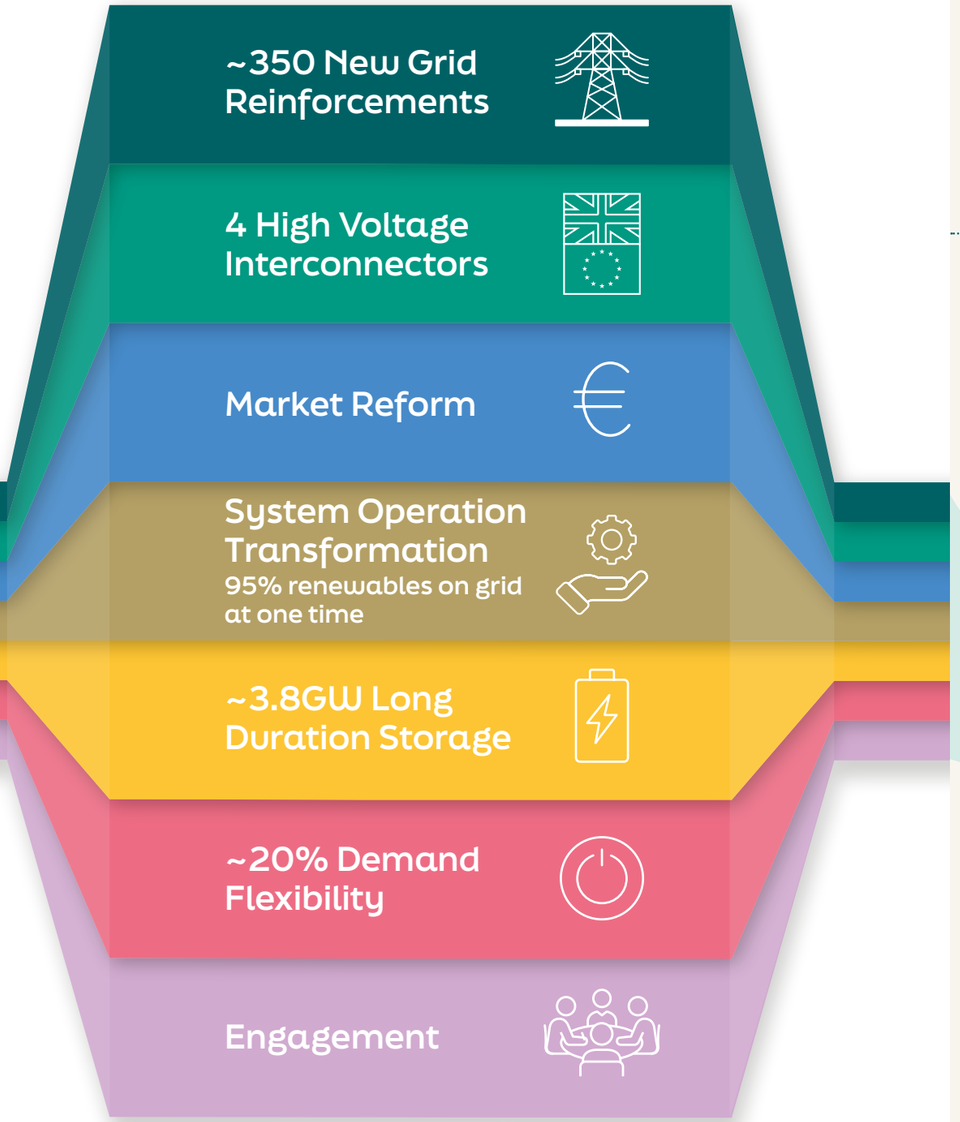
Wind onshore	Wind offshore	Solar
9GW	5GW	8GW

+2.2GW additional conventional generation

↓ 75% reduction* in CO_2 emissions for electricity

*compared to 2018 levels

Shaping Our Electricity Future



Electricity Demand

~50% increase in electricity demand



~1.6GW Large Energy Users



950k Electric Vehicles



600k Heat Pumps



Social and Economic Growth High Scenario

Financial Review

Revenues and Profitability

Group revenue for 2023 was €1,140.5m which was 32% higher than the previous year. The Group's revenue is primarily derived from regulated tariffs. The main revenue is the Transmission Use of System (TUoS) tariff which is a charge payable by all users of the transmission systems in Ireland and Northern Ireland.

We also earn tariff revenue as Market Operator and Nominated Electricity Market Operator for the Single Electricity Market (SEM). The East West Interconnector (EWIC) earns revenue from congestion income arising from price differentials between the SEM and Great Britain markets and also for the provision of system services. Any revenue earned on this interconnector is used to reduce EWIC tariff requirements.

In advance of each tariff year, each licensee submits a forecast to the relevant regulatory authority. This covers customer demand, direct costs, and other revenue requirements. Following a detailed review process, the regulators then issue a formal determination of the allowable revenue that the business can recover. In any year, the revenues collected under these licences may vary from the levels that were previously agreed with the regulators. This is because tariffs are agreed based on forecasts and are collected based on actual energy consumption. Costs may also vary from forecast levels. Therefore, the financial results in any year can include regulatory over or under-recovery of tariffs in the year in question or the correction of prior year over or under-recoveries. Under International Financial Reporting Standards (IFRS), these regulatory over or under-recoveries are recognised in the year in which they occur, even though they will be reversed in future years tariffs.

The Group views Underlying Profit as an important Alternative Performance Measure for the business as it gives an indication of the level of profitability when regulatory over or under recoveries are eliminated, given these will be adjusted for in future years tariffs, whereas reported accounting profit before tax is in adherence with IFRS. Underlying profit is an internal estimate of the Group's profitability and is mainly comprised of the various regulatory allowances earned for carrying out our licenced and unlicenced activities.



"Decrease in this year's profit before tax is due to the impact of regulatory timing differences and an increase in costs reflecting an increase in the scale and complexity of our leading role in the transformation of the energy sector."

Michael Behan
Chief Financial Officer,
EirGrid Group



The accounting profit before tax under IFRS for 2023 was €71.2m. This is down from €114.9m in 2022, as a result of regulatory timing differences and higher operating costs due to an increase in the scale and complexity of the business. Excluding the impact of over and under recoveries on reported profit, management's estimate of the underlying operating profit for 2023 was €40.6m (2022: €26.3m).

EirGrid paid a dividend of €4.0m in May 2023 in respect of 2022. A dividend of €4.0m in respect of 2023 is proposed to be paid in the second quarter of 2024.

Post Balance Sheet Event

The EU introduced a Regulation *(Regulation EU 2019/943)* ("the Regulation") for the electricity market as part of the 'Clean Energy Package' of legislation, which came into effect on 1 January 2020. This Regulation includes rules for managing electricity generation and demand response (Article 12) and dispatching (Article 13) and includes a requirement for compensation to be paid at Article 13(7). The Single Electricity Market Committee (SEMC) subsequently made decisions on how to implement the Regulation, including in relation to the compensation provision set out in Article 13(7), as published in their decision paper *(SEM-22-0009)* in March 2022 (the "SEMC Decision"). From an accounting perspective, EirGrid as TSO has to date been recognising its obligations under Article 13(7) of the Regulation based on the SEMC Decision and a provision has been recognised in our Financial Statements each year since the Regulation came into effect. As it has been confirmed by the Regulator that EirGrid will be able to recover the costs through a market-based tariff, a corresponding receivable has been recognised, therefore there is no impact to the income statement (see provision note 20).

In 2022, High Court Judicial Review proceedings were taken in the Republic of Ireland by two separate groups of windfarm developers challenging the lawfulness of the SEMC Decision made by the Commission for Regulation of Utilities (CRU) acting through the SEMC. Each of the applicants sought various Court "orders" and declarations including an order quashing the SEMC Decision and an order requiring the CRU to give full effect to the compensation provision at Article 13(7) of the Regulation. The Judgement in the case issued on 10 November 2023 and set out the decision of the Court that a number of aspects of the SEMC Decision were in conflict with Article 13(7). In particular, the Judgment stated that payment must be paid by EirGrid as TSO, rather than by way of the SEM and it challenged the compensation calculation methodology adopted in the SEMC Decision. As a result of the Judgement, compensation payable under Article 13(7) will be a TSO cost and as such will be recognised as an expense in the income statement, with costs subsequently being recovered through a TSO tariff which will be recognised as income when billed.

At the date of signing the Financial Statements, the current legal process has not finally concluded, as the Court has yet to issue its final orders. Upon finalisation of the orders, it will be open to the parties to the legal proceedings to seek to appeal the Judgement of the High Court. As there are no final orders from the Court and in the absence of a clear calculation methodology and funding mechanism to make payments, the Judgement is treated as a non-adjusting post balance sheet event while we await the conclusion of the legal proceedings and further regulatory direction.

At this time, it is difficult to quantify the financial impact accurately. Management's estimate of the compensation payable under Article 13(7), if the Judgement were to be sustained, is between €106.5m and €302.6m. This is subject to significant estimation uncertainty due to the complexities of interpreting the financial implications of Article 13(7) of Regulation 943 in the context of the Judgement.

EirGrid is closely monitoring the legal proceedings.

Regulation

EirGrid Group consists of several licensed activities. EirGrid plc and SONI Ltd are the transmission system operators (TSO) in Ireland and Northern Ireland respectively, and these activities in Ireland and Northern Ireland are regulated by the Commission for Regulation of Utilities (CRU) and the Utility Regulator (UR) respectively. The Group also holds two licences as Interconnector Operator, one from the CRU and one from the Office of Gas and Electricity Markets (Ofgem) in the GB. In addition, EirGrid and SONI jointly act as Single Electricity Market Operator (SEMO) for the SEM, which is regulated by the SEM Committee. This committee comprises the CRU, the UR, an independent member and a deputy independent member.

Finally, EirGrid plc and SONI Limited were designated as Nominated Electricity Market Operators (NEMOs) by CRU in Ireland and Utility Regulator in Northern Ireland respectively. We provide NEMO services through SEMOpx, which is a 75/25 contractual joint venture between EirGrid plc and SONI Ltd. The Group's licensed activities are subject to multi-year price controls. These generally are for a five-year period.



Financing

We continue to maintain a focus on the Group's cash flows and available cash resources and adequate working facilities have been put in place to protect the Group's liquidity.

The Celtic Interconnector project achieved Financial Investment Decision in November 2022 and €800m of funding facilities were put in place (in November 2022) with a number of EirGrid lenders (European Investment Bank, Danske Bank, Barclays Bank, and BNP Paribas), consisting of €600m term loans and €200m revolving credit facilities. The Group commenced drawing on these facilities in 2023. A total of €582m of these term loans has been hedged via interest rate swaps.

The Celtic Interconnector project is also funded by a Connecting Europe Fund (CEF) grant of €530m from CINEA. The Celtic Interconnector project is a joint venture between EirGrid plc and the French TSO, Réseau de Transport d'Electricité (RTE).

The Group's other significant borrowings relate to the East West Interconnector, which have long repayment dates and are fully hedged against interest rate fluctuations.

The priorities in the coming year will be to continue to manage liquidity effectively, including securing funding for our new role as owner of Offshore transmission assets over the coming years. We look forward to continuing to work with all of our lenders to finance EirGrid's activities in 2024.



SONI Governance

On the 30 August 2022, the Utility Regulator published its decision on the proposed licence modification to the SONI Transmission System Operator, which came into effect on 26 October 2022. The licence modifications fundamentally alter the governance arrangements between SONI Ltd and its parent (EirGrid plc) and also require the managerial and resource separation of SONI Ltd from the EirGrid Group in terms of employees, premises, IT and other systems, equipment, facilities, processes and assets.

On 1 October 2023, a new independent SONI Ltd board was appointed following on from approval by the UR, the first significant step in the implementation of the licence modifications. All decision making and responsibility for the performance of SONI now sits with the new SONI Ltd board. Following the appointment of the new SONI Ltd board, changes are being made to the EirGrid and SONI management structures, as the next step to full operational and managerial independence.

As set out in note 2 to the Financial Statements, the Consolidated Financial Statements incorporate the Financial Statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved when the Company: has power over the investee, is exposed, or has rights to variable return from its involvement with the investee and has the ability to use its power to affect its return. On that basis, SONI Ltd has been consolidated into the FY2023 Group Financial Statements. Given the governance changes required as a result of the UR's SONI Governance decision, the Company will no longer be able to demonstrate control over SONI Ltd, and as a result, will no longer consolidate SONI Ltd into the Group Financial Statements from 1 October 2023 onwards. The assets and liabilities of SONI will be derecognised at their carrying amounts; the fair value of retained interest will be recognised as an investment in financial asset; and any difference between the carrying value and fair value will be recognised as a gain or loss in the profit or loss account; and this will first impact the EirGrid Consolidated Financial Statements for the year ended 30th September 2024.



Michael Behan
Chief Financial Officer,
EirGrid Group

Financial Summary

	2023 (€m)	2022 (€m)
Revenue	1,140.5	861.6
Direct Costs	(868.0)	(566.1)
Other Operating Costs	(186.1)	(167.8)
Operating Profits	86.4	127.7
Net Finance Costs	(15.2)	(12.8)
Profit before tax	71.2	114.9
Underlying Profits	40.6	26.3

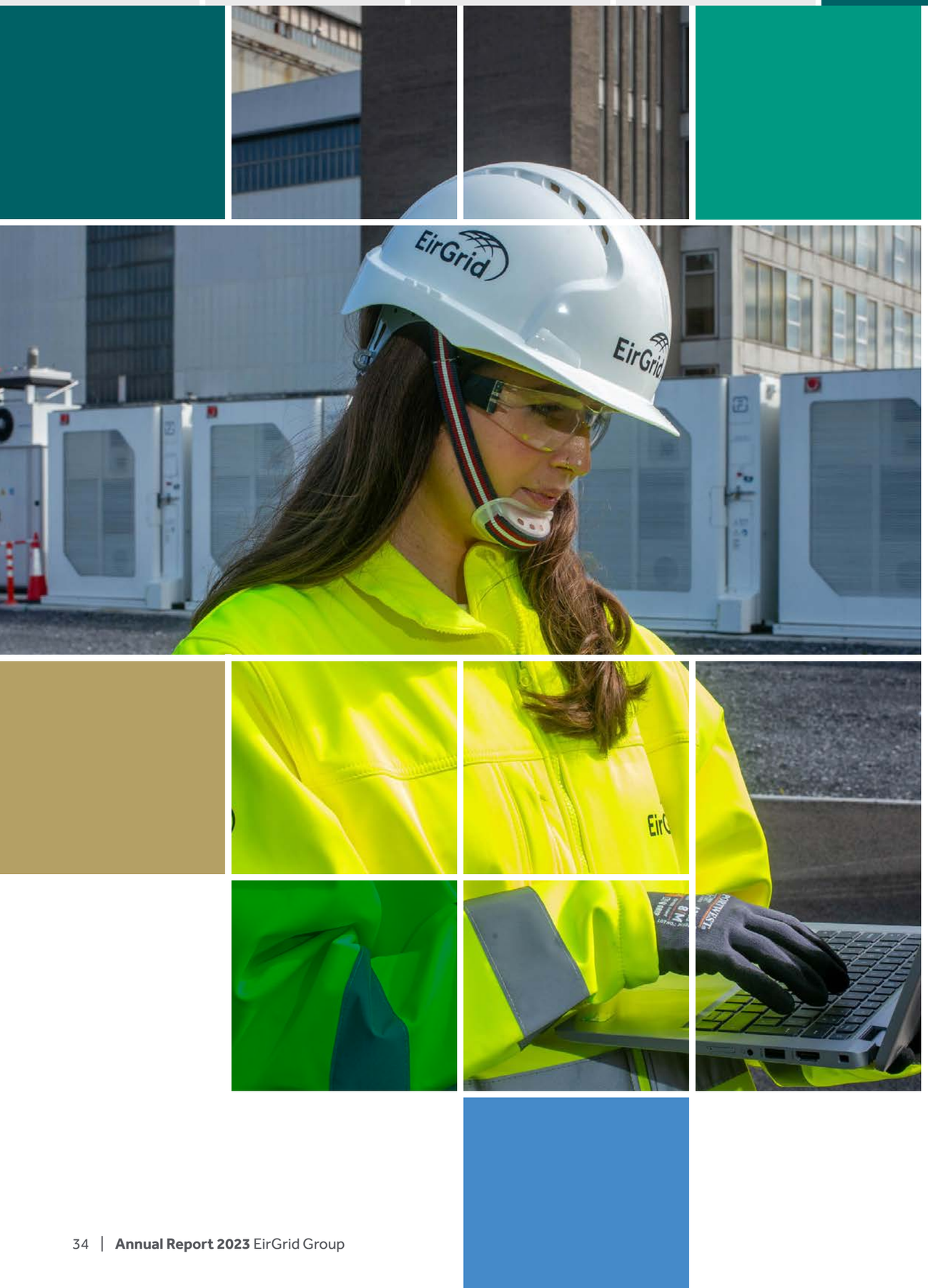
Business Review

Electricity at the Centre of Climate Action

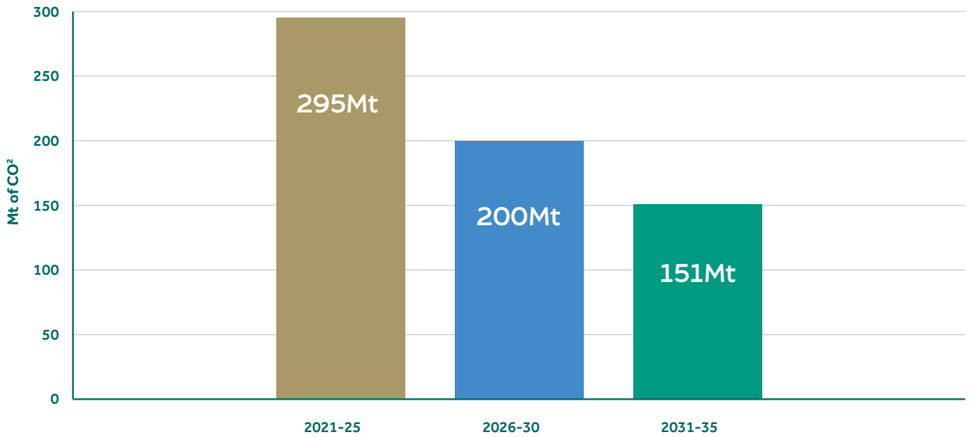
Electricity will play a central role in decarbonisation and delivering the Government's climate action targets in Ireland. This is reflected across climate and energy policy which recognises the importance of both decarbonising electricity supply and using this supply of cleaner electricity to deliver decarbonisation in other sectors of the economy.

The *Climate Action and Low Carbon Development (Amendment) Act 2021* is the legal and governance framework which signed Ireland's 2030 and 2050 greenhouse gas (GHG) emissions reductions into law and outlines a pathway for delivering a climate resilient, biodiversity rich and climate neutral economy. Under this Act, Ireland must deliver a 51% reduction in its greenhouse gas emissions by 2030 compared to 2018 levels.

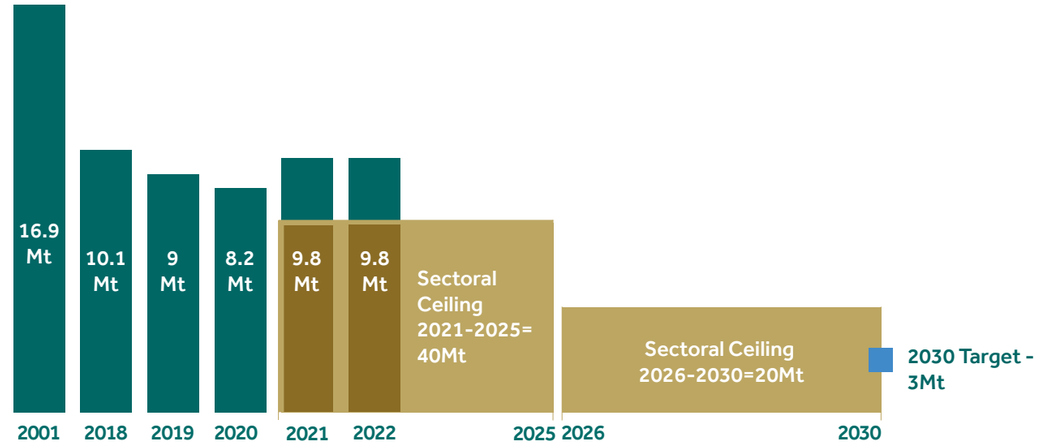




Additionally, carbon budgets recommended by the Climate Change Advisory Council and approved by Government came into effect in April 2022, setting the trajectory for the economy for the coming decade to 2030. The total emissions permitted under the budgets are 295Mt CO_2 equivalent for the period 2021-2025, 200Mt CO_2 equivalent for the period 2026-2030 and, provisionally, 151Mt CO_2 equivalent for the period 2031-2035. This is in the context of an annual emissions level of 68.3Mt for the year 2018 reducing to 33.5Mt by 2030.

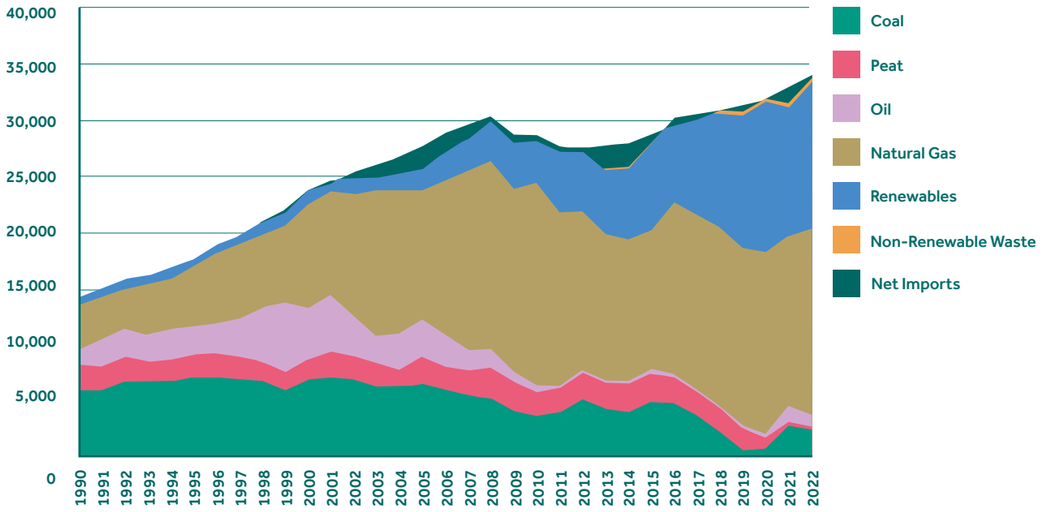


Carbon Budgets



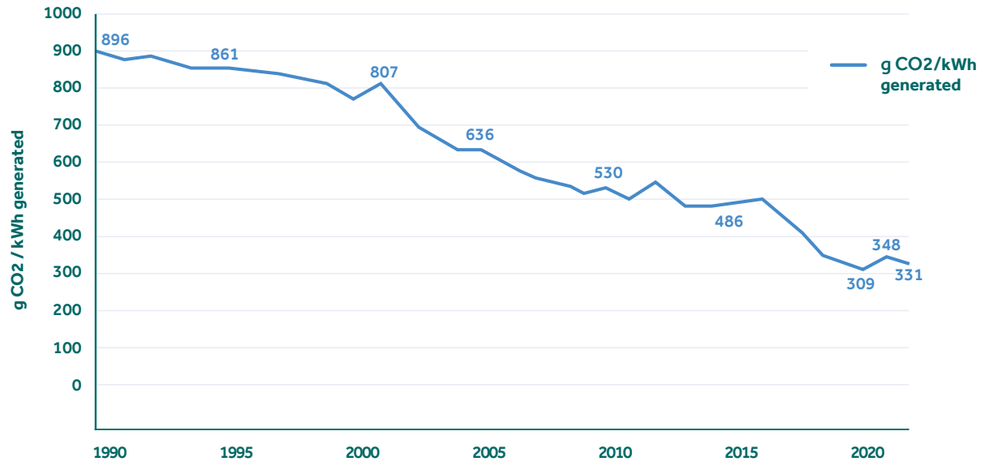
Ireland's Sectoral Emission Ceiling – Electricity

In July 2022, the Government agreed Sectoral Emissions Ceilings which set the maximum Greenhouse Gas (GHG) emissions per sector permitted within each carbon budget period. A target of 75% reduction in total emissions for electricity by 2030 compared to 2018 levels was set, which is the most significant contribution across all sectors.



Ireland's Historical Electricity Production by Fuel Type

There was a 2.1% increase in overall electricity generation in the year 2022, as well as an increase in renewable electricity share to 38.6% compared to 35.0% the previous year. Wind generation, which was up by 14.6% contributed to this, whilst hydro generation reduced by 6.4%.



Emissions Intensity of Electricity Generation 1990-2022

As a result of the overall increase in renewables, combined with decreases in coal, oil, and peat, the emissions intensity of power generation decreased by 4.8% from 348 g CO_2/kWh in 2021 to 331 g CO_2/kWh in 2022.

This reverses the trend of the previous year; in 2021, for the first time since 2016, emissions related to the energy sector (of which electricity is the predominant component) increased at a value of 17.6% compared to 2020, mainly due to an increase in the use of higher carbon-emitting generation such as coal and peat generation, as a result of tight generation capacity margins. Additionally, wind generation levels were lower due to lower wind speeds in 2021, which further required the use of higher carbon-emitting generation.

Electricity continues to be a success story in the overall efforts to decarbonise our economy with the highest reduction in emissions, with 2022 emissions remaining at 9.8Mt which is 10% lower than they were in 1990 and 42% lower than their peak in 2001. The emissions intensity of electricity is still higher than the low of 296g CO_2 per unit in 2020, but this is still significantly lower than the 1990 level of 896g CO_2 per unit of electricity generated.

Strong progress has been made to date in delivering decarbonisation of the electricity system, but achieving increasingly ambitious targets will be very challenging and will require collaboration across the entire ecosystem. Critically, investment in the correct technologies is essential to ensure that we have a balanced portfolio to enable the transformation of the power system. This includes renewable generation, gas fired generation (which is renewable gas ready), electricity storage and demand side flexibility.







Evolving Policy Landscape

Ireland

Over the past financial year, the policy landscape in Ireland has continued to evolve, building on the foundations of the *Climate Action and Low Carbon Development (Amendment) Act 2021* coupled with the carbon budgets and sectoral emissions ceilings.

In December 2022, Government published the updated *Climate Action Plan 2023 (CAP23)* followed by the associated *Annex of Actions* in March 2023. *CAP23* outlines a roadmap for implementing the carbon budgets and emissions ceilings as well as setting a significant increase in ambition by raising the target for renewable electricity from 70% to 80% by 2030.

In March 2023, we also welcomed the publication of the *Policy Statement on the Framework for Phase Two Offshore Wind,* which reflects the increase ambition of *CAP23*, and outlines plans for accelerated deployment of offshore wind, moving from a developer-led to an enduring, plan-led, offshore regime.

Reflecting the importance of interconnection in unlocking Ireland's renewable energy potential and delivering ambitious targets for 2030 and beyond, Government published the *National Policy Statement on Electricity Interconnection* in July 2023. This document outlines plans to explore further interconnection opportunities with other jurisdictions and align development in this area with growth of renewables, particularly offshore.

The *National Hydrogen Strategy*, also published in July 2023, was another important policy development aimed at delivering decarbonisation, enhancing energy security, and developing industrial opportunities for Ireland, with particular relevance to offshore renewable generation and export potential.

European Union

At a European level, the European Commission adopted its annual *State of the Energy Union Report* in October 2022, reporting on progress with implementing the *Green Deal*, the European Union's (EU's) plan for achieving Climate Neutrality by 2050. It was also the first such report since the launch of the *RePowerEU* Initiative in Spring 2022, aimed at reducing the EU's reliance on Russian fossil fuels by diversifying supply, driving energy efficiency, and fast-tracking the energy transition. The report outlined that whilst progress has already been made under the *'Fit for 55'* package of measures aimed at delivering the EU's target of 55% reduction in greenhouse gas emissions by 2030, greater efforts are required to remain on track.

A key milestone this year was approval of the revised *EU Renewable Energy Directive (REDIII)* in September 2023, which sets an increased legally binding target of a minimum 42.5% renewable energy in final energy consumption for the EU by 2030 (with an additional non-binding higher target of 45%). The EU is also progressing with reforms of the *EU Electricity Market Design* aimed at creating the conditions to increase investments in renewable energy whilst protecting consumers from price volatility.

In November 2022, the *EU Corporate Sustainability Reporting Directive (CSRD)* was also adopted. This legislation will increase transparency on corporate performance in relation to sustainability by introducing new reporting requirements across Environmental, Social and Governmental topics.

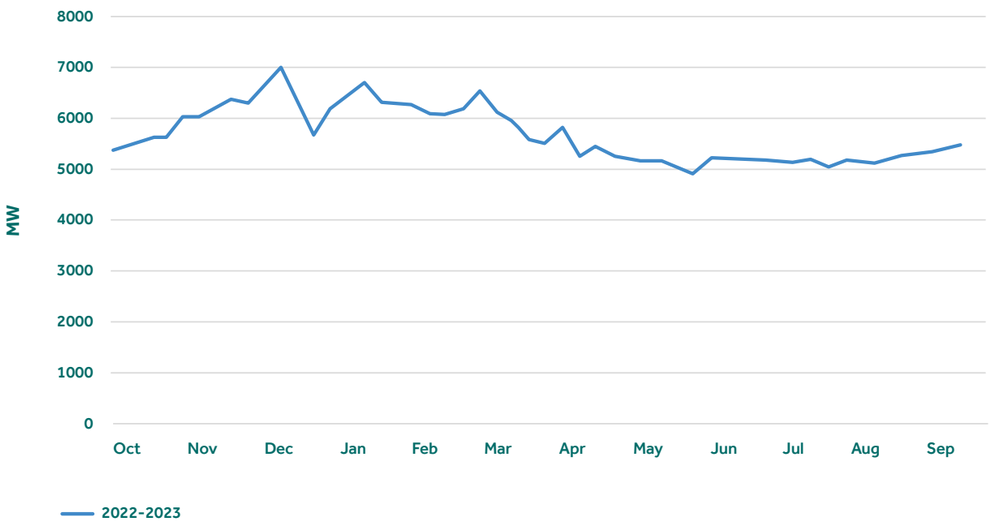
Ensuring the Secure Transition

System Operations

During the financial year, we continued to successfully operate the electricity system and the market despite challenging circumstances.

Winter 2022-23 saw particularly tight generation capacity margins on the electricity system and price shocks in the market due to the ongoing war in Ukraine and a rise in fossil fuel prices. Despite a challenging winter outlook, no system alerts were issued in Ireland or Northern Ireland in the Winter 2022-23 period due to good availability of conventional generation, demand reduction measures in response to EU requirements for the winter, and close coordination with stakeholders, including TSOs in Great Britain and Europe to secure imports on days that the system would have been tight.

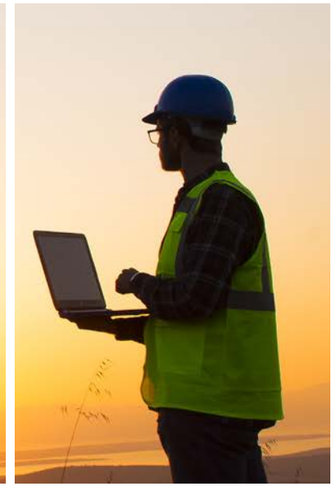
New peak demand records of 5,544 MW in Ireland and 7,031 MW on all-island basis were recorded on 14 December 2022 at 17:26. A new Ireland wind record of 3,644 MW was recorded on 12 January 2023 at 19:24.



All-Island Weekly Peaks

In order to achieve the 2030 targets laid out in *CAP23*, we have continued to make progress in transforming the way we operate the power system. In the past we operated a power system based on conventional generation that could be sent an instruction (a dispatch instruction) to generate at an output with no variability and with each generating unit synchronised with each other. Our future power system will be at times utilising fully variable and non-synchronised renewable sources of power. Operating the future power system will at times be particularly complex for the island of Ireland, as we are lightly interconnected, which means we will have to address system operational challenges first, before they are experienced in the years to come in other heavily interconnected systems.











75%

SNSP as enduring policy

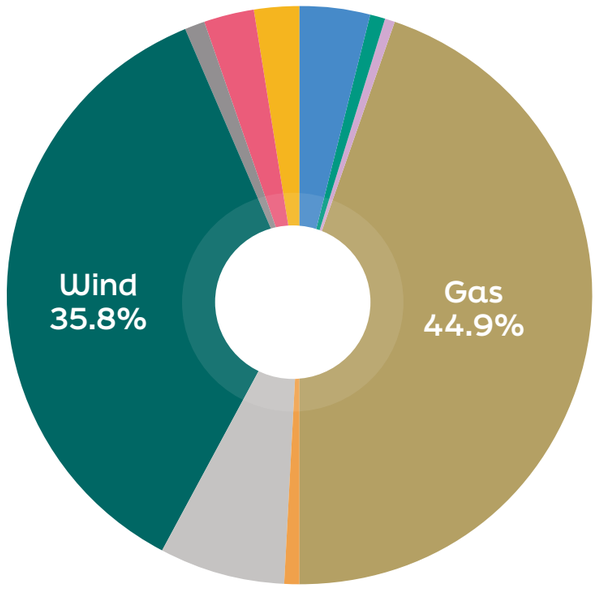
During this financial year, a key achievement was successful operation of the system at above 70% System Non-Synchronous Penetration (SNSP) for 512 hours, over double the level from the previous year. This follows on from a significant milestone in 2022 when we successfully completed an 11-month trial of 75% SNSP on the system with over 232 hours operating above 70% SNSP. Work is now underway on increasing the SNSP figure to 95% by 2030 to achieve Government renewable energy targets; this is an important element of our updated *Shaping Our Electricity Future Roadmap*.

System Non-Synchronous Penetration (SNSP)

What is SNSP?

In the past, conventional generators operated at the same frequency, synchronised to the electricity grid. Renewable generation, such as wind and solar, operate differently (or asynchronously). To achieve the 2030 renewable targets, we will need to be capable of operating the grid with almost 100% of electricity sources that do not synchronise with the electricity system. EirGrid monitors the overall amount of System Non-Synchronous Penetration (SNSP), connected to the grid at any one time. This metric is important to ensure a safe, secure, resilient, and reliable system even with high levels of renewables.





- Coal 4.1%
- Oil 0.8%
- Peat 0.4%
- Gas 44.9%
- Other Non-Renewable 0.9%
- Net Imports 6.9%

Renewables

- Wind 35.8%
- Solar 1.1%
- Hydro 2.7%
- Other Renewable 2.4%

Total Renewables
42.0%

Ireland Electricity Fuel Mix as Percentage of Demand

*Figures have been rounded for ease of presentation.

Reducing the Number of Large Conventional Generation Units

This financial year, we embarked on a key trial outlined in the *Shaping our Electricity Future (SOEF) Roadmap Version 1.1*, aimed at developing and testing the ability to operate the electricity systems on the island securely with only seven large, conventional, synchronous generation units (four in Ireland and three in Northern Ireland). Currently, there is a minimum requirement of eight large synchronous units. Conventional generation units, which operate synchronously, provide important System Services such as system inertia which is essential to operational security. During periods of high wind, we sometimes have to constrain wind generation to maintain operational security. This is to ensure that conventional units can be operated above minimum power set points otherwise they could become unstable. Connecting the world's largest flywheel through the synchronous condenser at Moneypoint to the Irish grid has provided a solution to support this by supplying inertia without the need to burn fossil fuels, as is the case in coal-fired stations.

System Alerts

Managing our security of supply ensures that there is enough electricity being generated to meet the demand for power. The total electricity generated must also include a generation capacity margin. This allows us to manage uncertainties. These uncertainties include the variable output of wind generation, or the risk of conventional generators shutting down unexpectedly due to faults. Where such margins do not meet the criteria we have set out, a System Alert is issued. This is typically when all available generation has reached or is forecast to reach its maximum output. Alerts tend to be active over the peak demand period of the day, generally between 17:00 and 19:00. We manage alert states by operating the power system in a conservative manner. This impacts generation, demand side and interconnection. At these times, we use all available measures, including generation and demand side actions. The three 'levels' to describe the status of the electricity system are described by the system states outlined below:

Status of Electricity System	Definition
Alert	A System Alert warns of the potential for temporary electricity supply issues in the near future, so that our engineers and the wider electricity sector can get ready to take pre-planned actions to protect the integrity of the grid. A System Alert often passes off without incident once a sufficient buffer(margin) between electricity supply and demand is restored.
Emergency	A System Emergency is issued by the TSO when there is a high risk that not all electricity demand can be met. TSO engineers work closely with Distribution System Operator (DSO) engineers to take pre-planned actions to protect the integrity of the grid. These actions may include controlled outages and a temporary reduction in electricity supply for some users.
Major Power System Incident	A Major Power System Incident is one when more than 50% of the electricity system has lost power, or when the system has been split into sections, some of which are without power. In such circumstances, pre-prepared step-by-step actions are taken by the TSO, including the Power System Restoration Plan.

The first level is known as a System Alert state and the second level is a System Emergency state. Loss of a large conventional generator or interconnector during a System Alert state could risk the supply needed to meet peak electricity demand. In a worst-case scenario, this would lead to the disconnection of electricity consumers (Major Power System Incident).

System Alerts 2022-23

Despite continued tight generation capacity margins across the financial year 2022-23, we experienced only two occasions, on an all-island basis, when there was a reduction in the margin between supply and demand below the prescribed standards for triggering a System Alert. This is a notable improvement in comparison to nine occasions in the financial year 2021-22.

One of these System Alerts was issued by EirGrid for Ireland only, on 12 June 2023, due to conventional generation being unavailable, very low wind generation (below forecasted levels), and demand tracking higher than forecast. The alert was successfully managed with no interruption to electricity consumers.

The winter months were expected to be particularly challenging at times of low wind generation, as outlined in our *Winter Outlook 2022-23*.

Regular engagements with TSOs in Great Britain and Europe on reciprocal support arrangements via interconnection were key to keeping the system out of Alert and Emergency states during these periods. As a result, no System Alerts or System Emergencies were experienced during Winter 2022-23, despite a prolonged period of cold weather in December, when a new system demand record of 5,544 MW was reached in Ireland.

We continue to monitor generation margins, and work with our stakeholders – both market participants and large energy users – to proactively manage risk periods and prepare for alerts. This will minimise the risk of disruption, as we are aware of how crucial a secure supply of electricity is for the economy and for life.





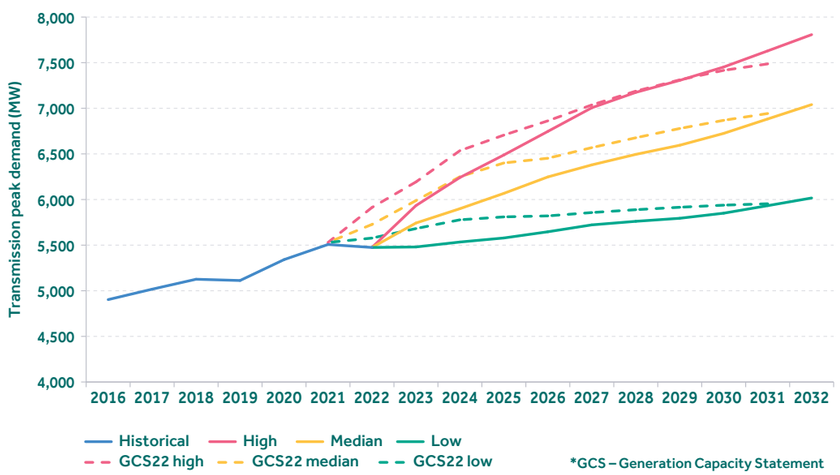
Security of Supply

Through the significant changes required to transition to a decarbonised power system, maintaining security of supply is critically important.

In Ireland, under *SI 60 of 2005, European Communities (Internal Market in Electricity) Regulations 2005*, the Commission for Regulation of Utilities (CRU) is responsible for security of supply. Where EirGrid is of the view that security of supply is threatened, or likely to be threatened, we will advise CRU and make recommendations on measures to address it. CRU then has responsibility for taking such measures (or other measures) as it considers necessary to protect security of supply.

Since 2016, in our Annual Generation Capacity Statements, EirGrid has warned of an increasing tightness between supply and demand in Ireland. A confluence of several factors has led to declining generation capacity margins. These factors include increasing demand as the economy grows, an aging generation fleet that is experiencing increased levels of forced outages, the expected closure of generation with emission limits that exceed minimum standards, delayed new capacity and the termination of capacity awarded by the market. As a result of the loss of this expected capacity being secured through the Capacity Remuneration Mechanism (CRM), a need to reassess system adequacy in Ireland was triggered.

Under the CRU *Electricity Security of Supply Programme*, EirGrid continues to work closely with the CRU and the Department of the Environment, Climate and Communications (DECC) to implement a coordinated approach to address security of supply challenges in Ireland in the short – to medium-term, as well as measures to address security in the longer-term. Under this programme, we are supporting CRU to secure the delivery of new capacity through the market, including close monitoring of the delivery of projects for capacity awarded by past and upcoming auctions.



Forecasted Demand for Electricity in Ireland

Over this past year, significant progress has been made with the delivery of temporary emergency generation under this programme.

In October 2021, CRU issued a direction to EirGrid under the EC Regulations, to secure circa 300MW of Emergency Generation. This is known as TEG1 (Temporary Emergency Generation 1), which has been expedited to a tight timescale and is expected to deliver nearly 250 MW of capacity (North Wall, Dublin – 191 MW and Huntstown, County Dublin – 50 MW) for Winter 2023-24. In June 2022, CRU issued a further direction to EirGrid to secure circa 450 MW (Shannonbridge, County Offaly – 262 MW and Tarbert, County Kerry – 150 MW) of Emergency Generation (TEG2). EirGrid has also been working with our stakeholders on the expeditious delivery of these projects which will be completed in 2024. These projects, as well as close coordination with TSOs in Great Britain and Europe, have contributed to a significant reduction in the supply risk anticipated in our *Winter Outlook (2023-24)*. The expected Loss of Load Expectation has reduced from 51 hours in 2022-23 to 21 hours in 2023-24.

Loss of Load Expectation

Loss of Load Expectation (LOLE) is a mathematical formula, based on studies, of the number of hours in a period (typically a year) during which the available generation will be inadequate to meet the instantaneous demand. The higher this number is, the greater the risk that there will be insufficient generation available to meet the demand at all times. The CRU sets the LOLE standard which acts as a maximum level of risk that it has judged the system should be operated at. The LOLE standard is 8 hours per year.

Temporary emergency generation is considered a non-market measure that may only be applied in terms of European law once all market measures have been exhausted. For this reason, the CRU published an update to the *Risk Preparedness Plan for Ireland* in May 2023, outlining the conditions under which a range of measures may be deployed by EirGrid to prevent or manage an electricity crisis which includes temporary emergency generation.

Under our emergency preparedness programme, we have reviewed and enhanced our coordinated emergency communication plans. These were tested extensively in a large multi-stakeholder exercise in September 2023, which included the participation of ESB Networks, Gas Networks Ireland, DECC, the National Emergency Coordination Group (NECG), the National Oil Reserve Agency (NORA) and other relevant Government departments and agencies. We have also engaged with Large Energy Users (LEUs) in Ireland on the implementation of both voluntary and mandatory demand reduction to mitigate the impact of emergency demand reduction on homes and businesses, where sufficient notice (minimum of 1 hour) can be provided to LEUs, in the event that demand threatens to outstrip supply.



National Emergency Coordination Group

This year, EirGrid further expanded its engagements with the Office of Emergency Planning and the National Emergency Coordination Group (NECG) thorough executing an extensive emergency preparedness exercise (Exercise Brigid). The NECG is responsible for coordinating Ireland's response to emergencies across government sectors and agencies.

In the event of an electricity, gas, or oil emergency, the NECG response will be led by DECC.

EirGrid has also continued to participate actively in the *Energy Security Emergency Group* (ESEG) which was established by DECC to coordinate Ireland's response to the impact of the war in Ukraine on the energy system in Ireland. In 2022-23, the work of the group has been focussed on the Energy Security Package to reduce reliance on fossil fuels, support consumer, and ensure security of supply. The Group has overseen the development of contingency plans and new legislation (the *Oil Emergency Contingency and Transfer of Renewable Transport Fuel Functions Act 2023)* to support the replenishment of secondary fuel stocks at gas-fired generator sites in the event of an extended gas emergency.

Winter Outlook 2023-24

The Winter Outlook helps to inform the electricity industry and supports preparation for the coming months. EirGrid studies the expected generation capacity and the forecast electricity demand to determine if there is adequate generation capacity margin. The Winter Outlook then identifies periods where the margin between generation capacity and forecast peak demand is low, and the security of supply of the electricity system may be at risk. It is a point in time assessment based on the best information available at the time and is therefore subject to change. Work carried out during this financial year on the Winter Outlook for 2023-24 has indicated that there is a lower risk for system alerts compared to the previous Winter. This is in large part due to the CRU's Electricity Security of Supply programme as well as a range of other factors including close co-ordination of our Operations team with our counterparts in Great Britain to ensure continued support on the East-West Interconnector, sufficient renewable generation depending on the weather, and a slightly lower than expected break down, or forced outages, of generation.





Delivering Ireland's 2030 Ambition

Shaping Our Electricity Future

In June 2023, we published *Shaping Our Electricity Future Roadmap Version 1.1* (*SOEF v1.1*), which was a major milestone in this financial year. This follows the publication in November 2021 of the original *Shaping Our Electricity Future Roadmap*.

The electricity grid requires unprecedented change in the lead up to 2030 as coal and other fossil-fuel based generation is phased out and increasing levels of renewables are integrated into the electricity system. Given that renewable generation is variable as it is dependent on weather conditions, availability of high levels of renewable generation does not always coincide with high periods of demand on a daily, weekly or monthly basis. Therefore, a key element of our decarbonisation efforts will be maximising the use of renewables when they are abundant and reducing the need to turn them down during periods of lower demand. In addition, the grid needs to be reinforced in order to ensure electricity can be transported from renewable energy sources to the high demand locations.

SOEF v1.1 outlines our plan for preparing the grid so that, by 2030, 80% of electricity can come from renewable sources, such as wind and solar. The updated Roadmap reflects various changes to climate change policies in 2022. In both Ireland and Northern Ireland, the targets of sourcing 70% of electricity from renewable generation by 2030 were increased to 80%. Most significantly, in Ireland, both carbon budgets and sectoral emissions ceilings were introduced, and the *Climate Action Plan 2023* set ambitious targets for installed capacities of renewable generation; these changes will require Ireland to have connected 9 GW of onshore wind generation, 5 GW of grid-connected offshore wind generation and 8 GW of solar PV generation by 2030.

In comparison with the original *SOEF Roadmap*, this is an increase of 3.3 GW of onshore wind and 6.5 GW of solar PV generation, whilst the offshore wind targets remain unchanged.

The updated *SOEF Roadmap v1.1* outlines a pathway towards meeting the ambitious targets, but the scale of challenge is immense and EirGrid can only deliver on aspects of the Roadmap that are within our remit. The delivery of the transition will demand unprecedented collaboration across the entire ecosystem, as well as strong support from the public.

The Roadmap takes a whole of system approach to delivering the required transformation of the power system. It considers transmission network development, public and stakeholder engagement, evolution of system operations and appropriately incentivising electricity markets. These are expanded upon below.

Network infrastructure: We have identified a significant number of network reinforcement projects to strengthen the grid so that it can deliver 2030 targets. Building new network infrastructure is complex and takes time. Therefore, maximising the use of existing network infrastructure is vital. We will also need to develop renewable hubs which involves gathering multiple renewable generation projects and connecting them to specific parts of the grid that have spare capacity. Due to the variability of renewable generation, at times supply may outstrip demand. Developing new energy storage technologies and interconnection with other countries will maximise use of the surplus renewable generation, which is a key objective of this roadmap.

Engagement: In the lead up to 2030, as we develop new grid infrastructure, it is vital that we gain the support of individual landowners, their neighbours, and their wider communities. Our engagement efforts will include continuing to create spaces for participation across all major projects and collaboration with people at a local and national level at our Energy Citizen Roadshows. We will also continue to give young people a chance to engage with our work, maintain our Community Benefit Policy, and explore ways to deliver upskilling in the energy ecosystem for local communities.

To continue our engagement with industry players we will regularly host the *Shaping Our Electricity Future Advisory Council* and organise frequent industry forums on the Roadmap. For more information on how we engage with communities and the energy citizen, consult page 100.

System Operations: To deliver 2030 targets the Irish power system needs to accommodate unprecedented levels of renewables for a system of our size. This will require a major evolution in how the system operates. There are four main actions we are undertaking to enact the changes required: developing new operational protocols and policies, ensuring we have the right operational standards and system services in place, enhancing our operational tools in the control centre and enabling new technologies and innovations on the power system. All four areas are underpinned by strong partnerships between EirGrid and SONI, as transmission system operators in Ireland and Northern Ireland and their counterpart distribution system operators ESB Networks and NIE Networks in each jurisdiction to ensure all stakeholders' needs are met.

Electricity Markets: Change is needed to help evolve market design to support achieving the increased targets. Markets need to be aligned to the operational challenges of trading large volumes of renewable energy. Full trading arrangements are needed between SEM and the Great Britain and EU markets; this will involve bringing market structures in line with EU legislation, utilising interconnections between countries, and facilitating the efficient export and import of large volumes of renewable energy. Crucially, well-functioning capacity markets are needed to incentivise investment in the generation facilities required to enable the transformation. This must all be delivered whilst improving the economic outcomes for consumers.



During this financial year, noteworthy progress has been made by EirGrid on work that is within our remit across the four areas of the Roadmap. Updates on major projects under the areas of network infrastructure and our engagement workstreams, are detailed under various sections of this report. Under system operations, key deliverables included the publication of our *Operational Policy Roadmap* (see below) which sets out our plan to accommodate continued growth in variable non-synchronous renewable generation between now and 2030. We continued to advocate for critical electricity market changes which are appropriately targeted to ensure investments by third party developers to provide solutions to power system challenges at an affordable cost to the consumer. We also supported the regulatory authorities in Ireland and Northern Ireland in progressing key workstreams particularly relating to Scheduling and Dispatch, and the Future Arrangements for System Services.

Engagement with the public and industry over the past year has been vital in producing the updated *SOEF v1.1 Roadmap*, alongside modelling and analysis of network reinforcements and reviewing electricity market operations and system operations. We are aiming to update the Roadmap regularly in response to the latest technology, economic, policy and system developments. We will continue to work together with Governments and the Regulatory Authorities, and to consult with industry stakeholders and the public in making our energy system safe, affordable, secure, reliable, and sustainable.

Operational Policy Roadmap

As part of the work under the updated *Shaping Our Electricity Future Roadmap*, in December 2022, we published the *Operational Policy Roadmap 2023-2030*. This document sets out our plan to 2030 to accommodate continued growth in variable, non-synchronous renewable generation

It outlines the context, drivers, timelines, milestones, actions, and stakeholder impacts that are needed in each operational policy area to achieve the ambition of the governments' decarbonisation targets for the electricity sector.

Tomorrow's Energy Scenarios 2023 (TES 2023)

Building on the work of the *SOEF Roadmap*, in the past year we also progressed work on preparing *Tomorrow's Energy Scenarios 2023 (TES 2023)* for public consultation at the end of the financial year. *Tomorrow's Energy Scenarios* presents the long-term energy scenarios for Ireland and Northern Ireland and considers how electricity demand and generation might evolve from 2035 to 2050. This is a key strategic initiative which will inform the long-term planning and development of the electricity system, looking out from 2035 to 2050.



Celtic Interconnector

The Celtic Interconnector is a planned subsea link to allow the exchange of electricity between Ireland and France. Since 2011, EirGrid has been working with its French equivalent, Réseau de Transport d'Electricité (RTE), to find the best way to develop the interconnector to benefit electricity customers and markets in Ireland, France, and the EU. The interconnector will be approximately 575 km long and will have a capacity of 700 MW – enough to power 450,000 homes. It has a projected cost of circa €1.623bn and is part-funded by the EU. It is a designated European Project of Common Interest (PCI).

The Celtic Interconnector will help to develop an integrated energy system for the European energy market. A fully integrated energy market will help the EU to achieve its energy policy and climate objectives of affordable, secure and sustainable energy for all citizens; promote renewable energy like solar power to help move to a low-carbon energy future and improve the export of electricity to markets and consumers inside and outside Europe.

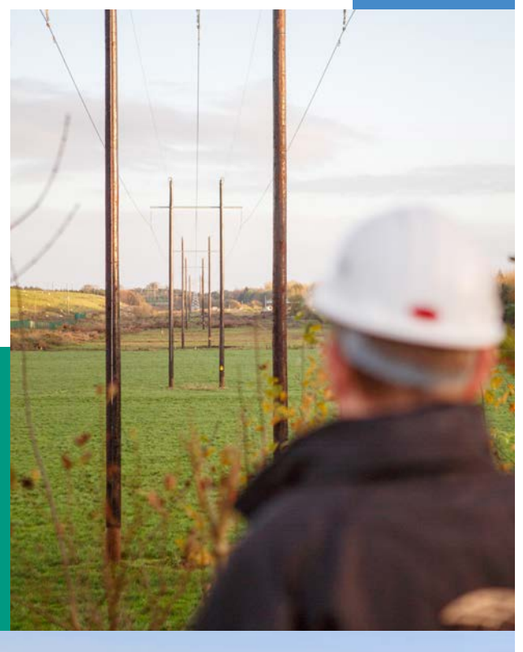
The Celtic Interconnector will bring benefits for Ireland, France and the EU. It will make the supply of electricity more secure as it provides Ireland's only direct energy connection to an EU member state (following the UK's departure from the EU), contribute to achieving our climate objectives and help to reduce the cost of electricity.

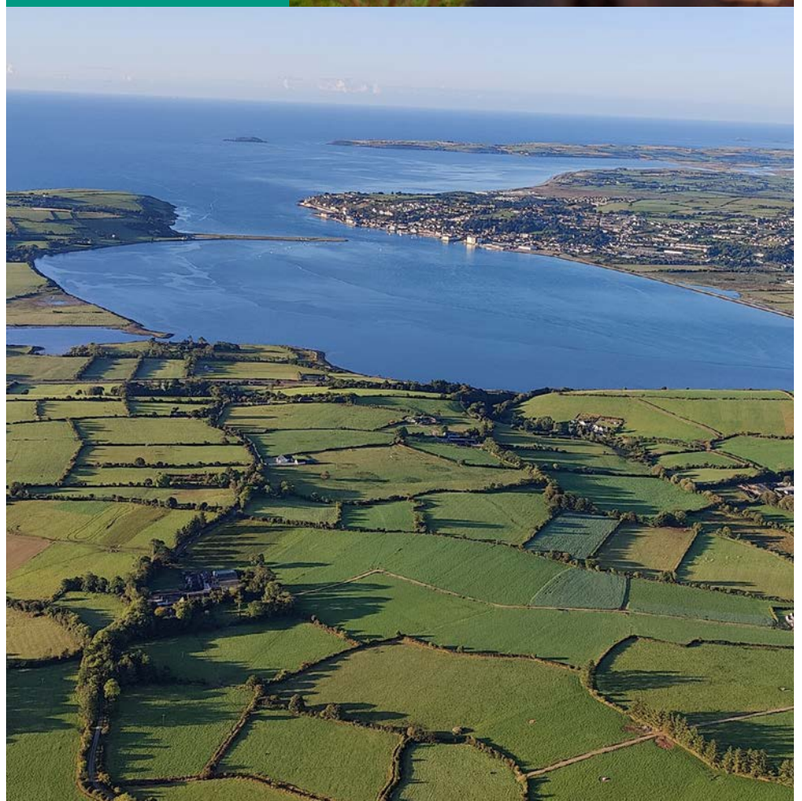
A major milestone this year was the signing of contracts with Siemens Energy for the development of converter stations in Ireland and France and with French cable manufacturer Nexans, who will design and install the 575-kilometre cable. Agreements were also signed for €800 million of financing to be provided by the European Investment Bank, Danske Bank, Barclays and BNP Paribas.

The teams in EirGrid and in RTE worked closely during this year to prepare detailed designs for the cable and converter substation equipment, monitor construction phase activity plans to ensure they are in accordance with the contract and technical requirements, ensure that all required licenses and authorisations are in place, and mobilise onto the sites in Ireland and France ahead of construction beginning at the end of 2023.

Initial marine surveys for sections of the submarine route also commenced in 2023 and will continue in 2024 in preparation for the first installation of the cable in the Celtic Sea in 2025.

Please see page 101 for information on the Celtic Community Benefit Fund.





Infrastructure Delivery

North Connacht 110 kV Project

The North Connacht Project consists of a new 60km 110 kV underground electricity cable from Moy Substation in Ballina, County Mayo, to Tonroe Substation in Ballaghaderreen, County Roscommon. Upgrades and extension works to Moy and Tonroe substations and an upgrade of the existing 110 kV overhead line between Tonroe and Flagford substations in County Roscommon are also required.

At present, a large amount of renewable electricity is generated in the North Connacht region and more is planned over the coming years. As the existing local electricity network cannot manage the expected flow of power, we need to improve the grid in the area. The new transmission line will help strengthen the grid in the region. This will help support the continued social and economic development of the area, including attracting suitable industry and enabling the local community to transition to low carbon.

During this financial year, substantial progress was made on this project. Following our submission of a Strategic Infrastructure Development planning application to An Bord Pleanála in June 2022, a working group between Transport Infrastructure Ireland (TII), EirGrid, ESB Networks and other relevant stakeholders was convened in January 2023 to address observations received, reach agreement by way of collaboration mitigation and redesign where necessary.

In September 2023, planning approval was granted by An Bord Pleanála, subject to 31 conditions, most of which had already been addressed by the working group through a cable route redesign.

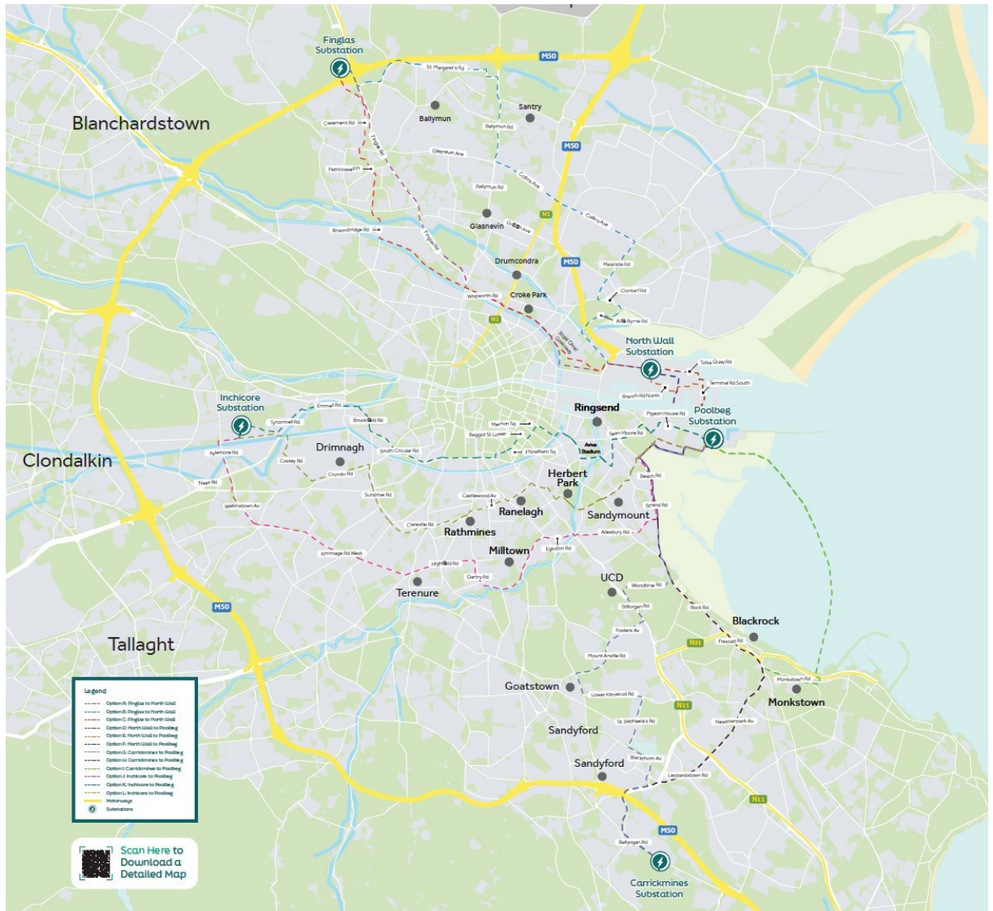
Extensive engagement with stakeholders and the local community continued throughout this year including through the community forum and a community benefit scheme.

Powering Up Dublin

The Dublin programme involves a major upgrade of the Dublin electricity grid to facilitate the delivery of the Government's *Climate Action Plan* targets, replace aging infrastructure and meet growing demand in the city and county. The project includes the replacement of circa 55 km of cabling throughout the city, as well as the expansion of existing substations and provision of new substations in key areas to provide capacity.

Following the establishment of the Dublin Programme during 2022, significant headway was made during 2023. In line with EirGrid's *Public Engagement Strategy*, our project teams identified a series of route options for the 55 km of underground cable replacement works. Following multi-criteria analysis, the emerging best performing route options were identified and presented to stakeholders through a public consultation process which ran from late March to May 2023. The map below illustrates a total of twelve emerging best performing routes which included three options for routes between substations: Finglas to Northwall, Northwall to Poolbeg, Carrickmines to Poolbeg, Inchicore to Poolbeg.

In the lead up, during and after this consultation our team has undertaken extensive stakeholder engagement as evidenced opposite. To help minimise disruption and work as efficiently as possible, we are coordinating with other state-owned utilities, transport providers and local authorities through our Dublin Infrastructure Forum.



Dublin Infrastructure Forum

The Dublin Infrastructure Forum was established by EirGrid, with an independent Chair, to enable effective collaboration with ESB Networks as DSO, other state-owned utilities, transport providers and local authorities. The objective of the Forum is to coordinate the planning, development, implementation, and monitoring of relevant projects across the programme of works being carried out to strengthen key electricity infrastructure in Dublin and the surrounding areas. It is made up of the following members: Dublin Airport Authority, Dublin City Council, Dublin Port Company, Dún Laoghaire-Rathdown County Council, EirGrid, ESB Networks, Fingal County Council, Gas Networks Ireland, Irish Rail, Irish Water, National Transport Authority, Transport Infrastructure Ireland and Waterways Ireland.

Our participation in the Dublin Infrastructure Forum and associated technical working groups has been beneficial in terms of collaboration with other utility operators, such as gas and water, and other State bodies, such as TII and relevant local authorities. Towards the end of the year, we commenced an intensive period of engagement with community groups, schools, and individuals within the Powering Up Dublin engagement zones, to gather local insights to shape the best performing route options selection in the next financial year.

Powering Up Dublin

8-Week Public Consultation: 28 March - 23 May 2023

"Building a More Resilient and Reliable Electricity Grid"

- 135,638 Leaflets Distributed
- 560 Stakeholder Emails Sent
- 11 Public Information Events — 189 Attendees
- 2 Online Webinars — 20 Attendees

Briefings
- 32 Community
- 9 Business
- 2 Public Reps
- 1 Oireachtas Briefing — 25 Attendees

Forums
- 2 Business — 32 Attendees
- 2 Community — 24 Attendees
- 5 Community Liaison Clinics — 22 Attendees
- 2 School Outreach Events — 90 Attendees

- 15 Technical Briefings — 18 Attendees
- 86 Virtual Room Visits

- 60 Local/National News Reports
- 350 Radio Ads
- 148 Outdoor Ads
- 21 Newspaper Ads

Social Media Campaign
- 554 Participated
- 463 People Met
- 91 Submissions Received

Extension and development of new substations are a key aspect of the programme and significant progress was made during the financial year. We confirmed the best performing options and submitted planning applications for the Belcamp 220 kV substation extension and the new Poolbeg 220 kV substation in February and June 2023 respectively and are continuing engagement in anticipation of planning permission being granted.

For both substations we continued to develop the remaining detailed design and construction details including site investigation and survey in conjunction with ESB Networks.

During the year we mobilised a team to progress the optioneering and feasibility studies for three further projects relating to the interfaces between the transmission (high voltage) and distribution (medium/lower voltage) networks that allow power to flow to where it is needed in Dublin. When complete, the projects will provide capacity to meet growing demand from residential and commercial property development and the electrification of heat and transport across the northern, southern, central and western regions of the greater Dublin area.

Kildare Meath Grid Upgrade

The Kildare-Meath Grid Upgrade will add a high-capacity underground electricity connection between Dunstown, County Kildare and Woodland, County Meath. The project is considered essential to meet the Government's 2030 renewable energy targets, which includes transporting electricity from offshore renewable sources. It will also help meet the growing demand for electricity in the east of Ireland, due to increasing population and economic activity in the region.

In April 2023, EirGrid submitted a Strategic Infrastructure Development planning application to An Bord Pleanála for this project. This followed a period of extensive technical assessments, consultations, and engagement with local communities, as well as with Kildare and Meath County Councils and other stakeholders.

In August 2023, EirGrid commenced ground investigations along the cable route. These works are required to determine the presence of underground services, to identify the ground conditions, and to help design the layout and location of the proposed cable. The ground investigations will continue over the coming months and will conclude in Spring 2024.

East Meath North Dublin Grid Upgrade

The East Meath-North Dublin upgrade project involves the development of a high-capacity 400 kV underground cable connection from Woodland, County Meath, to Belcamp in north Dublin. This upgrade will strengthen the electricity grid in east Meath and north Dublin to improve the transfer of electricity across the existing transmission network.

At the end of 2022, four underground route options were developed and published for a 12-week public consultation with communities, key stakeholders, and landowners. In April 2023, the emerging best performing route was announced which took account of feedback from the public consultation and the application of the multi-criteria analysis of technical, economic, environmental, socio-economic and deliverability factors. Since then, further technical studies and onsite investigations took place as well as engagement with residents, landowners, community groups, local authorities, and other stakeholders. This led to the publication of the best performing route in September 2023 which was a refined version of the route proposed in April. The route length is 38km including 11km off-road.

Planning legislation changed in July 2023, introducing new requirements regarding hedgerow removal, which means that a full Environmental Impact Assessment Report must be carried out for the project. The planning permission application is expected to be submitted in mid-2024.

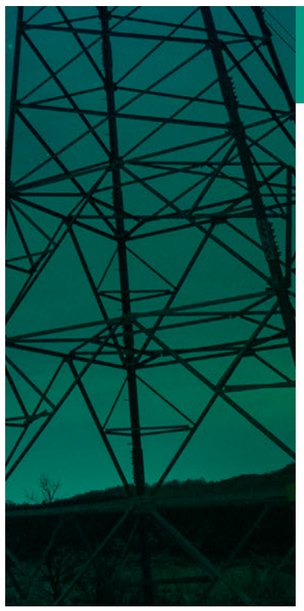
Laois Kilkenny

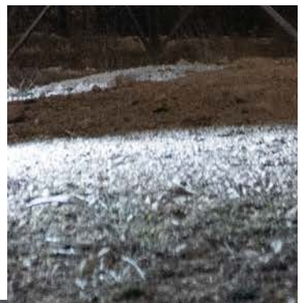
The Laois Kilkenny project is a grid reinforcement project that involves the development of a new 110 kV transmission line between the two counties and a new connection to the 400 kV network in the region. The proposed infrastructure developments involve several construction projects including two new substations located southeast of Portlaoise and at Ballyragget in north Kilkenny respectively. There will be an upgrade to a substation in Kilkenny city and a transmission line between the two new stations will also be constructed.

Over the past twelve months, there have been several important developments on this project. Ballyragget and Kilkenny substation works have been completed and both stations have energised onto the transmission system. Overhead line works between these two stations were also completed and energised. There was significant progress on the new transmission line, with construction works getting well underway.









North South Interconnector

The 400 kV North South Interconnector project is an overhead electric line which is 138km in length, consisting of 401 new towers traversing counties Meath, Cavan, and Monaghan in Ireland and counties Armagh and Tyrone in Northern Ireland, where it will connect to a new proposed 400/275kV substation in Turleenan, Co. Tyrone.

This project has been the subject of a number of independent reviews. In March 2023, the Government published a *review on the North-South Interconnector*, which accepted the findings of previous reports, including the Expert Commission Report (2018), which indicated that the interconnector should proceed as an overhead line, as planned. The project has full planning permission in Ireland and Northern Ireland, and is now proceeding to the next phase.

In 2022-23, ESB Networks and NIE Networks carried out site investigation boreholes and environmental and technical surveys at a number of tower locations along the route in order to gather information in preparation for the construction phase and to ensure compliance with the approved planning permission. ESB Networks awarded a framework contract for the supply of towers for the interconnector and issued tenders for the supply of all other overhead line components. The main construction tender framework was also issued and is expected to be awarded in the coming months. Preparation for landowner engagement was ongoing ahead of formally issuing communications in October 2023.

Customer Energisations – Renewable and Storage

In the financial year 2022-23, a number of renewable energy projects were energised in Ireland. Three onshore wind farm projects were energised along with four solar farms. These renewable generation projects have a combined capacity of 434 MW and will play an important role in progressing towards 2030 targets. One Battery Energy Storage System (BESS) project was connected with a capacity of 75 MW.



Offshore

Reflecting the Government's increased climate action ambitions of delivering 80% renewable electricity by 2030, *CAP23* includes the objective that 5 GW of offshore wind generation will be installed by the end of the decade.

This year, work has continued on implementing EirGrid's expanded role incorporating operation and ownership of Ireland's offshore electricity transmission grid, as designated by the Government's *Policy Statement on the Framework for Ireland's Offshore Electricity Transmission System (2021)*. This Policy Statement detailed three phases of offshore grid development, with the first phase being based on a developer-led, decentralised model, the second phase being a combination of TSO or developer-led projects, culminating in a centralised and plan-led third phase from 2030 onwards. Each phase will align with a Government-led Offshore Renewable Electricity Support Scheme (ORESS) auctions.

EirGrid is fully supportive of the phased transition as envisaged in the *Policy Statement on the Framework for Ireland's Offshore Electricity Transmission System*, and over the past financial year has been continuing to work with DECC and CRU to support delivery.

This includes involvement in the Government's Offshore Wind Energy Taskforce.

In May 2023, EirGrid conducted the first Offshore Renewable Electricity Support Scheme 1 (ORESS 1) auction competition on behalf of DECC, as detailed on page 63. We are now supporting the successful projects to advance through their design and consenting process.

In March 2023, the Irish Government published the *Policy Statement on the Framework for Phase Two Offshore Wind: Accelerating Ireland's Offshore Energy Programme*. This Policy Statement identified EirGrid as the developer of new offshore grid transmission infrastructure. Based on this, we have initiated the South Coast Offshore Transmission Project, which will be the first State-led offshore renewable electricity connection in Ireland. We have commenced studies to assess the potential connection methods for these offshore generation projects on the south coast of Ireland. This analysis is subject to further optioneering, environmental assessment and public consultation as the development is at a very early stage.

During 2022-23, EirGrid worked with ENTSO-E and other European TSOs to produce the first *Offshore Network Development Plan (ONDP)*, that ENTSO-E is mandated to publish by January 2024. The *ONDP* will illustrate how a pan-European offshore electricity grid could look in 2040 and 2050, to meet EU Member States offshore renewable energy ambitions.

EirGrid is also actively participating with other TSOs, under the *Ostend Declaration*, agreed on 24 April 2023 by nine North Seas countries, including Ireland, with the aim of identifying and assessing offshore transmission projects and developing cross-border policy relating to offshore transmission development.

Interconnection with other jurisdictions will play a major role in allowing Ireland to fulfil its significant offshore renewable energy potential. In addition to supporting DECC in the development of its *Policy Statement on Interconnection* (July 2023), EirGrid is exploring further cross-border interconnection opportunities with other TSOs.

Shaping Our Offshore Energy Future

In September 2023, we launched the South Coast Offshore Transmission Project and published the *Shaping our Offshore Energy Future Roadmap*, aimed at raising awareness of EirGrid's role in the delivery of the Government's targets associated with offshore and the work we are undertaking to prepare for its delivery.

As part of *Shaping Our Offshore Energy Future*, EirGrid plans to develop offshore electricity substations and associated undersea electricity cables. This new infrastructure will bring the power generated by offshore windfarms into our national electricity grid.

To achieve this, we will need to develop:

- An offshore substation off the coast of Waterford or Wexford.
- An offshore substation off the coast of Cork.
- A connection between the offshore substations and existing substations onshore. This will involve undersea and underground electricity cables.
- New substations near to existing substations onshore.

This will help deliver up to 900 MW of additional electricity – enough to power almost one million homes with clean energy. This new electricity will be generated by offshore wind farms in Irish waters.

Opening of Cork Office

The opening of the new office space in Cork, in April 2023, was a key milestone for the organisation this year. This office will be used as a base to support the delivery of critical infrastructure for delivering the Climate Action Plan targets, including the construction of the Celtic Interconnector with France and development of the offshore electricity grid. The office will also coordinate the development of offshore electricity substations, which will connect renewable energy off the south coast to the grid.



Renewable Electricity Support Schemes

The development of renewable generation is supported through the Government's Renewable Electricity Support Schemes (RESS) which are funded by electricity consumers. EirGrid has been tasked with operating the RESS auctions on behalf of the Government.

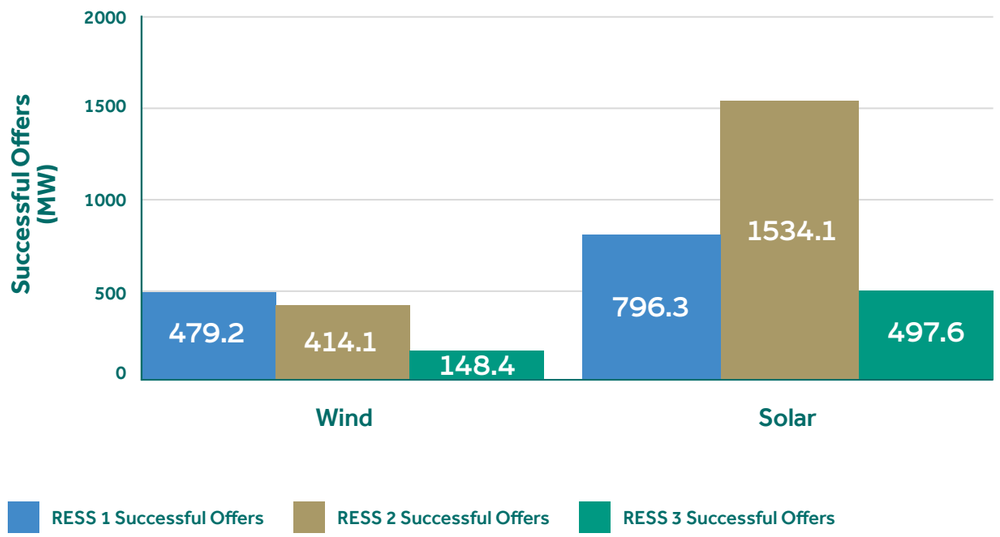
In May 2023, we launched the third onshore Renewable Electricity Support Scheme 3 (RESS 3) auctions. Overall, 36 projects applied to participate in this auction and 31 qualified. The auction completed in September 2023 with 23 successful projects delivering a total of 646 MW (148.4 MW of wind and 497.6 MW of solar).

The completion of RESS 3 this financial year brings the total delivery across the three onshore auctions to 185 successful projects with 3.8 GW of offers clearing. Of this, 145 projects have signed Implementation Agreements with DECC and nearly 3 GW is already under construction.

The GWh weighted average price for RESS 3 was €100.47/MWh, compared to €97.87/MWh and €74.08/MWh in RESS 1 and 2, respectively.

Ireland's first Offshore Renewable Energy Support Scheme auction (ORESS 1) completed in May 2023. A total of six projects equating to 4.4 GW of capacity participated in the auction, of which four were successful. Over 3 GW cleared in the auction with a GWh weighted average price of €86.05/MWh.

The second offshore auction (ORESS 2.1) will open in 2024 next year. The auction will be for a fixed amount of 900 MW capacity within the designated south coast area.



Comparative Results of Three RESS Auctions



SEM Operations

Day-to-day operations of the Single Electricity Market (SEM) continued with all energy auctions run on behalf of the Single Electricity Market Committee (SEMC) completed as planned, imbalance prices calculated on a 5-minute basis, and settlement functions operating within standard key performance indicators.

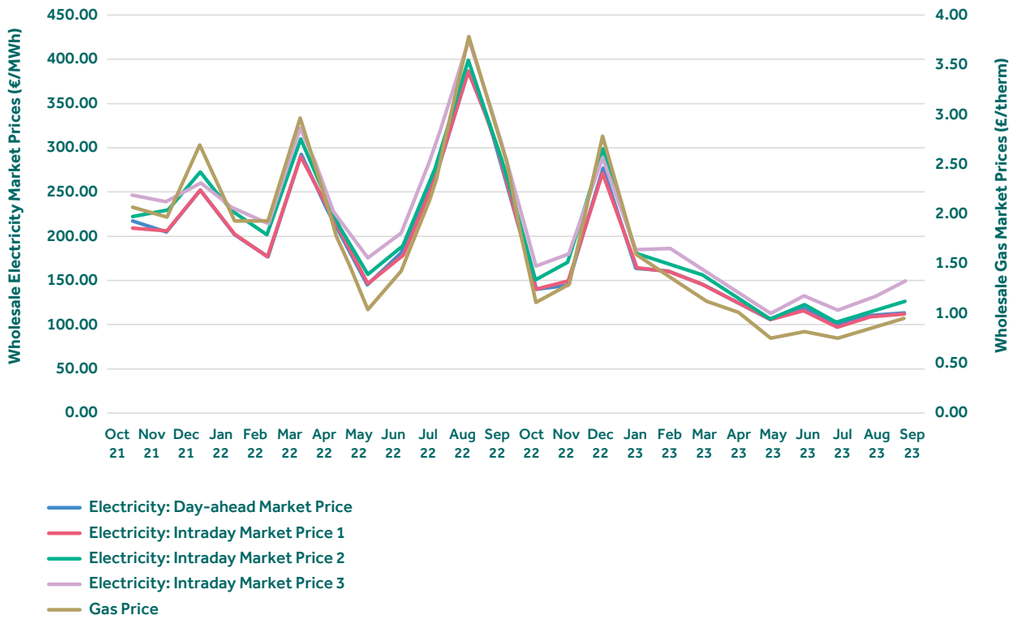
During the financial year 2022-23, the SEM registered an additional 46 market units, including 8 assetless units, 11 wind units, 3 battery units, 3 solar units, 3 demand side units, and 8 supply units.

Global Impacts on Energy

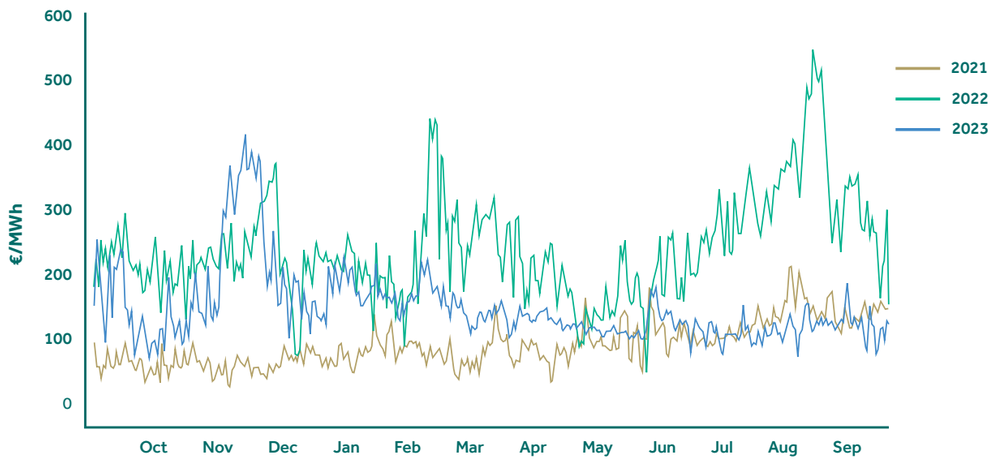
Through the joint venture Single Electricity Market Operator (SEMO), EirGrid and SONI operate the SEM. SEMO has no direct influence over the electricity prices. Over the course of the financial year, the price of wholesale electricity in Europe decreased significantly from the highs experienced in 2022 which were due primarily to the war in Ukraine and resultant increase in gas prices.

The combination of a milder winter period, higher availability of natural gas, and increased wind and solar generation in Europe, steadied the turbulence experienced in 2022-23, resulting in a decrease in electricity prices. Gas and electricity prices remained strongly correlated in the SEM during this year, with the reduction in gas prices leading to an average daily wholesale electricity market (Day-Ahead Market (DAM)) price for the SEM of €140.40, a year-on-year decrease of 40%.

Continuing the trend from 2022, nuclear generation in the European system remained lower than the historical average. The increase in penetration of renewable energy, in particular the uptick in solar energy, helped to offset the potential negative impact on energy prices caused by lower nuclear output from France. The increase of solar energy in the UK and Europe, coupled with the low solar capacity within the SEM resulted in an increase in imports to the SEM, and a resulting 3% increase in the trading volumes on the intraday markets.



Electricity Prices Compared to Gas Prices



SEM DAM Prices by Year

Continued investment in Ireland and Northern Ireland's renewable resources has, and will continue to be, an important component of ensuring our independence of energy supply. However, gas is still an important component of our generation portfolio, and as it will continue to play a role as a transition fuel, ensuring gas security of supply is a vital element of our overall energy security.



Responsible Business Awards Shortlisting

This year, SONI was shortlisted for the Responsible Business Awards Northern Ireland in Collaborative Action for the Mid-Antrim Upgrade Project.

Northern Ireland

Evolving Policy Landscape

The *Climate Change Act (Northern Ireland) 2022 (Act)* sets in legislation Northern Ireland's overall ambition of achieving carbon neutrality by 2050. It also includes an interim target of 48% reduction in emissions by 2030 as well as setting an increased target of 80% (versus 70% previously) electricity consumption from renewable sources by the same year. The policy landscape in Northern Ireland has continued to evolve, with several important consultations taking place.

In June 2023, following the publication of advice from the Climate Change Committee (March 2023) on the path to a Net Zero Northern Ireland, a *consultation* was launched on the report's recommendations and on Northern Ireland's first carbon budgets.

This will inform the development of a Green Growth strategy and a Climate Action Plan for Northern Ireland. The draft *Offshore Renewable Energy Action Plan (OREAP)*, which was consulted on at the start of 2023, was an important step towards delivering on Northern Ireland's ambition of deploying 1GW of offshore wind. Similarly, the *Design Considerations for a Renewable Electricity Support Scheme for Northern Ireland*, consulted on at the start of 2023, is a key element in furthering progress towards 2030 targets. During the year, SONI continued to engage with the Department of Agriculture, Environment and Rural Affairs (DAERA), the Department for the Economy (DfE) and other relevant Departments in relation to policy development and implementation.

Shaping Our Electricity Future Northern Ireland

The publication of the updated *Shaping Our Electricity Future Roadmap* in 2023 was a major milestone of this financial year. It outlines our plan for delivering 2030 climate action targets, and the updated version reflects the new, more ambitious renewable electricity target of 80% for Northern Ireland. To achieve this, the amount of offshore wind connected to the grid in Northern Ireland has been increased from 100MW to 500MW. Onshore wind generation remains the same at 2,450MW and solar PV remains at 600MW.

Infrastructure Projects

This financial year saw continued progress on infrastructure initiatives in Northern Ireland which are key to delivering the decarbonisation of electricity and maintaining security of supply.

North South Interconnector

In October 2022, the NI Court of Appeal provided its judgement in relation to an appeal brought by the Department of Infrastructure, deeming that the Minister for Infrastructure acted lawfully by making the North South planning decision without recourse to the Stormont Executive Committee. With planning consent in place, progress has been made this year on tendering and landowner engagement in preparation for construction.

Mid-Antrim Upgrade Project

This proposed reinforcement of the electricity grid in the Mid Antrim area is required to ensure renewable energy generated in the north and west of Northern Ireland can be transported to the high demand area in the east. It will also strengthen the network, ensure consistent security of supply and improve the efficiency of the electricity system.

The project includes a four bay 110 kV station in the Terrygowan area, a new 110 kV between the new Terrygowan station and the existing Rasharkin station and the upgrading of the existing Kells Rasharkin transmission line. The project entered consultation phase this year, which is due to run until 2026, with construction commencing in 2027. Stakeholder engagement took place including information days, a Citizen Sounding Board, a Community Forum, and public consultation events in the three council areas. The environmental consultant provided a full report on substation site identification and further engagement with landowners got underway.

Energising Belfast

The Energising Belfast project will futureproof the transmission system in Belfast to ensure businesses have capacity and the power they need to expand in the near-term and into the future, supporting the economic and societal vision of the Belfast Region City Deal and all partner councils in the Greater Belfast area. The project will deliver a new high-capacity underground cable in Belfast city centre, as well as a new transformer at Castlereagh substation.

SONI is responsible for design and securing planning consent and NIE Networks will lead the construction phase of the project. Following the official launch of the project with Belfast Chamber of Commerce in October 2022, the consenting phase is now underway ahead of planned construction in 2026. This year, environmental constraint modelling for the underground cable section was completed; a final route has been decided and passed to NIE Networks for technical design. SONI also commenced valuations for potential substation sites and negotiations with landowners. Following this, a pre-application discussion and environmental impact assessment screening will be prepared and submitted to the planning authority for the city centre works.

Airport Road – Sydenham Road Substation

To accommodate an increasing load in the Belfast Harbour and city centre area and to manage security of supply, a new substation is being constructed in the Belfast Harbour Estate, close to the existing Airport Road substation.

In 2022-23, route investigations for the proposed cable routes were progressed ahead of construction targeted for 2024.

Kilroot Open Cycle Gas Turbines

In September 2023, the coal generators at Kilroot power station, which had been in operation for four decades, were decommissioned. During this financial year, significant progress has been made in preparation for commissioning two new Open Cycle Gas Turbines (OCGTs) at Kilroot as a back up to renewable generation to manage security of supply.



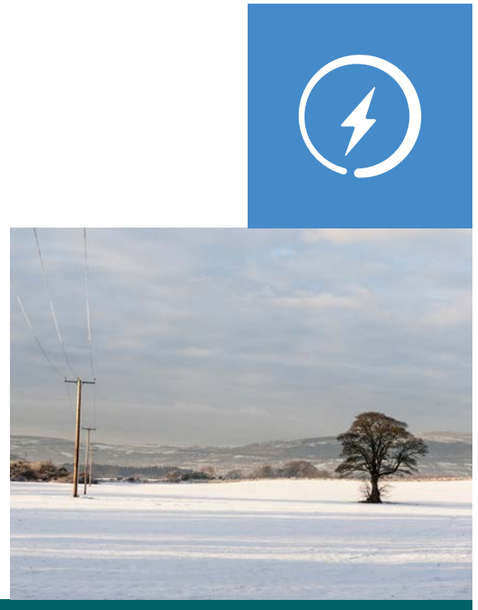
System Operations and Security of Supply

This year, SONI continued to actively engage with DfE, the Utility Regulator (UR), and other key stakeholders to manage anticipated security of supply challenges, particularly in light of the retirement of existing generation and delays in the connection and energisation of new generation capacity.

Winter 2022-23 saw very tight generation capacity margins at times of low wind generation. Daily engagement and reciprocal support arrangements with TSOs in Ireland and GB were key to keeping the system out of the alert and emergency states during these periods.

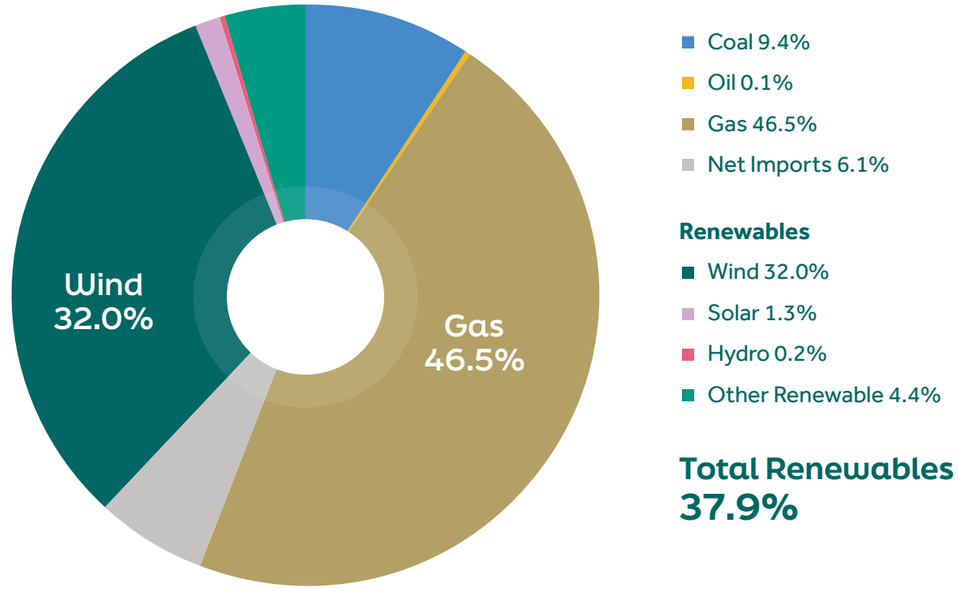
As a result, no system alerts or system emergencies were experienced on the Northern Ireland power system during winter of this financial year. Only one system alert was issued by SONI for Northern Ireland this year, on 10 July 2023. This was due to the tripping of a generation unit which resulted in less than the required three large conventional units in Northern Ireland being available. This alert was successfully managed with no interruption to electricity consumers.

To enhance security of supply, SONI also reviewed and enhanced its coordinated emergency communication plans and tested these in a large multi-stakeholder exercise in September 2023. These included the participation of NIE Networks, Mutual Energy, the DfE, and observers from the government Civil Contingencies Group.



Winter Outlook 2023-24

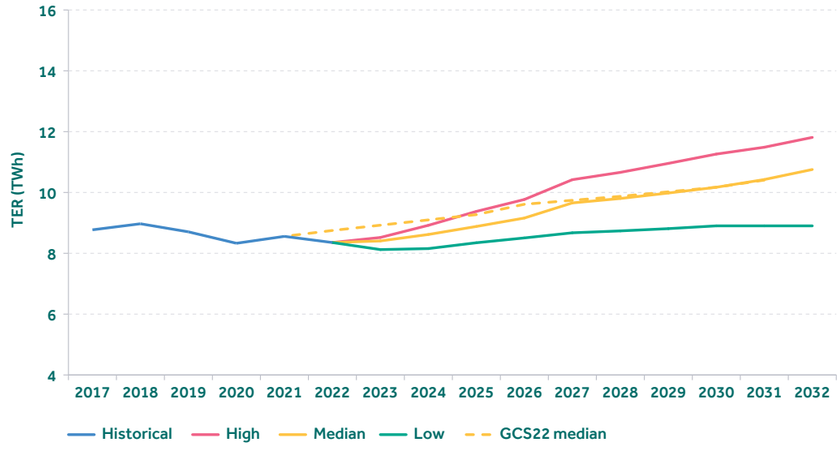
Work carried out during this financial year on the Winter Outlook for 2023-24 has indicated that the Loss of Load Expectation (LOLE) in Northern Ireland for the five months of the Winter period being studied has increased from 1.5 hours in Winter 2022-23 to 1.95 hours in Winter 2023-24. This remains within the level of risk that is set by the Department for the Economy. However, there remains a risk that the system could enter the alert state at times, most likely at periods of low wind and low interconnector imports. SONI has robust contingency plans in place to manage the challenges that may arise as a result of tight generation margins.



Total Renewables 37.9%

Nothern Ireland Electricity Fuel Mix as Percentage of Demand

*Figures have been rounded for ease of presentation.



Forecasted Demand for Electricity in Nothern Ireland





SONI Governance

On 30 August 2022, the Utility Regulator in Northern Ireland published its decision on SONI governance and modifications to its TSO licence. These modifications were codified into SONI's licence on 26 October 2022. The new licence conditions require amongst other requirements the establishment of a majority independent SONI Ltd board of directors (with all directors approved by the Utility Regulator); restriction on shareholder decision making to those matters reserved for shareholder decision under the UK Companies Act 2006, along with managerial, operational and resource independence from EirGrid plc. In a key milestone to implementing the new governance arrangements required under SONI's licence, four new independent directors were appointed to the board of SONI Ltd with effect from 1 October 2023.

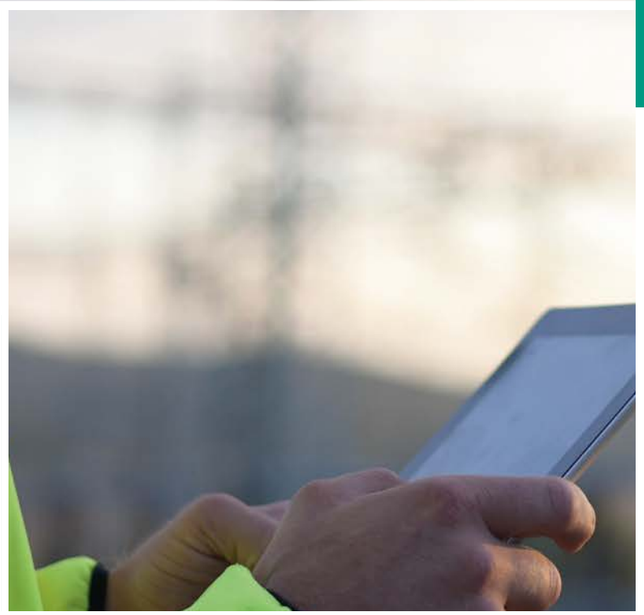
We regret the decision of the UR, however we are committed to implementing it and are working to demerge the businesses in compliance with the new licence condition.













Responsible Business Report

EirGrid's sustainability activities are captured in three broad pillars: Environmental, Social and Governance. Our environmental pillar focusses on our impact on the planet as an organisation. Our social pillar assesses our impact on people, including our employees, our customers, the communities that we operate in and other key stakeholders. Our governance pillar outlines the processes and procedures in place to ensure honest and clear communication pertaining to sustainability.



A Year in Sustainability



Governance

We **recertified** to the **Business Working Responsibility (BWR) Mark.**



Customer Engagement

We have hosted

60 **customer clinic meetings** with

38 **developers** concerning

92 **individual projects**

to discuss future generation and demand connections with our SMEs.



Offshore Engagement

6 **information events**

hosted with DECC in Waterford, Wexford and Cork.

2 **roadshow events**

were held in Cork and Waterford.



Community Engagement

We held **14** **roadshows** in FY23 across Dublin, Cork, Kildare, Meath, Mayo, Cork, Waterford, Galway, Laois and Kilkenny.

We established the **€2.4m Celtic Interconnector Community Benefit Fund.**



Sustainable Procurement

In 2022-2023, we updated our **Modern Slavery and Human Trafficking Statement**.

Sustainable procurement is now being embedded into our **documentation and processes.**



Diversity and Inclusion

In 2023 we had our **largest intake of female graduates** on our graduate programme.

We implemented our **'Earn and Learn'** pilot programme to attract candidates from diverse backgrounds into our organisation.

Social Partnerships

This year marked the **10-year anniversary** of our partnership with Ellenfield Community College.

In collaboration with Young Social Innovators, EirGrid hosted its first **'Powering Up event',** with over **70** **students participating.**

The **EirGrid Cleaner Climate Award** was given to

15 **projects** at the SciFest@ College level, and

144 **projects** at SciFest@School.



Travel

We developed a **'Green Travel Pack'** in collaboration with the National Transport Authority to promote sustainable commuting.

Survey revealed **78%** **of our workforce walk, cycle or use public transport.**



Biodiversity

EirGrid was awarded the **Irish Planning Institute Award** in **Climate Action and Biodiversity** for the Celtic Interconnector Project.

No net loss of habitats achieved on

100%

of major projects.



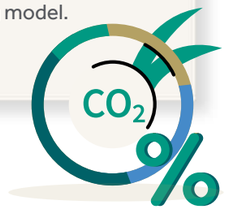
Science Based Targets

Emissions due to business travel have decreased by

82% as compared to 2019.

Employee commuting emissions decreased by

62% as a result of hybrid working model.





Our Sustainability Journey

In support of our primary goal to 'Lead the island's electricity sector on sustainability and decarbonisation', we developed our first *Group Sustainability Strategy* in 2021. Our Sustainability Strategy aligned our targets to the most relevant and impactful of the UN's Sustainable Development Goals (SDGs) and is guided by the three pillars of:

- Driving climate action and transformation of the electricity system.
- Commitment to a sustainable society.
- Being a responsible business.

Over the last year, our focus has been on embedding this strategy across the organisation, and we have continued to make strong progress across all pillars.

Driving Climate Action and Transformation of the Electricity System

Our aims under this pillar are:

- Deliver the secure transition to a low carbon electricity system and to support and embed the critical thinking required to deliver the electricity system transformation.
- Ensure climate change adaptation is factored into our asset management forward planning.

In this pillar, we have updated our *Shaping Our Electricity Future Roadmap* to put us on a pathway to achieving the 2030 targets, in line with the Government's climate ambitions. For more information on the implementation of *Shaping Our Electricity Future Roadmap*, see page 50. During this year, work has been carried out on climate change adaptation on our asset management approach through identifying physical risks and putting mitigation measures in place.

Committed to a Sustainable Society

Our aims under this pillar are:

- Create and inform societal awareness of the challenges we face and the role we can all play.
- Support learning and skills development across society to achieve the transition.
- Support and promote diversity and inclusion.
- Promote a culture of health and safety.

This year, we have continued to enhance our approach under this pillar by implementing our *Public Engagement Strategy*, delivering the essential consultation processes undertaken to inform our infrastructure delivery programme and our commitment to employee development, community engagement and career development programmes.

Being a Responsible Business

Our aims under this pillar are:

- Further embed sustainability into governance, decisions, and delivery across the business.
- Manage and reduce our own carbon footprint.
- Achieve the highest ethical standards.
- Increase transparency on our non-financial performance.

This year, we have continued to develop strong governance structures with a focus on climate and sustainability, aligning with our commitment to further embed sustainability into our business operations. Within this, we have developed and adopted key policies for the business including energy and environmental policies for the Group. As part of the Science Based Targets emissions footprint baselining and assessment exercise undertaken in 2021, we committed to targets to reduce our emissions impact. In October 2022, we have received external certification for our efforts in this space, through the Business Working Responsibly (BWR) Mark awarded by Business in the Community Ireland and aligned with the National Standards Authority of Ireland.





Environmental

At EirGrid Group, our most impactful contribution, from a sustainability perspective, is to drive climate action through the transformation of the electricity system, realising the broader decarbonisation benefits that can materialise across the economy through electrification. In doing so, we are directly at the centre of supporting the outlook for a net zero economy that is shared across the island. For more information on the execution of our *Shaping our Electricity Future Roadmap*, see page 50.

Carbon Footprint Management

Science Based Targets

EirGrid Group developed our emissions reduction target in line with the SBTi's criteria in 2021, against a baseline of 2019 data and SBTi validated our Science Based Targets in March 2022. EirGrid's Science Based Targets are summarised below:

Target	Expected Impact	How to measure it
Science Based Target 1	Reduce direct and indirect emissions by 50%	Reduce absolute Scope 1 and 2 carbon emissions 50% by 2030 compared to the 2019 baseline year
Science Based Target 2	Reduce indirect emissions from Dispatch Balancing Services by 35% per MWh of overall system demand	Reduce Scope 3 Dispatch Balancing Services – related carbon emissions by 35% per MWh of overall system demand by 2030 compared to the 2019 baseline year.
Science Based Target 3	Reduce all other indirect emissions from our activities by 30%	Reduce all other absolute Scope 3 carbon emissions by 30% by 2030 compared to the 2019 baseline year

What are Science Based Targets?

Science Based Targets provide a clearly defined pathway for companies to reduce greenhouse gas (GHG) emissions, helping prevent the worst impacts of climate change and facilitate sustainable business growth.

Targets are considered 'science-based' if they are in line with what the latest climate science deems necessary to meet the goals of the Paris Agreement – limiting global warming to 1.5°C above pre-industrial levels.

Under the GHG Protocol, emissions are classified into three scopes: Scope 1, Scope 2 and Scope 3. These scopes are determined by where the emissions originate from. Scope 1 covers the direct emissions that are owned or controlled by a company, whereas Scope 2 and 3 indirect emissions are a consequence of the activities of the company but occur from sources not owned or controlled by it.

Scope 1: refers to direct emissions that are owned or controlled by the company.

Scope 2: relates to emissions from purchased electricity, heating and cooling.

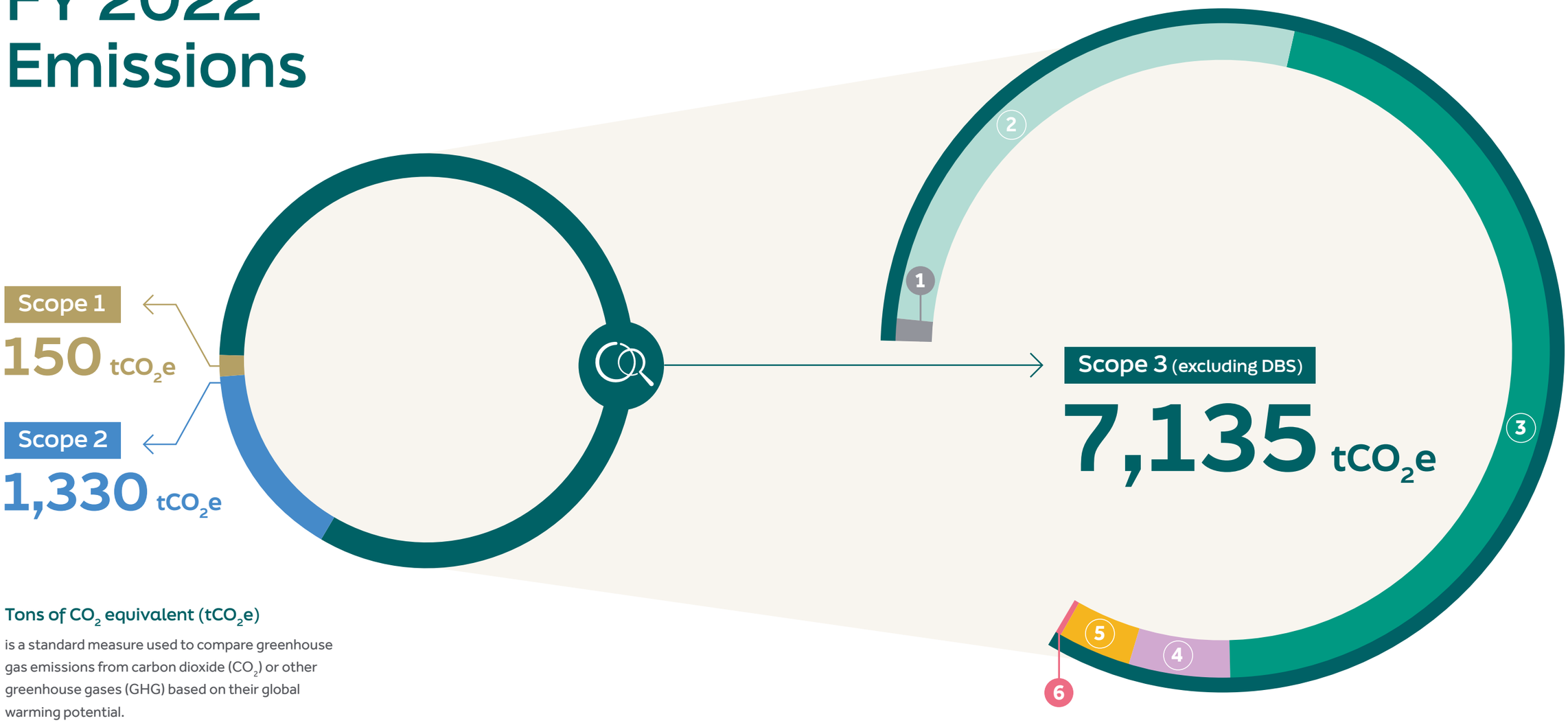
Scope 3: refers to indirect emissions up and down a company's value chain, including activities like Purchased Goods and Services and Capital Goods.

In 2023, EirGrid Group completed our Carbon Footprint Assessment for 2022. The results of this assessment are summarised below.

Target	Expected Impact	FY2021	FY2022	2021 vs 2022	Progress against Target
Science Based Target 1	Reduce direct and indirect emissions by 50% (Scope 1 & 2 emissions)	1,366t CO_2e	1,480t CO_2e	↑	→
Science Based Target 2	Reduce indirect emissions from Dispatch Balancing Services (DBS) by 35% per MWh of overall system demand (Scope 3 emissions - DBS)	0.036t CO_2e per MWh of electricity demand	0.019t CO_2e per MWh of electricity demand	↓	↓
Science Based Target 3	Reduce all other indirect emissions from our activities by 30% (Scope 3 emissions excluding DBS)	5,919t CO_2e	7,135t CO_2e	↑	↑



FY 2022 Emissions



Tons of CO_2 equivalent (tCO_2e)

is a standard measure used to compare greenhouse gas emissions from carbon dioxide (CO_2) or other greenhouse gases (GHG) based on their global warming potential.

Total emissions (including DBS)

764,510 tCO_2e



Scope 3 Categories

1	Business Travel	107 tCO_2e
2	Capital Goods	2,314 tCO_2e
3	Purchased Goods & Services (excluding DBS)	3,958 tCO_2e
4	Employee Commuting	442 tCO_2e
5	Fuel & Energy Related Activities	309 tCO_2e
6	Waste	6 tCO_2e

*Figures have been rounded for ease of presentation.

Progress for Science Based Target 1

Electricity consumption at our offices drives the vast majority of the emissions in Scope 1 and 2 – whilst we have made some modest improvements due to energy efficiency measures in our offices, our overall consumption remains broadly similar.

Progress for Science Based Target 2

Science Based Target 2 represents >99.5% of EirGrid's overall emissions footprint. It relates to Dispatch Balancing Services which we assessed to be a Scope 3 activity during the process to set our targets in 2021. Dispatch Balancing Services are TSO actions to balance the grid to ensure that the system is secure from a system operation perspective and represent 99% of our carbon footprint. There has been a reduction in the Science Based Target 2 (SBT2) emissions since the base year of 2019.

However, the level of Dispatch Balancing Services is highly dependent on the level of constraint or curtailment on the system. Forecasting Dispatch Balancing Services is challenging as it is driven by a number of different factors including weather and the availability of conventional generation. As the rules surrounding the Dispatch Balancing Services are set by the SEMC and not EirGrid, EirGrid has limited scope to influence it. A change in the market rules would be required to drive significant impact.

Progress for Science Based Target 3

Science Based Target 3 (SBT3) increased this year due to an increase in Purchased Goods and Services and Capital Goods driven by increased scope/scale and new activities for EirGrid since the baseline year include:

- New government policy to achieve 80% RES-e by 2030.
- Offshore transmission asset ownership and operation.
- Celtic interconnector and Greenlink.
- Implementation of the solutions to address security of supply (Temporary Emergency Generation).

EirGrid Group witnessed a significant reduction in travel made by employees for business and commuting to the office since the return to our offices, following the COVID-19 pandemic. Emissions due to business travel have decreased by 82% as compared to 2019. Likewise, employee commuting emissions dropped substantially by 62%, as a result of hybrid working model and an increase in the use of sustainable modes of commuting, such as walking, cycling, and public transport.

What are Dispatch Balancing Services? (DBS)

Dispatch refers to the issuing of instructions by the Control Centres in EirGrid to power generators, demand side units, interconnectors or pumped storage plant about their times, fuel, manager of operation or output.

Dispatch Balancing Services refers to the process of how generators are instructed. Within this, Dispatch Balancing Costs relate to a number of payments in this process. EirGrid is responsible for forecasting and managing all activities associated with Dispatch Balancing. The ruleset for Dispatch Balancing is set by the SEMC.

Climate Change Adaptation

EirGrid is responsible for assessing the risk due to climate change on our asset management approach. Physical climate change risks are those which occur as a result of the changing weather patterns associated with climate change. EirGrid has completed a number of studies into the impacts of climate change on the transmission system. The greatest risk to the transmission system has been identified as flooding arising from river or drainage systems exceeding channel or infrastructure capacity limits, storm surges, rising sea levels and extreme precipitation levels. Assessments were completed to identify areas and specific station and overhead line assets vulnerable to the impacts of climate change. Those sites that were identified as vulnerable to the risk of flooding have undergone further studies to identify the adaptative measures required to mitigate this risk. These climate change adaptation projects are currently going through the approval process, with completion due in October 2028.



Sustainable Procurement

In 2021, EirGrid Group undertook a sustainable procurement assessment to evaluate our approach against the international standard for sustainable procurement, ISO 20400. We then used this to identify appropriate social and environmental metrics and KPIs to incorporate into our procurement processes.

We are continuing to engage with our strategic partners on our evolving sustainable procurement practices as part of our vendor management process. In 2022-2023, we updated our Modern Slavery and Human Trafficking Statement, which sets out the steps taken to combat modern slavery both in our business and supply chains.

Sustainable Procurement Training

During the year we ran a number of workshops, supported by sustainable procurement experts, with our Commercial Management team on sustainable procurement practices. Sustainable procurement is now being embedded into our documentation and business as usual processes on an ongoing basis.



Irish Planning Institute Award – Climate Action and Biodiversity

This year, EirGrid was delighted to be awarded the Irish Planning Institute Award in Climate Action and Biodiversity for the Celtic Interconnector Project. On biodiversity, the project implements 'Nature Inclusive Design' by committing to replace existing species-poor hedgerows which are removed for construction with species-rich native, locally sourced trees. All landscaping at the Ballyadam Converter Station will function for biodiversity, rather than amenity or aesthetics. The landscape design restricts use of commercial seed, instead adopting a low intervention approach of natural recolonization, with vegetation regrowing from existing turves and seed bank. The design includes an open water attenuation pond with vegetated banks, protection and retention of 'priority' orchid-rich grasslands, translocation of threatened Greater Knapweed plants to a permanent meadow area to be managed long-term by EirGrid, and species-rich native woodland planting.

Biodiversity

EirGrid Group is committed to monitoring and improving the effectiveness of our biodiversity actions, in response to our obligations. We already endeavour to avoid or reduce impacts on biodiversity when developing electricity transmission projects. In response to the twin biodiversity and climate crises, we are aiming higher to restore nature.



Nature Restoration Action

Aligning with these goals, in 2019 we commenced a series of nature restoration projects, starting with the East West Interconnector (EWIC) Biodiversity Project, in collaboration with Hitachi Energy. In 2022, we established contractual 'Nature Inclusive Design' requirements across our capital projects, in collaboration with our inhouse ecologist, ESB, and nature bodies where appropriate. In 2023, after several successful pilot projects we agreed with ESB, Nature Inclusive Design measures at onshore substation sites (native woodland and scrub planting, and grassland restoration).

The results of our Nature Restoration initiatives can be seen below:

- No net loss of habitats* achieved on 100% of major projects**.
- Net gain of habitats achieved on 80% of major projects.
- Nature Inclusive Design delivered biodiversity enhancement on 80% of major projects.
- Bird flight collision risk mitigated on existing overhead lines by retrofitting bird flight diverters on 22.3km of lines.

*No Net Loss and net gain was calculated as simple habitat area; the calculation excluded losses of low ecological value habitats.
**Major Projects defined as new Under Ground Cable projects, new substation projects and substation extension projects (N=10 planning applications in FY23

Ecological Record Submission

Under the *National Biodiversity Action Plan*, EirGrid continues our commitment to meeting and acting on its obligations to protect our biodiversity for the benefit of future generations through a number of strategic actions and key performance indicators.

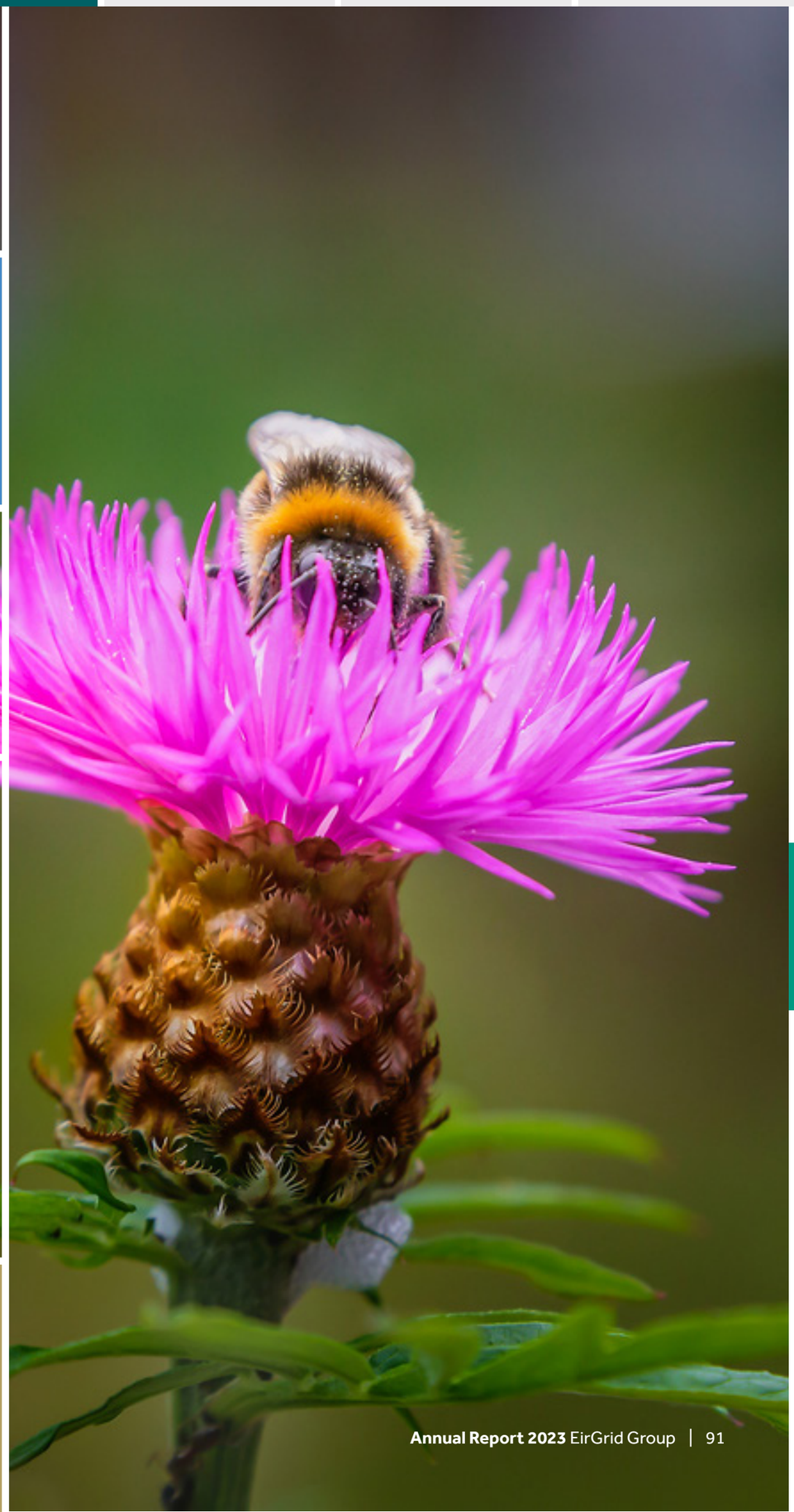
With a focus on 'strengthen[ing] the knowledge base for conservation, management, and sustainable use of biodiversity', EirGrid has reached its initial target of submitting 1,000 ecological records to the National Biodiversity Data Centre by the autumn of 2023. These records are of animal and/or plant sighting at a particular time and location. These records are useful in helping to inform future development and research for species distributions, so we require anyone working on EirGrid projects to compile them. Our target is to submit over 5,000 records by autumn 2024.

Strategic Environmental Assessment (SEA) Monitoring

In January 2023, EirGrid published its *SEA-related Monitoring Report* of EirGrid's *Grid Implementation Plan 2017-2022*. The purpose of the project was to monitor the environmental performance of EirGrid's *Grid Implementation Plan 2017-2022*.

As part of this process, EirGrid reviewed over 100 environmental reports for projects delivered over a five-year period (2017-2022), identifying the real environmental of our projects, data gaps to fill in the next plan cycle, and implementing process and project development changes to mitigate the effects identified.

University College Dublin (UCD) is proposing EirGrid's SEA monitoring as a good practice case study in third-level education modules. The Environmental Protection Agency is finalising details on a SEA capacity building programme for government, local authorities, and other public bodies. It is anticipated that EirGrid will be invited to present this project as part of the SEA monitoring module within that programme. EirGrid presented the findings of this research to Irish and international government agencies throughout 2023 and will continue to do so, as necessary.









Social

Achieving the Government's climate ambition will require a significant societal change, and EirGrid Group has an integral role to play in that transition. We have committed to working across all stakeholder groups, ensuring that our business operations are conducted in a way which considers the environmental impact of our activities in terms of the use of products, our interactions with the land, the water, communities, and habitats.

Social Partnerships

SciFest

In 2021, we commenced our partnership with SciFest on the *SciFest@School programme*. The SciFest programme promotes science, technology, engineering, and maths (STEM) education through the provision of a forum for students at local, regional, and national level to present and display their scientific investigations.

This year, we were delighted to extend our partnership with SciFest as a Project Partner. This sees the EirGrid Cleaner Climate Award rolled out to the SciFest@School, SciFest@College and the SciFest National Final.

The EirGrid Cleaner Climate Award recognises projects that best demonstrates the design of a creative, innovative approach which contributes to a cleaner energy future. By expanding this award, we are continuing to provide a space for second level students to explore and develop their ideas pertaining to a cleaner energy future, as we work to transition the power system.



DCU Access to the Workplace Programme

Aligning with our focus on education, we continued our partnership with the DCU Educational Trust on its *Access to the Workplace Programme* to make education accessible and achievable to young people from under-represented backgrounds. As part of our partnership, a student from the DCU Access Programme undertook an internship in summer 2023, providing invaluable professional experience and developing important skills which can be applied as they return to complete their final year of studies.

Ellenfield Community College

Building on our existing relationship with Ellenfield Community College (formerly Margaret Aylward Community College) in Whitehall, Dublin, in May 2023 we launched the second cycle of our two-year mentoring programme with Leaving Certificate students through the *Business in the Community Ireland (BITCI) Action on Education Programme*.

The EirGrid Graduate Development Programme participants provided hybrid group mentoring sessions on a variety of topics including career opportunities, personal effectiveness, and important life skills development. These sessions proved mutually beneficial, providing an opportunity to gain exposure to new and different perspectives, learn from diverging experiences and improving communication, self-confidence and self-awareness.

This year, EirGrid was delighted to mark the 10-year anniversary of our partnership with Ellenfield Community College, and we are very excited to see the partnership continue to develop and flourish in the future.

Young Social Innovators

In February 2022, we launched a new partnership with the non-profit organisation Young Social Innovators (YSI). The partnership saw EirGrid become the new Climate Action and Energy partner to YSI for a three-year period and also involved the launch of a new Climate Action and Energy Award.

In partnership with Young Social Innovators (YSI), EirGrid hosted its first ever in-person youth event in January 2023. EirGrid invited 70 participants of the YSI programme to the 'Powering Up Event', held in the Aviva Stadium, Dublin. Young people travelled from across the country to take part in the event which included workshops on a range of different topics, including Ireland's 2030 targets, the UN Sustainable Development Goals and Biodiversity. The groups used the information they learned and applied them to their team projects with the hope of achieving an award in the EirGrid Sponsored 'Energy and Climate' category of the programme.

Through this partnership, we recognise the importance to involve young people in dialogue surrounding climate action efforts, and we look forward to continuing to develop and enhance this partnership in the future.







Friends of the Earth and Renewable Grid Initiative

In 2022-23, we continued our collaborative project with Friends of the Earth and the Renewable Grid Initiative to engage communities and groups on Ireland's energy transition. The core activity of the project is focused on inclusive discussions and reflections with communities, civil society organisations, local groups, and other stakeholders. Over three years, the project is supporting diverse, open dialogues on the challenges and opportunities associated with Ireland's energy transformation.

In December 2022, we concluded our Solar Schools project and For the Love of Solar competition, in partnership with Friends of the Earth. This project was designed to challenge the opposition to solar power for schools which existed in Ireland, bringing solar power into communities whilst demonstrating the tangible benefits of renewable energy generation in community buildings like schools. The Pilot Competition phase (2019-2020) resulted in the successful installation of solar panels at five school locations, with the National Competition phase (2020-2022) resulting in the installation at a further eight schools across Ireland.

ElectricAid

Electric Aid is a social justice and development fund between EirGrid and ESB employees. All donations made from EirGrid members' salaries or pensions are matched by the company on a 2:3 ratio to a ceiling of €275,000 annually.

During the year, ElectricAid supported 76 projects in six continents. All projects funded were linked to the UN SDGs and geographically distributed across 32 countries in six continents. ElectricAid's focus of support is on development, and it supports communities through self-help and, when needed, emergency relief. In 2022-2023, the key areas of focus were, good health and wellbeing, clean water and sanitation and quality education.



Employee Engagement

Diversity and Inclusion

Building a diverse and inclusive workforce is an important goal for all of us at EirGrid as we play a key role in the transformation of the electricity sector. For us to be successful, our organisation should mirror the communities we serve, reflecting a modern and progressive Ireland. We want everyone to feel that they are treated fairly and equally regardless of race, gender, religion, sexual orientation, marital status, or disability.

We recognise that diversity in its wider form paves the way for much needed new levels of creative thinking, problem-solving and collaboration – essential as we strive to address Climate Change and to transform the power system for future generations. We celebrate that our people come from different backgrounds, have different experiences, and different points of view. We now have more women than ever in senior roles which places us ahead of the wider industry in terms of representation, however we have significant opportunity for further change. We are pleased to have welcomed our largest intake of females into our graduate programme in 2023.

To nurture diverse talent, we actively encourage and support diversity at all levels, spotlighting and finding innovative ways to harness this on the leadership journey. Extensive leadership and development programmes are open to all employees. Our Graduate Programme has been one avenue for introducing diversity at the early career stage. We will continue to promote diversity in recruitment and to be aware of best practice guidelines. In doing so, we will grow our capability into the future and ensure we are well resourced to meet the opportunities ahead.

This year, to build an attractive and inclusive employer brand, we broadened our reach in promoting opportunities for graduates through increased engagement with a wider range of colleges and universities. We implemented our 'Earn and Learn' pilot programme to attract candidates from diverse backgrounds into our organisation.

We welcomed female STEM teachers in training to intern with us and hosted a 'Women In STEM' panel discussion for graduates and interns. We continued our sponsorship of the SciFest science fair network, which directly associates EirGrid Group with efforts to inspire young people to pursue STEM at third level.

We work hard to make sure everyone who joins our company is welcomed and nurtured to be their best and to be supported to make their whole lives a success. We are proud to be ambitious, accountable, transparent, and collaborative in all our dealings. We are all enjoying the changes that a diverse workforce is bringing to our culture and look forward to learning more as we progress our multi-year plan.

Education and Skills for Employees

We know our people are key to our business success and we strive to find new and innovative ways to upskill our teams and to grow our leadership capability – a business imperative given our Purpose *'To Transform the Power System for Future Generations'*. We worked hard to grow our organisation over the past year, attracting individuals with the right skills and experience into the organisation from Ireland and abroad, bringing even more diversity of skills and thinking into our teams.

We continue to refresh our development framework (EirSkills) to ensure it is offering the right mix of technical and soft skills development modules. Our blended approach to skills development, which includes new digital tools, offers our teams a range of opportunities to learn and develop at times to suit them.

We continue to review how we welcome new people to our organisation – new colleagues who are joining from across the world and from a diverse range of disciplines. We want to make the right information available, at the right time, to ensure they have what they need to be successful in their roles.

We are proud of our colleagues who invested in their careers by gaining additional qualifications and we were delighted to sponsor their endeavours. We have continued our successful Graduate Development Programme and a new intake of talented graduates joined EirGrid in September 2023.



Health, Safety and Environment

EirGrid is committed to achieving and maintaining the highest standards of health, safety and welfare for all its employees and for any other persons who may be affected by our activities, and to the protection of the environment.

EirGrid operates a Health, Safety, and Environmental (HS&E) Management System based on the requirements of the International Occupational Health & Safety Standard: ISO45001:2018 and the Environmental Management Standard, ISO14001:2015.

Our HS&E management system was reviewed during 2022-23 financial year ensuring the HS&E processes continued to be aligned with statutory and regulatory requirements. A major milestone during this period was the successful external review of our ISO45001 and ISO14001 accreditation and our EirGrid TSO technical and safety audit, with zero non-conformances identified on all external audit reports.

Our HS&E Management System enables us to consider various risks associated with our activities, to employees and others who may be affected by these activities, and to the environment; and to place these risks in the context of any relevant legal or other requirements, ensuring that preventative and control measures are adequate and meet best practice standards. Our Group Health & Safety Risk Hierarchy of Controls includes a focus on sustainability within the control methods. We recognise that we have a responsibility to demonstrate sound environmental management and promote sustainability.

We have in place a programme to manage our environmental impacts responsibly, through setting strategic objectives annually and will endeavour to implement best practice when practicable. We continued to conduct our activities in an environmentally responsible manner to protect the environment from harm, degradation, prevent pollution and continually improve the management systems performance. We have actively promoted awareness among our employees, through appropriate communication and training programmes.

The Group Health, Safety & Environmental Forum, which is made up of employees from across the business, continued to meet across this financial year and is responsible for evaluating and proposing suitable environmental objectives to the Executive Team.

Group Connect

We value collaboration, we know it is key to success for our teams, and over the past year, we enhanced our onboarding programme 'Group Connect' to include more opportunities at an early stage for all new joiners to network with colleagues from across the business. The Group Connect takes place each quarter across two half day sessions. New joiners are welcomed to the company personally by the Chief Executive and Chief People & Information Officer, alongside various Head of Functions and Team Leads across the organisation, who present an overview of their functions. This is a great way for new joiners to learn about our purpose and strategy and find out more about the responsibilities of each function, and it provides an opportunity to meet colleagues from across the organisation.





Merchandising

This year, EirGrid launched its new visual identity. As part of this, we identified an opportunity to undertake an assessment of our existing procurement practices regarding branded merchandise. In the first instance, we have limited the purchasing of significant quantities of branded merchandise. Similarly, in support of sustainable procurement, we endeavoured to ensure that all merchandise utilised environmentally conscious materials, aligning with our sustainability goals. For example, employees participating in running events wore t-shirts made from 100% recycled plastic bottles.

In parallel with this, we ensured we reused and recycled our stock of existing merchandise in an organised, secure, and sustainable way. We repurposed merchandise containing our old logo and reskinned over 40 pop-up stands, which are used at public engagement events, industry workshops, careers fairs and other stakeholder events. Our efforts are directly aligned to the 'being a responsible business' pillar of our sustainability strategy, and we will continue to embed responsible business practices into our daily operations.

Travel

This year, EirGrid continued its partnership with the National Transport Authority (NTA), and we participated in a number of initiatives in their Smarter Travel for Workplaces, which actively promotes and encourages sustainable methods of travel. As part of this, EirGrid actively participated across the year in programmes including the Walktober and Marchathon steps challenges, as well as the Ready, Step, Cycle cycling challenge. These initiatives are incredibly well-received by our employees, and we look forward to seeing them continue to flourish in future.

This year, we have focussed on improving our support for cyclists, encouraging sustainable travel, through offering events like complimentary cycle clinics, providing employees the opportunity to trial electric bikes. To foster improvements in our cycling infrastructure, we launched our 'Cycle Parking for Persons with a Disability', and we have developed a 'Green Travel Pack' which promotes sustainable commuting or business travel alternatives.



Sustainable Merchandise

Sooner Than Later, our Sustainable Merchandise Partner, is an eco-friendly and environmentally responsible print and mailing company which values the environment and offer a wide range of sustainable printing options. EirGrid has chosen to work with this supplier, in line with our sustainable procurement practices.

Employee Commuting

This year, we analysed and published the results of the EirGrid Group Employee Commuting Survey 2022. These results have provided a great insight in guiding our approach to sustainable travel. This year's survey has depicted outstanding results, revealing that 78% of our workforce commute using a sustainable travel method such as walking, cycling and public transport. EirGrid will continue to support and encourage active and sustainable travel across the organisation.





Community Engagement

We have continued to develop and implement the way we engage with our stakeholders, in accordance with our ambitious *Public Engagement Strategy*. Engagement is an integral part of what we do at EirGrid and engagement is vital to ensure that we can transform the power system for future generations. We recognise the value of creating an open, transparent dialogue with the wider society and we intend to engage with a broad range of stakeholders in meaningful discussions about the future and the role of the grid.

Energy Citizens Roadshows

In 2022-23, EirGrid maintained the momentum from the previous year on our Energy Citizen Roadshow events. These events aim to inform local communities on how the organisation plans to future-proof the electricity grid as well as providing information about microgeneration, home energy upgrades and retrofitting grants, and regional development issues. The roadshows follow on from the *Shaping Our Electricity Future* consultation programme, during which EirGrid sought views and inputs from all sectors of society and industry about grid development.

The roadshows were held in collaboration with our partners Sustainable Energy Authority Ireland (SEAI) and ESB Networks, as well as a multitude of regional exhibition partners such as local authorities, energy upgrade suppliers and Public Participation Networks (PPN). To date, EirGrid has held 20 roadshows, with 14 roadshows being held in 2022-2023 in Kildare, Naas, Maynooth, Meath, Mayo, Cork, Waterford, Galway, Laois and Kilkenny. Over 500 members of the public, community organisations, business associations and the farming community got actively involved in this discussion.

The Energy Citizen Roadshows have enhanced our understanding of the community's attitude towards hosting grid infrastructure and their ambitions to play their part on the climate transition. This has enabled us to gain a deeper knowledge of their priorities and perspectives. We will continue to roll out these events in 2023-24.

Community Benefit

When we are upgrading or adding new transmission infrastructure in an area, to help make the grid more efficient and sustainable, it will often involve some disruption to the local community.

Our *Community Benefit Policy* recognises the importance of the local communities who support our work. Under this initiative, we create a community benefit scheme in proportion to the scale of the project and establish a Community Forum to ensure that the scheme is designed for the local community, by the local community.

Celtic Interconnector Community Benefit Fund

The €2.4 million Celtic Interconnector Community Benefit Fund was established by EirGrid, in recognition of the importance of the local communities who support our work and the temporary disruption which may be caused within proximity of the cable line during the construction phase of the project. The fund will be delivered in three phases over the project period 2023-2026 and will focus on three core streams: Community, Sustainability and Biodiversity.

In July 2022, SECAD Partnership (South East Cork Area Development) was appointed as fund administrator for this fund and has since then worked closely with EirGrid, the Celtic Interconnector Community Forum, local communities, and stakeholders to develop a community benefit strategy relevant to the geographical area of the project. Placing communities at the heart of the strategy, a collaborative, 'bottom-up approach' to its development was adopted with local communities and stakeholders provided an opportunity to inform and shape the community benefit fund priorities for the Celtic Interconnector project area through face-to-face meetings, online surveys and workshops facilitated by subject experts.

An in-depth community consultation took place over the period July 2022 – February 2023 to ensure as many voices as possible were heard when shaping strategic priorities and ensuring maximum input from those impacted and living in the Area of Benefit. The consultation received over 500 submissions, with workshops and one-to-one clinics with community members and relevant statutory agency bodies contributing. The strategy that came from this work has been designed collaboratively for the local community, by the local community.

It is anticipated that the fund will actively support communities within the Celtic Interconnector project area to deliver on projects and initiatives which strengthen opportunities and address challenges across the three funding streams. Phase 1 of the fund worth €960,000 opened for applications on 29 June 2023 and closed on 15 September 2023, with successful projects announced before the end of 2023.



Laois-Kilkenny Community Benefit Fund

We are now seeing the real impact and are building a positive legacy in the Laois-Kilkenny communities who were awarded Community Benefit funding in 2022. This is reinforcing EirGrid's approach to putting communities at the heart of our engagement work and maximising the benefit to those communities hosting grid infrastructure and impacted by our projects.

Laois Kilkenny Community Benefit Fund: Ballinakill GAA Club

Project Overview

Ballinakill GAA Club has supported hurling facilities for the parishes of Ballinakill and Knock since 1888. The club also has players from surrounding communities including Wolfhill, Ballyadams, Newtown, Crettyard and Arles.

The club facilities provide for all members of the community, providing green space and facilities with activities such as boot camps, individual fitness, events and field days.

With funding of €14,850 from EirGrid's Laois Kilkenny Community Benefit Fund, Ballinakill GAA have constructed a walking/running track surrounding the GAA pitch, undertook groundworks and erected security fencing.

Impact and Community Benefit

This project has provided a safe and fit for purpose walking/running track for all the members of the community. This is an inclusive space benefitting the health and wellbeing of the community. The track is being used by all members of all ages, children and seniors in the community.

Laois Kilkenny Community Benefit Fund: Spink Comhaltas

Project Overview

Spink Comhaltas provides music classes, performance events and prepares students for music competitions, and Comhaltas traditional music exams; spanning music theory, aural music skills, and the history of music styles and musicians. Above all, Spink Comhaltas focusses on developing confidence, teamwork, respect and social skills.

Impact and Community Benefit

€17,300 through EirGrid's Laois Kilkenny Community Benefit Fund to deliver the Spink Music Festival in 2023, to inspire and relaunch activity following COVID-19 restrictions. The festival included competitions, master classes and a concert.



Impact and Community Benefit

Spink Comhaltas Music Festival was held in Abbeyleix on 25 March 2023. The theme of the festival was to inspire young musicians for future. This project provided an inclusive, social, and educational opportunity for musicians of all ages.

Music makes a positive contribution to mindfulness and mental health, and the social aspect encourages people to meet and make connections.

Laois Kilkenny Community Benefit Fund: Ballyragget Scout Group

Project Overview

Ballyragget Scout Group caters for children from 6+ years of age from Ballyragget, Lisdowney, Conahy and Castlecomer. The Scout Group provides outdoor education and activity for children of all abilities, teaching them how to care for themselves, first aid, arts and crafts, camping, etc.

With funding of €5,000 from the EirGrid Laois Kilkenny Community Benefit Fund, Ballyragget Scout Group purchased important resources and items to improve the service for children and administration, this included the purchase of head torches, compasses and other scouting equipment, a solar charger and power bank, a mobile defibrillator, sterilising units for tents, and sensory equipment for children with special needs. The Scout Group were keen to source greener and reusable materials and technology, where possible.

Impact and Community Benefit

New scouting equipment has improved the experience for children and leaders alike. The purchase of a mobile defibrillator was an essential item to have for both in hall activities, trips and locally for other groups. Sensory equipment for children with special needs helps with developmental growth.

Funding also supported some educational trips, one of which was a visit to the Cool Planet experience, which is a fun, interactive climate experience in Powerscourt.

> "The equipment opens up new avenues of adventure for all scouts"
>
> Pat Farrell,
> Ballyragget Scout Group



Offshore Community Engagement

EirGrid recognised the key role that offshore wind will play in meeting Ireland's energy needs and in the Irish economy in the next decade and beyond. We are strongly supporting the Government's ambition, though our collaboration with our key stakeholders and industry, and through the work being undertaken in the organisation.

In 2022-23, EirGrid, in partnership with the DECC, hosted six information events as part of Offshore engagement across counties Waterford, Wexford and Cork. Further to this, two roadshow events were held in Cork and Waterford. We will continue to build on this engagement in the year ahead under the *Shaping Our Offshore Energy Future Roadmap* – see page 62 for more information.

Offshore Renewable Energy (ORE) Seafood Working Group

We know that the seafood and aquaculture industry are important to the national and local economy and culture of Ireland's coastal communities. EirGrid is deeply committed to engaging with fishers, representative groups and all involved in marine activities and will engage with all throughout the project.

EirGrid is a member of the *Offshore Renewable Energy (ORE) Seafood Working Group* which was established by Government in May 2022 to facilitate discussion on matters arising from the interaction of the seafood and offshore renewable energy industries. We are committed to adhering to the principles for engagement as agreed by the Working Group and as detailed in the recent publication *Seafood/ ORE Engagement in Ireland – A Summary Guide*.

We frequently engage with DECC to ensure alignment in overall approach and to streamline our engagements to minimise disruption to our stakeholders.





Powering Up Dublin

EirGrid's Powering Up Dublin programme is an ambitious upgrade to the Dublin transmission system that will be required to continue to support growth and economic development in the Dublin region. Substantial progress has been made on this project during 2022-23 and will continue over the coming years. See page 56 in the Business Review section for more information.

Over the past year, Powering Up Dublin has been supporting communities throughout Dublin by participating in a number of events, including:

Brack and Bingo

This intergenerational event (sponsored by EirGrid) was organised by teenage members of Swan Youth Services in Dunne Street, Dublin 1. It consisted of bingo, brack, music and tea for over 50 retired members of the local community. This event was successful in creating awareness about the Powering Up Dublin Programme and the proposed Finglas to North Wall replacement cable that will be located near communities in the North Dublin inner city area.

Transition Year Workshops

During Engineers' Week in February 2023, our Community Liaison Officers and Graduate Development Programme participants visited five schools and engaged with over 400 students about the Powering Up Dublin public consultation, highlighting the importance of having your say and pathways to engineering.

Information Stands

Sandymount and Merrion Residents Association (SAMRA) and Gallops Residents Association invited EirGrid to set up information stands and engage with their members at their AGM meetings about the Powering Up Dublin Programme. With over 200 people in attendance at these AGMs, this was a great engagement opportunity for the programme.

Clean Coasts Beach Clean

This year, EirGrid employees volunteered for the 'Clean Coasts Big Beach Clean' where they collected and removed over 90kg of rubbish from the Poolbeg Peninsula.







Customer Engagement

Our customers include those directly connected to the transmission system. Some customers generate electricity from conventional or renewable sources, while others have a high demand for electricity, which only the transmission system can provide. Others provide the services necessary for operating the transmission system, such as demand side units and energy storage units. Interconnector customers provide interconnection to other electricity systems.

We also serve the electricity suppliers and broader stakeholders with an interest in the operation and enhancement of the transmission system (including industry representative bodies) and respond to a wide range of needs across the wholesale energy sector in Ireland.

We recognise that many of our customers are key enablers to meeting the 2030 targets through electricity generation (including microgeneration), interconnection and the supply of necessary services to operate the system with high penetration of generation from renewable sources. This year we have continued to enhance our engagement to ensure we continue to meet the evolving needs of our customers.

Throughout 2022-23, we continued our work to deliver an enhanced customer journey from start to finish, focusing on effective customer and industry engagement. This work focused on early engagement and ensuring that customers and industry stakeholders can easily find relevant and up-to-date information on connecting to, as well as the planning, development and operation of the electricity grid.

An overview of key initiatives we undertook in order to effectively engage with our customers are listed below:

- In February 2023, a customer satisfaction survey was issued to 77 customers to ask for feedback on their experience of engaging with EirGrid during 2022. The survey results are utilised to inform and enhance our stakeholder engagement and drive excellence in customer service across various teams within EirGrid.
- In June 2023, an outage requirements survey was circulated to all customers to obtain their outage plans for the forthcoming year. This engagement allows EirGrid to more effectively streamline and maximise efficiency of the wider transmission outage planning process.
- The Customer Vision workstream kicked off in August 2023. After gathering colleague and customer insights and perspectives in 2023, via a series of in person interviews, the customer team began implementing a roadmap for the development of tangible enhancements to the EirGrid Customer Experience. This work included changes to customer communications, increased proactive engagement and enhanced technological supports. The customer team will be considering next steps and how we can build and improve on the feedback received to date through the Customer Vision workstream.

Throughout the financial year, we hosted 60 customer clinic meetings with 38 developers concerning 92 individual projects, to discuss future generation and demand connections with our subject matter experts (SMEs) in their consideration of future projects, ahead of submission of connection applications. The Customer team also engaged with customers and internal SMEs to coordinate Connection Method Meetings for Low Carbon Inertia System (LCIS) projects wishing to participate in the Procurement process.

In preparing connection offers for customers, we arranged a large number of engagements to address any issues that may arise and to lead to better outcomes for all parties. This included how they would be connected to the grid and how future projects would operate in the electricity market.

Engagement took place, both collectively and bilaterally, with the Phase 1 offshore customers to support them in their readiness for the ORESS 1 auction, which took place in May 2023. This included multiple engagement workshops on technical and contractual matters. More project specific engagement is now ongoing with the successful ORESS-1 projects, as their project delivery momentum increases. Engagement with industry bodies around Phase 2 also commenced towards the end of this financial year and will gain momentum over the next year.

Shaping Our Electricity Future Advisory Council

EirGrid and SONI established the Advisory Council after assessing potential options for facilitating ongoing industry engagement on the issues, challenges and activities set out in the Shaping Our Electricity Future Roadmap. The Shaping our Electricity Future Advisory Council is a group of approximately 30 subject matter experts, representing various sectors of electricity industry in Ireland, Northern Ireland and further afield. The aim of the Advisory Council is to provide a forum for sharing relevant information related to implementation of the Roadmap, for discussing stakeholder views and concerns in relation to delivery, and for providing input and advice on relevant matters.

Stakeholder Engagement

Effective stakeholder engagement is essential for EirGrid to deliver on our strategy. EirGrid produces and publishes a review of our stakeholder engagement annually. This year, we published a review of our performance in 2022 and our plan for 2023. This covered a broad range of stakeholders across industry, society, and statutory groups. Both documents were subject to public consultation, providing our stakeholders with the opportunity to provide insightful feedback on our work at different stages of the process. We encourage collaboration with our stakeholders to develop new solutions and approaches together, and we look forward to continuing our work in this area.



Governance

EirGrid is committed to reporting on our strategy and approach, as well as our performance in respect of our governance through the sustainability lens. For more information about Corporate Governance see page 112.

Since 2010, EirGrid has been accredited with the Business Working Responsibly (BWR) Mark, which is an independent external accreditation of how EirGrid interact with the marketplace, the workplace, the environment and the communities we engage with and as an assessment of our sustainability strategic approach. Achieving the BWR Mark enhances our brand and reputation, in addition to positioning us as an employer of choice in the marketplace.

Business Working Responsibly Mark

Following a successful audit by the National Standards Authority of Ireland (NSAI), in FY2023 EirGrid Group was reaccredited with the Business Working Responsibly (BWR) Mark. The BWR Mark is an independent standard for Corporate Social Responsibility in Ireland, certifying excellence in responsible and sustainable business practices. Our recertification of this Mark further evidences our primary goal and notes our position amongst leading companies committed to sustainability.

Commercial Semi-State (CSS) Climate Action Framework

In August 2022, the Government approved a Climate Action Framework for the commercial semi-state sector, developed by the New Economy and Recovery Authority (NewERA), in collaboration with the Department of Public Expenditure, NDP Delivery and Reform (DPENDPR) and the Department of Environment, Climate and Communications (DECC). The Framework will apply to every commercial semi-State company and covers five commitments:

- Governance of climate action objectives.
- Emissions measurement and reduction target.
- Emissions valuation in investment appraisal.
- Circular economy and green procurement.
- Climate-related disclosure.

Mandatory Sustainability Reporting Obligations

We have committed to reporting annually on our performance against each pillar outlined in our sustainability strategy, including performance against our Science Based Targets. This year, EirGrid made its first submissions to the NewERA Commercial Semi-State bodies Climate Action Framework. In 2023, we also commenced our preparation to align our sustainability reporting with the new *EU Corporate Sustainability Reporting Directive (CSRD)* which will be required from 2026. The new directive will elevate all areas of our Sustainability Programme, under the pillars of Environmental, Social and Governance.

Voluntary Sustainability Disclosures

This year, EirGrid has continued to support the Business in the Community Ireland's Low Carbon Pledge, committing to reducing Scope 1 and Scope 2 emissions and the monitoring and measuring of Scope 3 emissions. As a signatory of this pledge, we have committed to a collective platform to track the journey towards emissions reduction. Within this, our CEO Mark Foley is Co-Chair of the Low Carbon Pledge sub-group.

Similarly, SONI has signed up to BITC NI's Climate Pledge which commits SONI to reduce its absolute Scope 1 and Scope 2 carbon emissions and monitor Scope 3 emissions.

Following a successful audit, in FY2023 EirGrid Group was re-accredited with the Business Working Responsibly (BWR) Mark by Business in the Community Ireland. The BWR Mark is an independently audited standard for Corporate Social Responsibility in Ireland, certifying excellence in responsible and sustainable business practices.
Our recertification of the Mark further evidences our primary goal and notes our position amongst leading companies committed to sustainability.

Risk Management

EirGrid is exposed to a number of risks which could have an impact on the business and its ability to execute on its strategy. A robust Enterprise Risk Management system is in place to ensure that risks are identified, assessed, managed, and mitigated effectively. A number of current material risks would be considered climate related, particularly in the context of the wider Climate Action Plan targets. As such, we proactively monitor these, reporting to the Board on a monthly basis to ensure oversight of the risk environment and associated mitigations in place. For more information about Risk Management, see page 144.

Official Languages Act Compliance

EirGrid comes under the remit of the *Official Languages Act 2003*, and subsequently the *Official Languages (Amendment) Act 2021*.

We are working to ensure compliance with the legislative requirements in bilingual stationery, signage, recorded oral announcements, and simultaneous publication of documents in Irish and English. EirGrid is on target to meet its requirements in relation to advertising.

An Official Languages Officer has been recruited to drive full compliance with the current Act and to support the use of the Irish language within EirGrid.

No complaints were received from Oifig an Choimisinéara Teanga during the financial year 2022-2023.

Corporate Governance

Chair's Corporate Governance Statement

The Board of EirGrid plc is committed to high standards of corporate governance which encourages informed and longer-term decision making. EirGrid plc, as a state-owned company, in pursuit of its governance objectives complies where applicable with the *Code of Practice for the Governance of State Bodies* issued by the Minister for Public Expenditure, National Development Plan Delivery and Reform ('the Code') and also has regard to the principles of the *UK Corporate Governance Code* and to the *Irish Corporate Governance Annex*.

EirGrid has put in place appropriate measures to comply with the Code, which sets out the governance framework established by the Government in respect of the oversight and reporting requirements of State Bodies. These are based on the principles of accountability, transparency, and prudence, with a focus on the sustainable success of the organisation over the longer term. EirGrid has robust processes in place regarding compliance with the Code and a report of such compliance is made annually to the Board. The Board is satisfied that EirGrid has complied with its requirements under the Code, and, in this regard, a report is issued annually to the Minister for the Environment, Climate and Communications.



The Board has adopted a Code of Conduct which is applicable to all Directors of EirGrid plc, all Directors of its subsidiary companies and to all EirGrid appointed Directors to joint venture entities.

This Code of Conduct puts our purpose, strategy and values at the centre of how Directors will conduct themselves. Every Director commits to the highest standards of conduct and business ethics by:

- Leading by example;
- Acting with integrity;
- Treating all our stakeholders with respect; and
- Using information carefully.

Board members are expected to lead by example and set the tone from the top. *Our Directors' Code of Conduct* is available on the EirGrid website.

Briefings are provided regularly to Board members on corporate governance, compliance and risk subjects, as well as topics which are of current importance to the business, and a number of training sessions took place during 2022-23. In addition, Board members are given the opportunity to undertake Institute of Public Administration (IPA) training modules throughout the year.

Board Effectiveness

The Board continually seeks to improve its effectiveness through both formal and informal post-meeting discussions with feedback provided to the Chair and the Company Secretary.

As per the Code, the Board is required to undertake annually a self-assessment evaluation of its own performance and that of its Board committees. This annual formal internal evaluation is complimented by a periodic cycle of independent external evaluations.

Board and Committee Changes

There were a number of changes on the Board during the year. Tom Coughlan was re-appointed to the Board for a three-year term; and Michael O'Sullivan, James Nyhan and Pauline Walsh were appointed to the Board for five-year terms. Post the year end, in December 2023, Michael O'Sullivan resigned from the Board.

Two new committees were established during the year to support the Board: the Offshore Committee was established to assist the Board in determining the general policy/strategy in relation to EirGrid's development of the Offshore Grid in Ireland in line with its mandate as offshore system operator and asset owner; the Board also established the Power System and Markets Development Committee, to aid in the Group's Strategy of transforming the power system and developing the markets for future generations.

Board Engagement

It is important to the Board that it has the opportunity to engage with staff across the organisation and to learn from them first-hand about the excellent work they undertake across the organisation on a daily basis. In this regard, the Board was pleased that it could engage with staff in the offices in Dublin, Belfast and Cork.

Stakeholders

Stakeholder engagement is a key tenet of EirGrid and its strategy delivery. EirGrid annually consults on and publishes a *Stakeholder Engagement Plan* outlining our overarching approach to engagement, from how we identify stakeholders, to the processes currently in place to ensure that our stakeholders are genuinely involved in key decisions. The Board, Chief Executive and Executive Team are committed to engaging with our shareholder and stakeholders as we seek to lead the transformation of the power system and deliver on our shareholder's climate action ambition. Extensive stakeholder engagement activities were undertaken during the year including engagements with our Minister led by myself and the Chief Executive.

New Governance Arrangements under SONI Ltd Licence

On 30 August 2022, the Utility Regulator (UR) in Northern Ireland published its decision on SONI governance and modifications to its TSO licence. These modifications were codified into SONI's licence on 26 October 2022. The new licence conditions require amongst other items, the establishment of a majority independent SONI Ltd board of directors (with all directors approved by the Utility Regulator); restriction on shareholder decision making to those matters reserved for shareholder decision under the UK Companies Act 2006, along with managerial, operational and resource independence from EirGrid plc. In a key milestone to implementing the new governance arrangements, required under SONI's licence, four new independent directors were appointed to the board of SONI Ltd with effect from 1 October 2023. Whilst we regret the decision of the UR, we are committed to implementing it and are working with SONI to demerge the businesses in compliance with the new licence condition.

Conclusion

In the following pages we outline in greater detail how the Board and its committees have fulfilled their governance responsibilities.



Brendan Tuohy,
Chair, EirGrid plc

Board of Directors



Brendan Tuohy

Chairperson

Brendan Tuohy was appointed Chair of the EirGrid Board in November 2019 for a period of 5 years. He previously served as Secretary General of the Department of Communications, Energy and Natural Resources from 2000-2007. Since 2007, he has been a director of several boards of companies. He holds a degree in Civil Engineering from University College Cork and postgraduate qualifications from Dublin University, Trinity College. He is also currently Chairperson of MAREI (the Science Foundation Ireland Centre for Climate, Energy and Marine); Chairperson of TILDA (Irish Longitudinal Study on Ageing); Chairperson of the Finance Committee and the Quality Council of the Kerry Education and Training Board and Chairperson of the External Advisory Board to the President of University College Cork.



Dr Theresa Donaldson

Deputy Chairperson and Board Member

Dr. Theresa Donaldson was appointed to the EirGrid Board in June 2017 for a period of 5 years and was re-appointed for a further 3-year term in June 2022. She is a Chartered Director and Fellow of the Institute of Directors and is Chair of Belfast Harbour Commissioners. Theresa previously held non-executive positions with the NI Equality Commission, the NI Health and Social Care Board, and the NI Appeals Committee for BBC Children in Need. She is a member of the LCJ Solicitors' Disciplinary Panel and a Board member of the Centre for Effective Services. She is a former Local Government Chief Executive and held several senior management positions in health and social care and legal services in NI, including as Director of Policy and Civil Services Delivery in the Northern Ireland Legal Services Commission.



Shane Brennan

Board Member

Shane Brennan was appointed to the EirGrid Board in January 2017 for a period of 5 years and was re-appointed for a further 3-year term in January 2022. He is an engineering graduate from the University of Ulster, holds a post graduate diploma in Environmental Engineering from Trinity College Dublin, a post graduate diploma in Corporate Governance from UCD Smurfit Business School and is a member of Engineers Ireland. He has over 25 years engineering experience and commenced employment with EirGrid in 2008 as a Project Manager in Grid Development. He is currently the Senior Project Manager for the North South Interconnector project in both Ireland and Northern Ireland and has represented the company at many public and planning engagements throughout the island.



Tom Coughlan

Board Member

Tom Coughlan was appointed to the EirGrid Board in July 2018 for a period of five years and was re-appointed for a further three-year term in July 2023. He has extensive senior management and leadership experience having retired as Chief Executive of Clare County Council, following a career in local government. He has wide experience in the public sector having served as chairperson and director of various committees and boards at national and local levels. Tom is Chairperson of the Health and Safety Authority and Chairperson of the Legal Practitioners Disciplinary Tribunal. His current positions include Non-Executive Director of EirGrid plc and Fáilte Ireland.



Mark Foley

Board Member

Mark Foley was appointed to the EirGrid Board following his appointment to EirGrid Group as Chief Executive in June 2018, having held the role of Managing Director of Land Solutions in Coillte since January 2016. Previous to that, Mark was Managing Director of Coillte Enterprise where he led the development of new businesses in renewable energy, telecommunications, land development and land sales.

Before that, from November 2000 to August 2008, Mark was Director of Capital Programmes at Dublin Airport Authority. In this role he was responsible for master planning, permitting, planning and delivery of c. €1.5bn in airport infrastructure at Dublin, Shannon and Cork airports.

Prior to that Mark held a number of senior executive roles with multinationals in the Speciality Chemicals and Electronics sectors. Mark has a Bachelor of Chemical Engineering Degree from University College Dublin, a Masters in Industrial Engineering from University College Dublin and has attended Executive development courses in Penn State University and IMD.



Michael Hand

Board Member

Michael Hand was appointed to the EirGrid Board in July 2015 for a period of 5 years and was re-appointed for a further five-year term in July 2020. Michael has extensive experience over 40 years as a senior leader in the Consulting Engineering and Construction sectors in Ireland. He has acted as Director and Managing Director of private and public companies and also as CEO and Director of Grangegorman Development Agency. He has a track record in the design and delivery of major strategic infrastructure projects throughout Ireland and has also worked with distinction as a volunteer and Director in the voluntary community sector.

Michael is highly qualified in engineering and business and holds a Bachelors Degree in Civil Engineering from the University of Galway, a Masters Degree in Business Administration from University College Dublin and an Honorary Doctorate from Technological University Dublin. He is a Fellow of four professional institutions and is a Chartered Engineer, a Chartered Director and a Chartered Water & Environment Manager.



James Nyhan

Board Member

James Nyhan was appointed to the EirGrid Board in October 2022 for a period of five years. He has wide ranging commercial and management experience in international energy, in electricity, natural gas, LNG, and in renewables, as well as in large infrastructure project development and engineering design. He has experience of guiding organisations through major transformation in response to energy policy changes. He is currently a non-executive director of Milford Haven Port Authority, the UK's largest energy port, and a member of its Audit and Risk Committee. He holds a degree in civil engineering from University College Cork, an MBA from IMD and is a Chartered Engineer.



Rosa M. Sanz Garcia

Board Member

Rosa M. Sanz García was appointed to the EirGrid Board in May 2022 for a period of five years. She was previously Chief Operating Officer of gas and electric infrastructure, with experience running a large customer-focused organisation at Naturgy, one of the largest Spanish utilities. She has 28 years' experience in the energy sector, in different business areas. Rosa holds a BSc and MSc in electrical engineering from Universidad Politécnica of Madrid, Spain; a MSc in cybersecurity from Universidad de Barcelona, Spain; and postgraduate qualifications in management from ESADE, IESE and IMD business schools.

Rosa M is currently a Non-Executive Director of IBERPAPEL and a member of its Audit Commission, EDP Redes and Zero Waste-Suma Capital, where she has gained experience in initial public funding offering process, ESG and green bond finance and certification. She serves as Chair of the Audit Committee of IBERPPAEL and EDP Redes. She is also a member of the Future Trends Fundación Innovación Bankinter and Chairperson of Club Board Alumni ESADE Business School.



Pauline Walsh

Board Member

Pauline Walsh was appointed to the EirGrid Board in May 2023 for a period of five years. She was previously the CEO of Affinity Water, the UK's largest water-only company, and before that she was Director at National Grid Gas, responsible for operating and maintaining the UK's high pressure gas transmission system.

In both companies, she instigated major data improvement and asset management programmes as part of broader business transformations. Her earlier career spanned many sectors and countries including roles in Oil & Gas, Power Generation, Renewable Energy and Automotive.

Pauline has a mechanical engineering degree from University College Dublin and an MBA from IMD in Switzerland. She is an honorary Fellow of the Institute of Engineers of Ireland. Pauline also sits on the Board of Angel Trains in the UK.



Executive Team



Mark Foley

Chief Executive

See biography on page 117.



Michael Behan

Chief Financial Officer

Michael Behan was appointed Chief Financial Officer of the EirGrid Group in January 2022. Michael joined EirGrid in 2006 and previously held a number of roles including Group Financial Controller and Financial Controller Single Electricity Market Operator (SEMO). Prior to joining EirGrid plc, Michael held senior finance roles in ESB National Grid, Deloitte, and John P. Greely & Co. Michael is a Fellow of Chartered Accountants Ireland.



Martin Corrigan

Chief Strategy Officer and Company Secretary

Martin Corrigan is Chief Strategy Officer of EirGrid Group and EirGrid plc Company Secretary. Martin joined EirGrid in 2017 and immediately prior to his current roles was Director – Strategic Initiatives. Prior to joining EirGrid, Martin held senior executive positions in One51 plc from 2006 to 2017 and before that senior finance roles in a number of Irish and overseas companies. He is a graduate of Dublin City University and a Fellow of Chartered Accountants Ireland.



Rodney Doyle

Chief Operations Officer

Rodney Doyle is the Chief Operations Officer at EirGrid with responsibility for System, Market and Interconnector operations. He previously held the positions of Executive Director Markets and Executive Director of Information Services. Before his time with EirGrid and ESB National Grid, Rodney worked as the Chief Adviser in the networks division of the Competition Authority of New Zealand concentrating on electricity and gas regulation/ market design issues. Rodney is a member of a number of key European TSO and market cooperation groups and a board member of CORESO. Rodney has a BA (Economics), MA (Economics) and an MBA from UCD.



Michael Mahon

Chief Infrastructure Officer

Michael Mahon joined EirGrid Group in August 2019. In his role Michael is responsible for the delivery of major grid capital investment programmes, public engagement and the customer interface. This role also includes the development and delivery of the Celtic Interconnector. Prior to this Michael has 20 years' experience with ESB, with significant leadership experience in major project delivery and senior management. He is also a Chartered Engineer with Post Graduate Diplomas in both Project Management and Management.



Liam Ryan

Chief Innovation and Planning Officer

Dr Liam Ryan is the Chief Innovation and Planning Officer of EirGrid Group, Board Member of ENTSO-E, the European Network of Transmission System Operators for Electricity, with over 25 years of engineering and transformative leadership. Liam has held a number of portfolios including, Vice Chair of the Board of ENTSO-E, Chair of the Resources Committee of ENTSO-E, Interim Director of Operations Planning & Innovation and Interim Director of Grid Development & Interconnection at EirGrid. Before joining EirGrid, Liam held several senior leadership roles in Hewlett Packard. A graduate of Trinity College Dublin, he has a PhD and Bachelor of Mechanical Engineering and holds a Masters in Mathematics with Post Graduate Diplomas in both Project Management and Management.

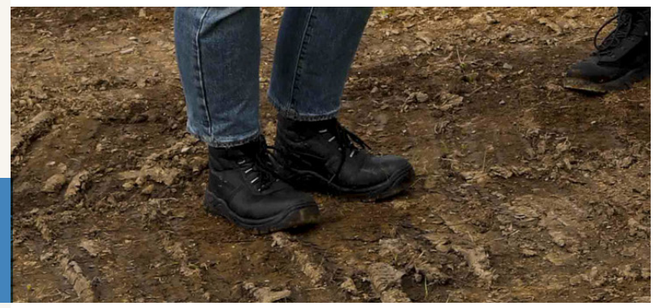


Siobhan Toale

Chief People and Information Officer

Siobhán Toale is the Chief People and Information Officer at EirGrid. In this role, Siobhán is responsible for Human Resources, Information Technology, Digital Transformation and Cyber Security. Prior to EirGrid, Siobhán held senior leadership positions in the Banking and Telecoms industries in Ireland. Siobhán holds a BSc in Computer Science from Trinity College Dublin and an MSc in Organisational Behaviour from the University of London. She is a Chartered Fellow of the Institute of Personnel Development and holds a Diploma in Corporate Governance.









The Board's Governance Report

Principles of Governance

EirGrid, as a state-owned company, complies where applicable with the *Code of Practice for the Governance of State Bodies 2016* (the Code) which sets out the principles of corporate governance which the boards of State bodies should observe, and also has regard to the principles of the *UK Corporate Governance Code (2018)* and the *Irish Corporate Governance Annex*.

1. Board Leadership and Company Purpose

The Board

The Board is responsible for establishing EirGrid's purpose, values, and strategy, and oversees the Chief Executive and management's effective execution of strategy, performance, and delivery against the Annual Business Plan, achievement of key strategic goals, and embedding of an appropriate culture throughout the organisation; by providing leadership, objective judgement, and constructive challenge.

Members of the Board are appointed by the Government, except for the Chief Executive, who is an ex-officio Board member. The Board size and structure is governed by the European Communities (Internal Market in Electricity) Regulations 2000. The roles of Chair and Chief Executive are not held by the same individual, with the responsibilities of each role formally defined in the Board's Terms of Reference.

The current membership of the Board is set out on pages 116 and 119.

The Board has led the development of *EirGrid's Group Strategy (2020-2025) 'Transform the Power System for Future Generations'*, launched in 2019. The strategy continues to be a purpose-driven strategy with its primary goal to lead the electricity sector on sustainability and decarbonisation. The strategic objectives remain aligned to the *Government's Climate Action Policy* and *Climate Action Plan*.

Dialogue with Shareholders and Regulators

EirGrid engages in active and ongoing consultation with Government on policies and strategic issues, as required by legislation and the *Code of Practice for the Governance of State Bodies*. This includes providing financial planning and performance information, including the annual budget, five-year corporate plan, biannual financial performance updates, and quarterly performance updates. EirGrid also engages in active and ongoing consultation with regulatory authorities as required by legislation on a range of matters.

During the year, significant engagement took place on a range of matters between EirGrid, the Government, the Minister for the Environment, Climate, and Communications, the Commission for Regulation of Utilities, and the Single Electricity Market Committee (SEMC), including security of supply matters, the Utility Regulator's SONI TSO Licence Modification Decision and our *Shaping Our Electricity Future Roadmap Version 1.1*, which outlines a range of deliverables required across the electricity sector to support the Government's 2030 climate targets under the market, grid operations, grid network, and the required engagement with stakeholders, communities, and the public in order to deliver on this.

Conflicts of Interest

Under the Ethics in Public Office Act 1995 and the Standards in Public Office Act 2001, Board members make annual disclosures of any potential or actual conflicts of interest. During 2022-23, training on Directors' Duties was provided to the Board. Additionally, under the *Directors' Code of Conduct*, Board members are also responsible for notifying the Company Secretary on an ongoing basis of any changes regarding conflicts of interest.

The *Directors' Code of Conduct* is applicable to all Directors of EirGrid plc, to all Directors of subsidiary companies of EirGrid plc and to all EirGrid plc appointed Directors to joint venture entities.

2. Division of Responsibilities

Role of the Board

The Board provides leadership to the organisation and engages, challenges, and determines on matters of relevance to the long-term success of the Group and to the execution of its strategy.

Specific matters reserved for the Board are documented in the Schedule of Matters Reserved for Board Decision document which is reviewed and approved by the Board annually. The Board may decide to delegate authority to a Board Committee and to management within limits approved by the Board. Specific matters reserved for the Board (some of which are also subject to Ministerial approval) include:

- Approval of the overall Group Strategy, Five Year Corporate Plan, Annual Business Plan and Annual Budget;
- Approval of the establishment or disposal of subsidiaries, undertaking of acquisitions or participation in joint ventures;
- Appointment of Chief Executive, agreement of terms and conditions and assessment of performance;
- Approval of capital expenditure proposals in excess of specified limits;
- Approval of Group Treasury Policy, Group Risk Management Strategy and risk appetite;
- Establishment of Board Committees and their terms of reference;
- Appointment of Directors to Board Committees and subsidiary companies;
- Appointment of the Company Secretary;
- Approval of Codes of Conduct for Directors and Employees;
- Approval of the principles to be adopted in negotiating tariffs with Regulators;
- Approval of significant amendments to staff pension benefits;
- Determination of policy on senior management remuneration;
- Appointment and removal of the company's auditors; and
- Review of operational and financial performance.

Board Meetings

The Board met on 12 occasions during the financial year 2022-23. There is ongoing reporting on operational and financial matters to the Board to support it in its responsibility for reviewing the performance of the Group and for ensuring effective internal controls and risk management.

The Board has delegated authority to the Chief Executive for decisions in the normal course of business, subject to specified limits and thresholds. Oversight of decisions that are delegated by the Board is retained through a strong reporting framework and effective relationships with the Board Committees, the Chief Executive and the Executive Team.

Papers are provided to each Board member in advance of each meeting to afford them the time required to consider the papers to enable discussion and decisions at the meetings. Board meeting agendas are structured to achieve an appropriate balance of oversight across all significant matters, and to ensure adequate time is devoted to each. This is monitored through informal feedback and the annual Board evaluation process. The Board is satisfied that the Chair and each of the Board members committed adequate time during the year to fulfil their duties as Board members.

To support the continued execution of the EirGrid Group strategy, the Board was directly involved in several strategic objective initiatives throughout the year. Under the strategic objective *'Transform the Power System for Future Generations'*, the Board provides oversight of the execution of the Group Strategy.

Key initiatives that the Board were directly involved in during 2022-23 included review and approval of the final document for *Shaping Our Electricity Future v.1.1* in advance of its launch, and its implementation thereafter, as well as the delivery of our new offshore remit, the development of requirements and subsequent delivery of the Phase 2 offshore projects, and the continued delivery of Phase 1 offshore projects.

Under the strategic objective *'Lead the Island's electricity sector on sustainability and decarbonisation'*, the Board approved and oversaw the 2022-23 Business Plan and Budget. Key aspects considered were progress of the Celtic Interconnector project and the implementation of our sustainability strategy.

Under *'Operate, develop and enhance the All-Island grid and market'*, the Board provided oversight and consideration of continuing security of supply workstreams, our approach to the delivery of Temporary Emergency Generation, as well as transmission project delivery.

Independence of the Board

The Board has determined that all Board members were independent during the year, with the exception of the Chief Executive and Shane Brennan, as both are also employees.

Attendance at Meetings in 2022-23

The table below summarises the attendance of Directors at Board meetings which they were eligible to attend during the year ended 30 September 2023.

Board Meeting Participation

	Eligible to attend	Attended
Brendan Tuohy (Chairperson)	12	12
Theresa Donaldson (Deputy Chairperson)	12	12
Mark Foley	12	11
Shane Brennan	12	12
Tom Coughlan	12	10
Michael Hand	12	12
James Nyhan*	10	9
Michael O'Sullivan***	4	3
Rosa M. Sanz García	12	12
Pauline Walsh**	4	3

*Term commenced on 19 October 2022

**Terms commenced on 3 May 2023

Members of the Board at the date of signing of the financial statements were Brendan Tuohy, Theresa Donaldson, Mark Foley, Shane Brennan, Tom Coughlan, Michael Hand, James Nyhan, Rosa M. Sanz García and Pauline Walsh.

*** Term commenced on 3 May 2023; Resigned on 14 December 2023

Board Committee Participations

The Board has an effective committee structure to assist in the discharge of its responsibilities. During the financial year the standing committees were the Audit and Risk Committee, the Remuneration Committee, the Grid Infrastructure Projects Committee, the Offshore Committee, and the Power System and Markets Development Committee.

Due to the changes to Board membership during the year, the membership of Board Committees was revised.

In addition, following the launch of *Shaping Our Electricity Future* in November 2021, the Innovation Committee, which oversaw the development of this significant body of work, was stood down.

In its stead, a Power System and Markets Development Committee was established, to assist the Board in determining the general policy/strategy in relation to influencing future power system and markets development.

Due to EirGrid plc's new role as asset owner and system operator of Ireland's offshore electricity grid, the responsibility of offshore delivery was redesignated to a newly established Offshore Committee from the Grid Infrastructure Projects Committee.

The table opposite denotes the Board Committees that were in place during 2022-23 and the members' participation.

- Members of the Audit and Risk Committee at the date of signing of the financial statements were, Michael Hand, Rosa M. Sanz García and Brendan Tuohy.
- Members of the Remuneration Committee at the date of signing of the financial statements were Brendan Tuohy (Chair), Theresa Donaldson and Michael Hand.
- Members of the Grid Infrastructure Committee at the date of signing of the financial statements were Michael Hand (Chair), Shane Brennan and Tom Coughlan.
- Members of the Offshore Committee at the date of signing of the financial statements were James Nyhan (Chair), Shane Brennan, Theresa Donaldson and Pauline Walsh.
- Members of the Power System and Markets Development Committee at the date of signing of the financial statements were Rosa M. Sanz García (Chair), Tom Coughlan, Pauline Walsh and James Nyhan.



Board Committee Participation

	Audit and Risk Committee	Remuneration Committee	Grid Infrastructure Projects Committee	Offshore Committee	Power System and Markets Development Committee
Brendan Tuohy	■	■ (C)			
Theresa Donaldson		■		■	
Mark Foley					
Shane Brennan			■	■	
Tom Coughlan			■		■
Michael Hand	■	■	■ (C)		
James Nyhan[1]				■ (C)	■
Michael O'Sullivan[2]	■ (C)		■		
Rosa M Sanz García	■				■ (C)
Pauline Walsh[3]				■	■
Ivan Schuster[4]	■ (C)				

Notes:

(C) Chairperson of Committee

■ Member of committee

1 James Nyhan's term commenced on 19 October 2022.

2 Michael O'Sullivan term commenced on 03 May 2023. Mr O'Sullivan was appointed as a member of the Audit and Risk Committee on 17 May 2023 and as Chair of the Audit and Risk Committee on 17 August 2023. Mr. O'Sullivan resigned on 14 December 2023.

3 Pauline Walsh's term commenced 03 May 2023.

4 Ivan Schuster was co-opted by the EirGrid plc Board as Chairperson and member of the Audit and Risk Committee on 17 August 2022 for a period of one year. Mr. Schuster was not a Director of EirGrid plc.



3. Composition, Succession and Evaluation

Board Appointments

Board appointments are a matter for the Government. Whilst EirGrid has no role in the appointment of Board Members, the Chair engages with the Public Appointments Service in relation to the skills and diversity requirements for the Board composition.

Board Membership

During the year, the EirGrid plc Board members brought diverse experience, independence, and challenges to support effective decision making, as outlined in the Board members' biographies on pages 116 to 119.

The Board is confident that all its members have the knowledge, ability, and experience to perform the functions required of them. The Board's primary role is to exercise objective and informed judgement in constructively challenging and helping to develop and approve EirGrid's Group Strategy, to ensure there is a strong management team in place to execute the strategy and drive business performance, and to maintain a framework of prudent and effective controls to mitigate risk.

Under the *Code of Practice for the Governance of State Bodies*, and consistent with best corporate governance practice, it is recommended that no member of a State board should serve more than two full terms of appointment on that Board, nor should they hold appointments to more than two state boards at the same time, unless the specific statutory provisions relating to the particular State body enable such service. In this context, the *Annex to the Code (2020)* specifies that the term of board appointments be varied to between three and five years, and that a period of appointment may be renewed for a further period subject to a maximum of eight years in total*.

The table below outlines the length of tenure on the EirGrid plc Board for each member as of 30 September 2023.

Name	Length of tenure
Brendan Tuohy (Chairperson)	3 years 10 months
Theresa Donaldson (Vice Chairperson)	6 years 3 months
Mark Foley (Chief Executive)	5 years 3 months
Shane Brennan	6 years 9 months
Tom Coughlan	5 years 2 months
Michael Hand	8 years 2 months*
James Nyhan	11 months
Michael O'Sullivan	4 months**
Rosa M. Sanz Garcia	1 year 4 months
Pauline Walsh	4 months

*Michael Hand was appointed for second five-year term to the EirGrid plc Board prior to the introduction of this stipulation in the Code.

** Michael O'Sullivan resigned on 14 December 2023.

Gender Balance

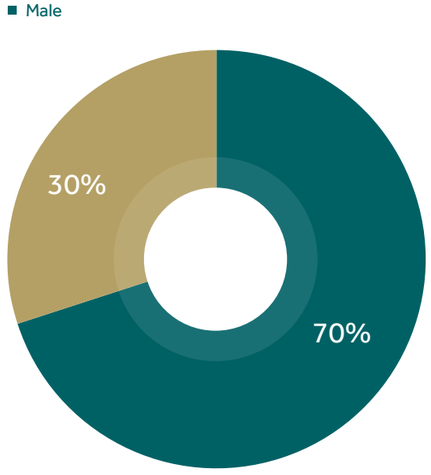
Appointments to the Board of EirGrid plc are made by Government (except in respect of the Chief Executive, who is an ex-officio Board member). *The Code of Practice for the Governance of State Bodies 2020 Annex* sets a minimum target of 40% representation of each gender in the membership of state boards.

As at 30 September 2023, the Board had three (30%) female and seven (70%) male members.

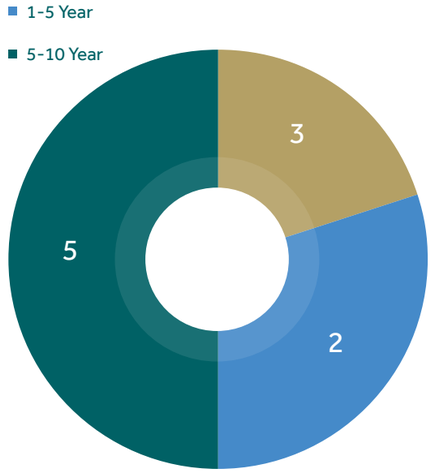
The following measures have been put in place or are planned to address and improve gender balance on this Board:

- In the context of EirGrid plc Board vacancies during the year, the vacancy profiles submitted to the Public Appointments Service reflected the desirability for female applicants; and
- As provided for in the *Annex to the Code of Practice for the Governance of State Bodies*, we have incorporated the ability for Board member duration of appointment terms to be varied to allow for an acceleration towards better gender balance and diversity of membership.

Composition of Board Members - Gender



Board Members Length of Tenure



Induction

New members of the Board are familiarised with Group operations by way of an induction programme which sets out an overview of the Group, our Strategy and the key matters which are expected to be relevant to the Board. The EirGrid plc Board's induction programme includes a detailed induction pack, which provides an overview of the requirements for Board members in relation to State Bodies; and introductory meetings with the Chair of the Board, the Executive Team and various Heads of Function. Briefing sessions are provided to new Board members by the Executive Team and their Heads of Function on current topics which are of importance to the Board.

Ongoing Training and Development

The Board is supported through a range of training and development options. Training is provided regularly on corporate governance, compliance, and risk subjects, as well as topics which are of current importance to the business. During the year the Board received in depth briefings on a number of large infrastructure projects, offshore wind, and *Shaping Our Electricity Future* developments which were brought before the Board for information and/or for consideration. Training sessions also took place during the year on corporate governance topics, such as; directors' duties and refresher training on specific subjects that are of relevance to the EirGrid plc Board, such as the Single Electricity Market and offshore delivery.

Board members are given the opportunity to undertake IPA training modules throughout the year which focus on, among other things; corporate governance; compliance; risk management; financial reporting; and public sector development.

Board Effectiveness

The Board continually seeks to improve its effectiveness through both formal and informal post-meeting discussion with feedback provided to the Chair and the Company Secretary.

A formal internal evaluation is conducted annually, complimented by a periodic cycle of independent external evaluations.

Board Committees in 2022-23

The Board has an effective committee structure to assist in the discharge of its responsibilities, consisting of a number of committees.

During the financial year, two new Board Committees were established to aid the Board with its responsibilities in respect of the delivery of offshore and the development of the power system and electricity market.

During the financial year, the Board Committees were the Audit and Risk Committee, the Remuneration Committee, the Grid Infrastructure Projects Committee, the Offshore Committee, and the Power System and Markets Development Committee.

Audit and Risk Committee

The Audit and Risk Committee's function is to assist the Board in fulfilling its oversight responsibilities relating to the financial reporting process, the system of internal control, the internal and external audit processes, monitoring the independence of the auditors, and compliance with laws and regulations including the *Code of Practice for the Governance of State Bodies*. It also provides support to the Board with regard to ensuring ongoing oversight and comprehension of the key strategic risks and the effectiveness of management's response to key risk exposures.

Additionally, the Committee advises the Board in its consideration of the overall risk appetite, risk tolerance, and risk strategy of EirGrid. The Board is satisfied that at all times during the financial year at least one member of the Committee had recent and relevant financial experience.

The Audit and Risk Committee held five meetings during the financial year. The members of the committee, length of service and the number of meetings attended are set out in the table opposite.

Members of the Audit and Risk Committee at the date of signing of the financial statements were Michael Hand, Rosa M. Sanz García and Brendan Tuohy.

Audit and Risk Committee Meetings

Member	Length of service	Eligible to attend	Attended
Ivan Schuster (Chairperson)*	1 year	4	4
Michael O'Sullivan (Chairperson)**	4 months	2	2
Brendan Tuohy	3 years and 6 months	5	4
Michael Hand	3 years and 6 months	5	4
Rosa M Sanz García	1 year and 2 months	5	5

*Co-opted by the EirGrid plc Board as Chairperson and member of the Audit and Risk Committee on 17 August 2022 for a period of one year. Term expired on 16 August 2022.
**Term commenced on the EirGrid plc Board on the 03 May 2023, appointed as member of the Audit and Risk Committee on 17 May 2023 and as Chair of the Audit and Risk Committee on the 17 August 2023. Resigned on 14 December 2023.

The matters considered by the Audit and Risk Committee in 2022-23 included the following:

Audit and Risk Committee Matters Considered in FY2023

	The strategic processes for risk, internal control and governance.
	The accounting policies, the financial statements, and the annual report of the organisation, including the process for review of the financial statements prior to submission for audit, levels of error identified, and the letter of representation to the external auditors.
	The planned activity and results of both internal and external audit.
	Adequacy of management response to issues identified by audit activity.
	Assurances relating to the management of risk and corporate governance requirements for the organisation.
	Reviewed anti-fraud policies, protected disclosure processes, and arrangements for special investigations.
	Reviewed its own effectiveness and reported the results of that review to the Board.
	Reviewed and assessed the adequacy of the Committee Charter and requested Board approval for the proposed changes.

Remuneration Committee

EirGrid plc has adhered to Government policy in relation to the total remuneration of the Chief Executive. The Chief Executive's remuneration is set by the Minister for Public Expenditure, National Development Plan Delivery and Reform, and the Minister for the Environment, Climate and Communications.

The Remuneration Committee approves the structure of remuneration for Senior Management.

The Remuneration Committee held four meetings during 2022-23. The members of the Committee, length of service and the number of meetings attended are set out in the table below.

Members of the Remuneration Committee at the date of signing of the financial statements were Brendan Tuohy (Chair), Theresa Donaldson, and Michael Hand.

Remuneration Committee Meetings

Member	Length of service	Eligible to attend	Attended
Brendan Tuohy (Chairperson)	3 years and 10 months	4	4
Theresa Donaldson	5 years and 2 months	4	4
Michael Hand	1 year 6 months	4	3



The matters considered by the Remuneration Committee in 2022-23 included the following:

Remuneration Committee Matters Considered in FY2023

- The agreement with the Chief Executive of his specific annual and long-term performance targets based on the Committee's detailed examination of his performance against targets.
- Recommended the remuneration and allowances of the Chief Executive for final approval by the Minister with the consent of the Minister for Public Expenditure, National Development Plan Delivery and Reform.
- Set the remuneration packages for EirGrid's senior executives, (namely Chief Executive direct reports), following recommendations from and/or a process of consultation with the Chief Executive, having full regard to the requirements of Government policy and having sought the approval of the Minister for the Environment, Climate & Communications.
- Reviewed performance of senior executives with the Chief Executive and approved bonuses to be paid, based on the Chief Executive's recommendation.
- Satisfied itself that the Company Remuneration Policy is appropriate.
- Approved the annual policy for staff salary adjustments.
- Conducted the annual talent management process for senior executives.

Grid Infrastructure Projects Committee

The Grid Infrastructure Projects Committee's function is to assist the Board in determining the general policy/strategy in relation to the development of the Grid and overseeing the implementation of the grid development strategy including reviewing infrastructure projects which are expected to come forward for approval to the Board.

The Grid Infrastructure Projects Committee held four meetings during 2022-23. The members of the committee, length of service and the number of meetings attended are set out in the table below.

Members of the Grid Infrastructure Projects Committee at the date of signing of the financial statements were Michael Hand (Chair), Shane Brennan, and Tom Coughlan.

Grid Infrastructure Projects Committee

Member	Length of service	Eligible to attend	Attended
Michael Hand (Chairperson)	7 years and 11 months	4	3
Shane Brennan	3 years and 6 months	4	4
Tom Coughlan	5 years and 2 months	4	3
Michael O'Sullivan*	4 months	2	2

*Term commenced on the EirGrid plc Board on the 03 May 2023, appointed as member of the Grid Infrastructure Projects Committee on 17 May 2023. Resigned on 14 December 2023.



The matters considered by the Grid Infrastructure Projects Committee in 2022-23 included:

Grid Infrastructure Committee Matters Considered in FY2023

- Assisted the Board in determining the general policy/strategy in relation to the development of the Grid in Ireland.
- Oversaw the implementation of the EirGrid Strategy relating to Transmission Development in Ireland, including monitoring progress against the timelines and budgets and inputting to EirGrid's strategic direction.
- Reviewed the progress of the Network Delivery Portfolio.
- Ensured the employment of best practice, in particular with respect to the investment decision, project management, cost effectiveness, and public consultation.
- Oversaw and reviewed the development and operation of the Framework for Developing the Grid.
- Consulted and provided guidance regarding the development of critical infrastructure, including stakeholder management regarding the development of the Network Delivery Portfolio.
- Oversaw, provided guidance, and reviewed the development and delivery of the Celtic Interconnector Project.
- Ensured that the EirGrid Public Engagement Strategy was applied on all projects.
- Reviewed projects which came forward for approval and formulated a recommendation to the EirGrid plc Board under the EirGrid plc Board Schedule of Matters Reserved for the Board.
- Received briefings on key initiatives throughout the year, e.g.,:
  - Public Engagement Roadmap.
  - Celtic Interconnector Project.
  - Offshore Delivery.

Offshore Committee

The Offshore Committee was established on 17 May 2023 to assist the Board in determining the general policy/strategy in relation to EirGrid's development of the Offshore Grid in Ireland in line with its mandate as offshore system operator and asset owner.

The Offshore Committee held one meeting during 2022-23. The members of the committee, length of service, and the number of meetings attended are set out in the table opposite.

Members of the Offshore Committee at the date of signing of the financial statements were James Nyhan (Chair), Shane Brennan, Theresa Donaldson, and Pauline Walsh.

As the Committee was established towards the latter half of FY2023, it convened one meeting before the end of the financial year. The role of the Offshore Committee is to assist the Board in determining the strategy regarding EirGrid's development of the Offshore Grid in Ireland in line with its mandate as offshore system operator and assess owner.



Offshore Committee

Member	Length of service	Eligible to attend	Attended
James Nyhan (Chairperson)	4 months	1	1
Shane Brennan	4 months	1	1
Theresa Donalson	4 months	1	1
Pauline Walsh	4 months	1	1

Power System and Markets Development Committee

The Power System and Markets Development Committee was established on 17 May 2023 to assist the Board in determining the general policy/strategy in relation to influencing future power system and market development.

The Power System and Markets Development Committee held one meeting during 2022-23. The members of the committee, length of service, and the number of meetings attended are set out in the table below.

Members of the Power System and Markets Development Committee at the date of signing of the financial statements were Rosa M. Sanz García (Chair), Tom Coughlan, Pauline Walsh, and James Nyhan.

As the Committee was established towards the latter half of FY2023, it convened one meeting, which took place in Q4. The role of the Power System and Markets Development Committee is to assist the Board in determining EirGrid's strategy in relation to influencing future power system and market development.

Power System and Markets Development Committee

Member	Length of service	Eligible to attend	Attended
Rosa M. Sanz García (Chairperson)	4 months	1	1
Tom Coughlan	4 months	1	1
Pauline Walsh	4 months	1	1
James Nyhan	4 months	1	1

4. Audit, Risk, and Internal Control

Compliance with Corporate Governance Codes

EirGrid, as a State-owned company, complies as applicable with the *Code of Practice for the Governance of State Bodies 2016* (the Code), which sets out the principles of corporate governance which the boards of State bodies should observe, and also has regard to the principles of the *UK Corporate Governance Code (2018)* and the *Irish Corporate Governance Annex*. EirGrid also complies with the Corporate Governance Guidelines and other obligations imposed by the *Ethics in Public Office Act 1995*, the *Standards in Public Office Act 2001*, and the *Regulation of Lobbying Act 2015*.

Financial and Business Reporting

The Board recognises its responsibility in preparing the Annual Report and Financial Statements and in presenting a fair, balanced, and understandable assessment of the Group's position and prospects. The Board members' responsibilities regarding financial statements and going concern are set out on page 160.

Procurement

EirGrid conducts its procurement activities in accordance with applicable procurement laws and the *Code of Practice for the Governance of State Bodies*.

Internal Control

The Board has overall responsibility for the Group's system of internal control and for monitoring its effectiveness. The system of internal control is designed to provide reasonable but not absolute assurance for the achievement of the following objectives:

- Facilitate effective and efficient operations by enabling the Group to respond to risks;
- Ensure the quality of internal and external reporting; and
- Ensure compliance with applicable laws, regulations and internal policies.

Key elements of the Group's internal control framework involve:

- Codes of Conduct for Directors and Employees which set the tone from the top and requiring all employees to maintain the highest ethical standards in conducting business;
- A clearly defined organisational structure, with defined authority limits and reporting mechanisms;
- A corporate governance framework that includes risk management, financial control review, and formal annual governance statements by each Chief Officer;
- Defined policies and procedures in relation to anti-bribery, expenditure, and treasury matters;
- Timely and regular financial and business performance reporting;
- Preparation of, and monitoring performance against, annual budgets which are reviewed and approved by the Board; and
- An internal audit function which reviews critical systems and controls and reports independently to the Audit and Risk Committee.

An Audit and Risk Committee that:

- Reviews the programme of Internal Audit and considers its findings and reports;
- Monitors the status of implementation of recommendations raised previously from Internal Audit reports;
- Reviews reports of the external auditors which contain details of work carried out on the key audit risks;
- Reviews and approves financial statements before submission to the Board and Shareholders;
- Assists the Board in fulfilling its oversight role regarding risk management; and
- Implements procedures to ensure compliance with laws and regulations, including a programme of compliance audits which measures improvements in compliance processes and ensures non-compliance matters are dealt with appropriately.

The Directors confirm that they have reviewed the effectiveness of the system of internal control operated during the period covered by these financial statements. During this review, the Board has not identified, nor been advised of, any failings or weaknesses which it has determined to be significant.

Additional Disclosures Required by the Code of Practice for the Governance of State Bodies

The Board is responsible for ensuring that EirGrid has complied with the requirements and disclosures of the Code.

The following financial disclosures are required by the Code to be outlined in the Annual Report.

Details of the number of employees whose total employee benefits (excluding employer pension costs and termination benefits) for the financial year for each band of €25,000 from €50,000 upwards are set out in the table below.

Employee benefits bands:	Year to 30 Sep 2023 number	Year to 30 Sep 2022 number
€50,000 – €75,000	195	196
€75,001 – €100,000	123	93
€100,001 – €125,000	65	65
€125,001 – €150,000	37	23
€150,000 +*	24	20
Total	**444**	**397**

Notes:
Employee benefits exclude employer pension costs.
*In compliance with the Code of Practice for the Governance of State Bodies, salaries above €50,000 are disclosed in bands of €25,000 with the exception of salaries above €150,000 which have been disclosed in a single band in recognition of potential data protection implications. This departure from the Code has been approved by the Department of Environment, Climate and Communications.

During the year, the Group incurred travel costs in Ireland and Northern Ireland of €0.7m (2022: €0.4m) and overseas travel costs of €0.3m (2022: €0.1m). Settlement and related legal costs for the year were €nil (2022: €nil). Staff Welfare costs were €0.2m (2022: €0.1m).

The company also incurred external support and specialist advisory costs as follows:

	Note	30 Sep 2023 € '000	30 Sep 2022 € '000
Electricity Market services	(i)	5,403	2,715
Legal services and advice		7,389	4,156
Transmission Network project services	(ii)	19,901	10,983
IT Systems Support	(iii)	404	842
Corporate Finance advice		1,664	780
Organisational & Actuarial advice		490	516
Regulatory advisory services		295	-
Other		4,652	4,010
Total		**40,198**	**23,912**
Costs charged to Income Statement		16,930	12,454
Costs capitalised		23,268	11,458
Total		**40,198**	**23,912**

Note (i): Electricity Market services include costs of enhancing the all-island electricity market arrangements known as SEM.
Note (ii): Transmission Network project services represents the specialist costs of bringing network projects from initial concept through to the granting of planning permission.
Note (iii): IT Systems Support are external support costs for key systems across the business.



Risk Management

The execution of the Group's strategy is underpinned by effective risk management. EirGrid is exposed to a number of risks which could have an impact on the business and its ability to execute on this strategy. A robust system is therefore in place to ensure that risks are identified, assessed, managed, and mitigated effectively. The Board has overall responsibility and oversight for internal controls and risk management, as outlined in the *Code of Practice for the Governance of State Bodies*.

The Board is responsible for setting the Group's risk appetite and ensuring that appropriate risk management and internal control systems are in place, designed to identify, assess, manage, and mitigate material risks to the achievement of the Group's strategic and business objectives.

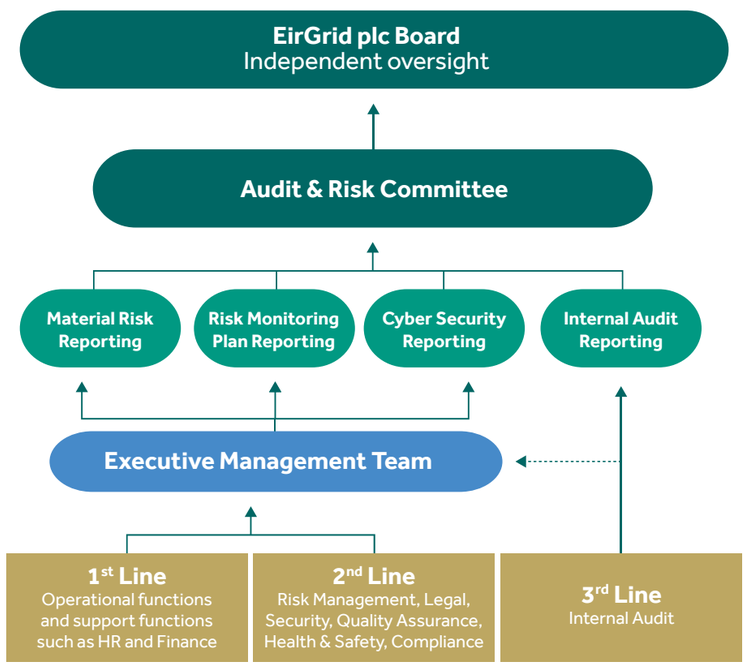
The risk appetite, which is subject to approval by the Board on an annual basis, establishes the level of risk that the Group is prepared to accept in pursuit of its strategic goals. The risk appetite includes the risk tolerances and limits that are acceptable in terms of exposures to different types of risk. The risk appetite tolerances act as a boundary condition for the Group Strategy but also enables EirGrid to make informed business decisions having regard to the key risks to which it may be exposed.

The Board has also approved a Risk Strategy to ensure that the Group establishes and maintains appropriate risk structures and activities to realise the Group's strategic goals. The Risk Strategy is operationalised through the Risk Management Framework, Risk Appetite Statements and the Risk Monitoring Plan.



Risk Management Framework

To enhance decision making, the Group has established an Enterprise Risk Management Framework which enables the risks and opportunities of the Group to be identified and assessed to ensure that appropriate and effective responses are made in managing such risks and opportunities. The Risk Management Framework is aligned to the three lines of defence model and embedded within the organisation's governance structure as presented below:



The objectives of the Risk Management Framework are to:

- Support the Group to make informed decisions, which are in line with the Group strategic objectives and risk appetite;
- Confirm and communicate the Group's commitment to risk management to assist in achieving its strategic and operational goals;
- Formalise and communicate a consistent approach to managing risk and opportunities for all Group activities and to establish an effective reporting protocol;
- Ensure that all material risks to the Group are identified, assessed, adequately responded to, and reported to the Executive Team and Board effectively;
- Assign accountability to all staff for the management of risks and opportunities within their areas of control;
- Provide a commitment to staff that risk management is a core management capability; and
- *Enable compliance with the Code of Practice for the Governance of State Bodies.*

The roles, responsibilities and reporting structures defined within the Risk Management Framework are presented below:

Line of Defence	Roles and responsibilities
Independent oversight	
The Board	• Approves the Group's Risk Strategy, Risk Appetite Statements, and the Risk Management Framework. • Receives an update on the status of material risks on a monthly basis. • Receives a briefing from the Chair of the Audit & Risk Committee at each Board meeting on the status of internal control matters.
Audit and Risk Committee	• Assists the Board in fulfilling its oversight responsibilities relating to the financial reporting process, system of internal control, Internal Audit, External Audit, and compliance with laws and regulations including the company code of conduct. • Receives an update on the status of material and trending risks. • Receives an update on the status of the annual Risk Monitoring Plan status report which presents, progress against the plan, summaries of outcomes from reviews, the status of 1st Line of Defence monitoring activities and follow-up of prior quarter actions. • Receives an update on Cyber and Physical Security activities on a quarterly basis. • Reviews the status of the Internal Audit Plan, receives reports issued by the Head of Internal Audit, and monitors the status of implementation of management actions.
First Line of Defence	
Business functions and Chief Offices	• Responsible for day-to-day risk management activity including maintaining up to date risk data, identifying emerging risks, and implementing effective internal controls to address risks. • Applying defined policy and procedures designed to ensure an effective control environment exists across all operations.
Second Line of Defence	
Governance, Risk & Compliance	• Responsible for overseeing the application of the Risk Management Framework, reviewing and developing an effective policy framework for managing risks, and for reporting the status of material risks to the Executive Team, Audit and Risk Committee and the Board. • Assesses the status of compliance with regulatory and statutory obligations pertaining to the licenced activities of the Group, its subsidiaries, and contractual joint ventures through an annual programme of compliance reviews.
Enterprise Security	• Responsible for the design of the enterprise security strategy. • Defines the policy environment for Information Security including the cyber security framework. • Tests and monitors the effectiveness of the application of IT and physical security controls. • Provides support to key programmes across the Group. • Delivers employee awareness training and guidance.
Group Finance	• Responsible for financial reporting, corporate finance, treasury, taxation, corporate control, and financial planning and analysis. • Overseeing the application of key financial controls including procurement.
Group HR	• Responsible for the Group HR Strategy. • Reports to the Board on leadership development and succession planning.
Third Line of Defence	
Internal Audit	• Develops an annual risk-based internal audit programme, which is approved by the Audit and Risk Committee. • Provides quarterly reports to the Audit & Risk Committee addressing the results of audits conducted, summarising observations and recommendations made and management responses to audit findings. • Reports significant issues relating to the processes for controlling the activities of the Company and provides information concerning such issues through to resolution.

Risk Management Process

The Risk Management process is based on a common approach as follows:

1. A risk identification and assessment methodology to determine and prioritise how risks should be managed;
2. The selection, design and implementation of risk treatment options that support achievement of intended outcomes and manage risks to an acceptable level;
3. The design and operation of integrated, insightful, and informative risk monitoring; and
4. Timely, accurate, and useful risk reporting to enhance the quality of decision-making and to support management, the Executive Team, and the Board in meeting their responsibilities.

Identification

The risk identification process is embedded throughout the organisation and requires all Chief Offices, individual functions, programmes, and projects to identify the risks to which the Group is exposed. Additionally, a process of considering emerging risks on an ongoing basis is facilitated by the Governance, Risk and Compliance function.

Assessment

Risk assessment allows for the measurement and prioritisation of risks so that risk levels can be managed within defined tolerance thresholds and escalated, as required. Risks are assessed in terms of impact to the business if the risk materialised, multiplied by the likelihood of the risk occurring to calculate the inherent risk rating. Following this, the appropriateness and strength of relevant controls are considered.

Those risks which have been assessed as material are subject to monthly review by the Executive Team and reported to the Board monthly and to the Audit and Risk Committee quarterly.

Response

The results of the risk assessment process serve as the primary input to risk responses whereby response options are examined. The purpose of ensuring an appropriate response to risk is to turn uncertainty to EirGrid's benefit by constraining threats and taking advantage of opportunities.

Monitoring

The Governance, Risk and Compliance (GRC) function develops and implements an annual Risk Monitoring Plan which sets out the types of monitoring activities performed by GRC. The purpose of the Risk Monitoring Plan is to provide assurance over the activities of the First Line of Defence, their processes, and their controls. The Risk Monitoring Plan is reviewed and approved by the Audit and Risk Committee on an annual basis.

Monitoring activities within the Risk Monitoring Plan include:

- Control effectiveness reviews of material risks;
- Anti-Fraud controls assessment;
- Effectiveness of the application of risk management related frameworks;
- Risk based enhanced assurance activities, e.g., major programmes and projects;
- Facilitation of annual risk identification and assessment workshops across all Chief Offices; and awareness training.

Reporting

A range of ongoing monitoring activities are embedded within the Risk Management Framework, which enable reporting mechanisms to flow from individual functions to Chief Officers, and where appropriate, the Executive Team, Audit & Risk Committee, and the EirGrid plc Board.



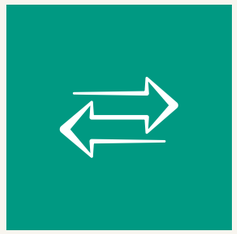
Avoid
Some risks will only be treatable, or containable to acceptable levels, by terminating the activity. This option can be particularly important in project management if it becomes clear that the projected cost / benefit relationship is in jeopardy.



Accept
The exposure may be tolerable without any further action being taken or the ability to influence exposure may be limited or the cost of taking any action may be disproportionate to the potential benefit gained. This includes systemic risks that cannot be easily managed or mitigated such as macro-economic events and larger socio-political risks that cannot be avoided or influenced.



Reduce
By far the greatest number of risks will be addressed in this way. The purpose of treatment is that whilst continuing with the activity giving rise to the risk within the organisation, action (control) is taken to constrain the risk to an acceptable level.



Transfer
Risk transfer can be considered either to reduce the exposure of the organisation or because another organisation is more capable of effectively managing the risk e.g. insurance or 3rd party management.

Principal Risks and Uncertainties

The principal risks and uncertainties that have the potential in the short to medium term to have a significant impact on the Group's strategic objectives are set out below, together with the key mitigation measures in place.

This report sets out the Board's view of the principal risks at this point in time and does not represent an exhaustive list of all the risks that may impact the Group.

The mitigation measures that are in place in relation to identified risks are designed to provide a reasonable and proportionate, but not an absolute, level of protection against the impact of the events in question, in line with the Group's agreed risk appetite.

Principal risk	Context
Power System and Market Operations	The Group is responsible for the secure operation of the transmission system in Ireland and Northern Ireland. System interruptions can pose a risk to essential services which rely on the secure operation of the transmission systems. These are driven by: • Plant closures, outages and disruptions in the capacity available on the Grid network; • Failing to anticipate and mitigate against significant unexpected or unprecedented fluctuations in demand levels; • Electricity imbalance or failing to deliver services as a result of inadequate management of generation and consumption; and • Loss of electricity supply to demand centres. EirGrid, along with SONI, is also responsible for the operation of the all-island Single Electricity Market, interruption to which could pose a risk of delay in the timely settlement of the market. A complete programme is in place to discharge these responsibilities which includes: • Back-up site for the control centre in Dublin, which is regularly tested; • Comprehensive power system operational procedures which are regularly reviewed and are in line with best international practice; • Grid maintenance standards and policies, supported by a detailed Infrastructure Agreement with the Electricity Supply Board ('ESB') as the Transmission Asset Owner in Ireland; and • Support of the pre-construction phase of the development of the network in Ireland by a fully functioning Programme Management Office, which has effective and appropriate policies, processes, and controls.
Cyber Security	The risk that the Group's systems, network, and/or data security is compromised by malicious actors, resulting in critical national infrastructure or system stability incidents, business disruption, financial loss and/or reputational damage. This is driven by: • Successful cyber-attack; • Personal or commercially sensitive data breach; • Increased inherent threats due to the extent of remote working; and • Hardware/software/network failure. We continue to operate a full suite of security policies and standards and have deployed comprehensive perimeter defence mechanisms. Staff regularly receive security awareness training, and we have ongoing cyber security monitoring and compliance reporting to the Audit and Risk Committee and the Board. We maintain a close working relationship with the National Cyber Security Centre and European TSOs on all cyber matters. We are actively engaged with the relevant Government on this topic, including activities relating to compliance with the *EU Network and Information Systems (NIS) Directive*.

Principal risk	Context and mitigation measures
Key Financial Risks	Note 26 of the Financial Statements provides additional information on the key financial risks faced by the Group relate (liquidity risk, market risk, foreign exchange rate risk, interest rate risk, cash flow risk, and credit risk.
Financial Resilience and Regulatory Environment	EirGrid Group operates in a regulated environment. Failure to maintain adequate financial resilience, due to under-delivery of performance, inadequate regulatory recovery frameworks, inadequate cost-base control, and/or negative external factors could materially affect how we operate and our financial resilience. This is driven by: • Failure to deliver within regulatory allowances; and • Failure to attain adequate regulatory funding to deliver.
Network Development Programme	EirGrid has the responsibility to put in place the grid infrastructure required to support the development of Ireland's economy. EirGrid's principal activities in this regard are the planning for, and delivery of, new connections to generators and customers utilising, or seeking to utilise, the high voltage electricity system and transmission network reinforcement projects across Ireland and Northern Ireland. With regard to the grid infrastructure programme required to be built, there is a range of factors impacting on the ability of EirGrid to adequately plan, manage and deliver this programme. This is driven by: • Ineffective application of/delays to Outage Planning • Non-delivery to published timescales; and • Issues with grid connection developments impacting on grid access, network development projects, connection, and interconnection.
Organisational Delivery Model	Failure to mobilise an organisational delivery model including to effectively enable the delivery of EirGrid's core remit and strategic objectives. This is driven by: • Failure to maintain a stable talent pipeline; • Failure to implement the comprehensive and timely succession and development plans for key staff; • Failure to deliver the capabilities necessary to respond to changing business needs; and • Failure to optimise partnerships and frameworks.

Principal risk	Context and mitigation measures
East-West Interconnector	EirGrid is responsible for the asset management and operation of the East West Interconnector ('EWIC') which links the electricity grids in Ireland and Great Britain. There is a risk of physical damage to EWIC resulting in possible prolonged outage of EWIC together with significant reinstatement costs, however there are comprehensive operational procedures and maintenance arrangements for EWIC in place, including appropriate insurance arrangements.
Climate Change	Increased frequency of severe weather events impacting the risk to physical assets owned, operated, and maintained by EirGrid Group. This is driven by: • Increased frequency of asset damage due to severe weather events (Onshore Transmission, Offshore Transmission, Interconnectors (EWIC & Celtic), Telecoms fibre – EWIC, Office accommodation, Telecoms Equipment); • Increasing costs of maintaining assets leading to reduced asset lifetime, resulting in maintenance and replacement costs; and • Changes in seasonal conditions (duration and timing) leading to reduced predictability resulting in outage planning challenges. See Climate Change Adaptation on page 87.
Health, Safety and Environment	The risk of serious harm to the safety, health or wellbeing of employees, contractors or the public resulting from EirGrid's operations. EirGrid Group operates a Health, Safety and Environmental (HS&E) Management System based on the requirements of the International Occupational Health & Safety Standard: OHSAS18001:2007 and the Environmental Management Standard ISO14001:2015. Our HS&E Management System enables us to consider various risks associated with our activities, to staff and others who may be affected by these activities, and those to the environment; and to place these risks in the context of any relevant legal or other requirements, thereby ensuring that preventative and control measures are adequate and meet best practice standards.



5. Remuneration

The financial statements include €103,861 (2022: €101,663) for Chair's and Directors' fees, in accordance with the levels of remuneration for the Chair and Board Members of State Bodies, as approved by the Minister for Public Expenditure, National Development Plan Delivery and Reform, and the revised arrangements for payment of board fees to public sector employees under the Minister for Public Expenditure, National Development Plan Delivery and Reform's 'One Person One Salary' Principle.

Under the approved remuneration levels, the Chair's fees were €21,600 per annum during the financial year (2022: €21,600 per annum). Directors' fees were €12,600 each per annum during the year (2022: €12,600 each per annum).

Name	Total fees (€)
Brendan Tuohy (Chair)	21,600
Shane Brennan	12,600
Tom Coughlan	12,600
Theresa Donaldson	12,600
Michael Hand	12,600
James Nyhan [term commenced on 19 October 2022]	8,836
Michael O'Sullivan [term commenced on 03 May 2023]	5,213
Rosa M Sanz Garcia	12,600
Pauline Walsh [term commenced on 03 May 2023]	5,213
Total	**103,861**

The Executive Board member during the year was the Chief Executive, Mark Foley. The Chief Executive's remuneration is set by the Minister for Public Expenditure, National Development Plan Delivery and Reform and the Minister for the Environment, Climate and Communications.

The remuneration of the Chief Executive consists of basic salary, taxable benefits, and certain retirement benefits. The retirement benefits of the Chief Executive are calculated on basic pay only and aim to provide in retirement a pension of one-eightieth and a gratuity of three-eightieths of salary for each year of service as Chief Executive.

	Basic salary €'000	Annual bonus €'000	Taxable benefits €'000	Pension contributions paid (all defined benefit) €'000	Director's fees €'000	Total €'000
Mark Foley	221	-	13	66	-	300
Total 30 Sep 23	**221**	**-**	**13**	**66**	**-**	**300**





Directors' Report

The Directors present their annual report and the audited financial statements of the Group and Company for the financial year ended 30 September 2023. The Group comprises the Parent Company and its subsidiaries disclosed in Note 30 (e).

Principal Activities

In Ireland, we have continued to operate and ensure the maintenance, and development of, the power system efficiently and effectively in accordance with the requirements of our licence as the Transmission System Operator (TSO) for Ireland, issued by the Commission for the Regulation of Utilities (CRU). In addition, EirGrid Interconnector DAC has continued to operate the East West Interconnector in accordance with the interconnector operator licence from CRU and Ofgem. Through Celtic Interconnector DAC, which is a joint venture with the French TSO, Réseau de Transport d'Électricité (RTE), we have continued to develop the Celtic Interconnector between Ireland in France.

Following the publication of the Government's Policy Statement on the *Framework for Ireland's Offshore Electricity Transmission System* in May 2021, EirGrid has also been given the role of the offshore electricity transmission system asset owner and system operator. This was legislated for in the Marine Area Planning Bill in December 2021.

In Northern Ireland, SONI continued to plan and operate the transmission system in Northern Ireland in accordance with its licence as TSO issued by the Utility Regulator (UR) for Northern Ireland.

On 30 August 2022, the Utility Regulator (UR) in Northern Ireland published its decision on SONI governance and modifications to its TSO licence. These modifications were codified into SONI's licence on 26 October 2022. The new licence conditions necessitate, amongst other requirements, the establishment of a majority independent SONI Ltd board of directors (with all directors approved by the Utility Regulator); restriction on shareholder decision making to those matters reserved for shareholder decision under the UK Companies Act 2006, along with managerial, operational and resource independence from EirGrid plc. In a key four new independent directors were appointed to the board of SONI Ltd with effect from 1 October 2023. Whilst we regret the decision of the UR, we are committed to implementing it and are working with SONI to demerge the businesses in compliance with the new licence condition.

EirGrid and SONI Ltd operate the wholesale electricity market in Ireland and Northern Ireland through an entity known as SEMO (Single Electricity Market Operator) and SEMOpx. The all-island wholesale electricity market was established in 2007, under legislation enacted in Ireland and Northern Ireland. In this context, the term 'Group' includes all the above mentioned activities (transmission system operator in Ireland and Northern Ireland; market operator and nominated electricity market operator for the island of Ireland; operator of EWIC, telecommunications activities on EWIC and Celtic Interconnector project development activities).

The Group collects tariffs to support these activities. These tariffs allow for incentives and a regulated return for capital invested in the business, generating value for the Group over the longer term.

Results and Review of the Business

Details of the financial results of the Group are set out in the Consolidated Income Statement on page 175 and the related notes on page 179.

The current period being reported on is the financial year ended 30 September 2023. The comparative figures are for the financial year ended 30 September 2022.

Commentaries on performance during the financial year ended 30 September 2023, including information on recent events and future developments, are contained in the Chair's Report, Chief Executive's Review, and the Financial Review.

Principal Risks and Uncertainties

An outline of the principal risks and uncertainties faced by the Group is discussed in the report on pages 149 to 152. Note 26 includes a full analysis of the Company's financial risk management objectives, policies, and exposures.

Dividends

The Board is recommending the payment of a final dividend of €4,000,000 (2022: €4,000,000) for the financial year ended 30 September 2023.

Directors' and Company Secretary's Interest in Shares

The Directors and Company Secretary who held office between 1 October 2022 and 30 September 2023 had no beneficial interest in the shares of the Group. One ordinary share of the Company is held by the Minister for the Environment, Climate and Communications and the remainder of the issued share capital is held by the Minister for Public Expenditure, National Development Plan Delivery and Reform, or on their behalf.

At the balance sheet date of 30 September 2023, Brendan Tuohy, Mark Foley and Martin Corrigan held one share each in the share capital of the Company on behalf of the Minister for Public Expenditure, National Development Plan Delivery and Reform.

Political Donations

The Group does not make political donations.

Going Concern

The Directors are confident, on the basis of current financial projections and credit facilities available, that the Company and the Group as a whole has adequate resources to continue in operation for the foreseeable future. They have made this assessment after consideration of the forecasted cash flows for the foreseeable future, including the assessment of possible variances in those forecasts.

As per Note 28, the High Court is due to issue final orders in respect of the Clean Energy Package judgement, and given the SEMC has yet to issue a revised decision paper as to how the Judgement will be implemented, there is uncertainty surrounding the timing and quantum of payments that will need to be paid and the potential impact on cashflows in the next twelve months. Based on the information available, we believe it is unlikely that there will be a significant impact to cashflows in the next twelve months, however if we were required to make payments, there are actions that could be taken to manage the impact until a Regulatory recovery mechanism is in place. The Regulator has provided assurance that they will implement appropriate regulatory cost recovery mechanisms to ensure that EirGrid has sufficient cash flows to pay any costs that may arise from the court orders. As the situation evolves and final orders are issued by the Court, the Group will continue to monitor it closely and engage with the Regulators to address any cashflow challenges that arise.

Accounting Records

The measures that the Directors have taken to secure compliance with the requirements of Sections 281 to 285 of the *Companies Act 2014* with regard to the keeping of accounting records are the employment of appropriately qualified accounting personnel and the use of suitable accounting systems and procedures. The accounting records are kept at The Oval, 160 Shelbourne Road, Ballsbridge, Dublin D04 FW28.

Post Balance Sheet Events

Details of significant post balance sheet events are set forth in Note 28 of the financial statements.

Auditors

The auditors, Deloitte Ireland LLP, Chartered Accountants and Statutory Audit Firm, have indicated their willingness to continue in office in accordance with Section 383(2) of the Companies Act 2014.

Disclosure of Information to Auditors

So far as each of the Directors in office at the date of approval of the financial statements is aware:

- There is no relevant audit information of which the Company's auditors are unaware; and
- The Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Directors' Compliance Statement

For the purposes of section 225 of the *Companies Act 2014* (the 'Act'), we, the Directors:

- Acknowledge that we are responsible for securing the Company's compliance with its relevant obligations as defined in section 225 (1) of the Act (the 'relevant obligations'); and
- Confirm that each of the following has been done:

  i. A compliance statement (as defined in section 225(3)(a) of the Act) setting out the Company's policies (that in our opinion, are appropriate to the Company) respecting compliance by the Company with its relevant obligations has been drawn-up;

  ii. Appropriate arrangements or structures, that are, in our opinion, designed to secure material compliance with the Company's relevant obligations, have been put in place; and

  iii. During the financial year to which this report relates, a review of the arrangements or structures referred to in paragraph (ii) above has been conducted.

Approved by the Board and signed on their behalf:



Brendan Tuohy,
Chairperson, EirGrid Group



Mark Foley,
Chief Executive, EirGrid Group

Date: 11 March 2024

Directors' Responsibilities Statement

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with the Companies Act 2014 and the applicable regulations.

Irish company law requires the Directors to prepare financial statements for each financial year. Under the law, the Directors have elected to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the Company financial statements in accordance with *FRS 101 Reduced Disclosure Framework* (March 2018). Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Company and the Group as at the financial year end date and of the profit or loss of the Group for the financial year and otherwise comply with the Companies Act 2014.

In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies for the Parent Company and the Group financial statements and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether the financial statements have been prepared in accordance with applicable accounting standards, identify those standards, and note the effect and the reasons for any material departure from those standards; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for ensuring that the Company keeps or causes to be kept adequate accounting records which correctly explain and record the transactions of the Company, enable at any time the assets, liabilities, financial position and profit or loss of the Company to be determined with reasonable accuracy, enable them to ensure that the financial statements and Directors' Report comply with the Companies Act 2014 and enable the financial statements to be audited.

They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

Approved by the Board and signed on their behalf:



Brendan Tuohy,
Chairperson, EirGrid Group



Mark Foley,
Chief Executive, EirGrid Group

Date: 11 March 2024

Glossary

An Bord Pleanála

Ireland's independent national planning authority.

Capacity

The amount of electricity that can be safely transferred on the power system or on a line or cable.

Capacity Remuneration Mechanism (CRM)

The Capacity Remuneration Mechanism (CRM) is designed to ensure that the demand for electricity is always met. The overall aim of the CRM is to ensure security of supply, as well as ensuring that consumers don't pay for more capacity than is needed.

Carbon Emissions

The release of carbon into the atmosphere, through activity such as the combustion of fossil fuels.

Carbon Budget

A cumulative allowance for carbon emissions over a period of time for the economy. For example, the Government of Ireland has set carbon budgets for the entire economy for the periods, 2021-2025, 2026-2030 and 2031-2035 (see also Sectoral Emissions Ceilings).

Climate Neutrality

A concept of achieving net zero greenhouse gas emissions by balancing those emissions with their removal from the atmosphere.

Corporate Sustainability Reporting Directive (CSRD)

EU legislation under the European Green Deal which requires large companies and listed companies to publish regular reports on the social and environmental risks they face, and on how their activities impact people and the environment.

Commission for Regulation of Utilities (CRU)

Ireland's independent energy and water regulator. This institution regulates EirGrid's activities in Ireland.

Conventional Generation

The generation of electricity using fossil fuels, such as natural gas, coal, or peat.

Converter Station

Grid infrastructure that converts electricity from alternating current (AC) to direct current (DC) and vice versa. This is done by means of high-power, high-voltage electronic semiconductor valves.

Day Ahead Trading

When contracts are made between seller and buyer for the generation and supply of electricity the following day.

Data Centre

A large group of networked computer servers used for remote storage of information.

Decarbonisation

The removal of carbon emissions from an activity. In the electricity sector, an example is the removal of carbon-emitting forms of energy generation from the power system. Carbon emissions occur in this context when conventional generators burn fossil fuels to create electricity.

Department of the Environment, Climate and Communications (DECC)

The Government of Ireland's Department of the Environment, Climate and Communications.

Demand

The amount of electrical power that is drawn from the network by those who use electricity. This may be talked about in terms of 'peak demand', which is the maximum amount of power drawn throughout a given period.

DSO Distribution System Operator

The Distribution System Operator is the designated authority responsible for the operation of the distribution system.

Emissions Intensity

The amount of carbon emissions relative to a single unit of activity. For example, the emissions intensity of electricity is the amount of carbon emissions per unit of electricity.

Energised

When a newly completed power line or cable is fully operational and made a working part of the electricity grid.

European Network of Transmission System Operators for Electricity (ENTSO-E)

European association for the cooperation of transmission system operators (TSOs) for electricity, which represents 39 TSOs from 35 countries.

Electricity Supply Board (ESB)

A commercial semi-state organisation in Ireland. This group of companies includes ESB Networks, who operate the electricity distribution system.

Future Arrangements for System Services (FASS)

A project that aims to develop suitable future auction arrangements for System Services based on the High-Level Design (HLD) set out by the SEM Committee. The intention is for the Transmission System Operators (TSOs) to develop a volume forecasting methodology to apply to the daily auctions, with service requirements being calculated close to real-time i.e. day ahead.

Fossil Fuels

Fuels such as coal, oil or gas that originate underground from the decomposing remains of plants and animals. They emit carbon when burnt and so cause climate change.

Generator

A facility that produces electricity. Power can be generated from various sources, for example, coal-fired power plants, gas-fired power plants and wind farms.

Generation Capacity

The maximum amount of electricity available to be generated, based on the output potential of electricity generators connected to the grid.

Gigawatt

A gigawatt is one billion watts (see also Watt).

Grid

See Transmission Network.

Interconnection

The transmission of high voltage electricity between electricity grids in different jurisdictions.

International Financial Reporting Standards

A set of global accounting standards for preparing and presenting financial statements to ensure consistency, transparency, and comparability.

Kilovolt (kV)

Operating voltage of electricity transmission equipment. One kilovolt is equal to one thousand volts. The highest voltage on the Irish transmission system is 400kV.

Megawatt (MW)

A megawatt is one million watts. A watt is the standard unit of power (see also Watt).

Megatonne of Carbon Dioxide Equivalent ($MtCO_2e$)

Carbon dioxide equivalent is a measure used to compare the emissions from various greenhouse gases based upon their global warming potential. For larger quantities this is typically measured in megatonnes which is one million tonnes.

Nominated Electricity Market Operator (NEMO)

Each territory in Europe has a NEMO, as designated by their respective energy regulator. The NEMO is responsible for running day-ahead and intraday trading for that electricity market. There can be more than one NEMO serving each territory, as its functions are open to competition. These are commercial services and are separate from the essential market services required to maintain a functioning electricity market.

Offshore Network Development Plan (ONDP)

Under the EU Trans-European Networks for Energy (TEN-E) regulation, EU Member States, the European Commission, and Transmission System Operators (TSOs) are required to collaborate on the development of Offshore Network Development Plans.

For each sea basin, these plans should include Offshore Renewable Energy Sources (RES) capacities in the relevant time horizons (2030, 2040, 2050) and locations dedicated to hosting this offshore generation and transmission infrastructure.

Offshore Renewable Energy Support Scheme (ORESS)

A Government of Ireland initiative to support offshore renewable electricity projects in Ireland. It is an auction-based scheme, which invites offshore renewable electricity projects to bid for capacity and receive a guaranteed price for the electricity they generate.

Power System

The integrated whole of the wider electricity system, from generation, through to transmission and finally to distribution.

Reinforcement

Increasing capability on the existing electricity grid by building new infrastructure or upgrading existing equipment.

Renewable Generation

The generation of electricity using renewable energy, such as hydro, wind, solar, tidal and biomass.

Renewable Energy Sources for Electricity (RES-E)

Electricity from renewable energy sources, for example, the electricity generated from clean energy sources such as photovoltaic, hydro, tidal or wave, wind, geothermal, and renewable biomass.

Renewable Electricity Support Scheme (RESS)

A Government of Ireland initiative to support renewable electricity projects in Ireland. It is an auction-based scheme, which invites renewable electricity projects to bid for capacity and receive a guaranteed price for the electricity they generate.

Réseau de Transport d'Électricité (RTE)

Electricity Transmission System Operator of France. It is responsible for the operation, maintenance, and development of Europe's largest electricity grid.

Scheduling and Dispatch

The overall process resulting from the multiple inputs, processes, and outputs which enables the Transmission System Operator to operate a secure system and efficient balancing market. It is a continuous process managed in a coordinated manner from the Transmission System Operator's Control Centre using a range of operational systems, processes, and procedures.

Science Based Targets

Targets which provide a pathway for companies to reduce greenhouse gas (GHG) emissions. Targets are considered 'science-based' if they are in line with what the latest climate science deems necessary to meet the goals of the Paris Agreement i.e. limiting global warming to well below 2°C above pre-industrial levels and pursuing efforts to limit warming to 1.5°C.

Sectoral Emissions Ceilings

In Ireland the economy-wide carbon budgets are allocated to the various sectors across the economy through use of sectoral emissions ceilings which allocate a component of the carbon budget to each sector (see also Carbon Budget).

Single Electricity Market Committee (SEMC)

The decision-making authority for all Single Electricity Market (SEM) matters. Established in 2007 following the introduction of the SEM, legislation required the establishment of SEM governance in the form of a SEM Committee (See also Single Electricity Market).

Single Electricity Market (SEM)

The Single Electricity Market, comprising both Ireland and Northern Ireland, allows for electricity to be traded and supplied on an all-island basis.

Single Electricity Market Operator (SEMO)

A contractual joint venture between EirGrid plc and SONI Limited as the licensed Market Operator for Ireland, and licensed SEM Operator for Northern Ireland, respectively. It facilitates the continuous operation and administration of the Single Electricity Market.

Shaping Our Electricity Future (SOEF)

A roadmap developed by EirGrid which provides an outline of the key developments (from a networks, engagement, operations, and market perspective) needed to support a secure transition to the Government's renewable and climate ambitions on the electricity grid by 2030.

System Operator for Northern Ireland (SONI)

System Operator for Northern Ireland which manages, operates, and develops the electricity transmission grid in Northern Ireland.

System Services

Services which are necessary for the safe and stable operation of the transmission system.

Stakeholders

These are individuals or organisations that may be affected by, or can influence, the operations of EirGrid.

Strategic Infrastructure Development

Development of infrastructure which is of strategic economic or social importance to Ireland, a region, or local areas.

Substation

A set of electrical equipment used to interlink power cables or lines and change the voltage being sent down them.

System Non-Synchronous Penetration (SNSP)

A real-time measure of the percentage of generation that comes from non-synchronous sources, such as wind and high voltage direct current interconnector imports, relative to the system demand.

The Office of Gas and Electricity Markets (Ofgem)

Great Britain's independent energy regulator.

Transmission Line

A high-voltage power line running at 400kV, 220kV or 110kV on the Irish transmission system. The high voltage allows delivery of bulk power over long distances with minimal power loss.

Transmission Network or Grid

This is the network of around 6,800 km of high-voltage power lines, cables, and substations across Ireland. It links generators of electricity to the distribution network and supplies large demand customers. It is operated by EirGrid and owned by the ESB.

Transmission System Operator (TSO)

The organisation responsible for operating the high-voltage electricity system in a particular region.

Transmission Use of System (TUoS) Tariff

Tariffs designed to recover the costs to operate, maintain and develop the transmission system. The tariffs recover revenue from transmission system users including generators and large energy users connected directly to the transmission system or indirectly via the lower voltage distribution system. The tariff is comprised of two parts: networks charges for using the transmission system infrastructure to transport electricity and system services charges for the costs arising from the operation and security of the transmission system.

The Utility Regulator (UR)

Institution responsible for regulating the electricity, gas, water, and sewerage industries in Northern Ireland.

Voltage

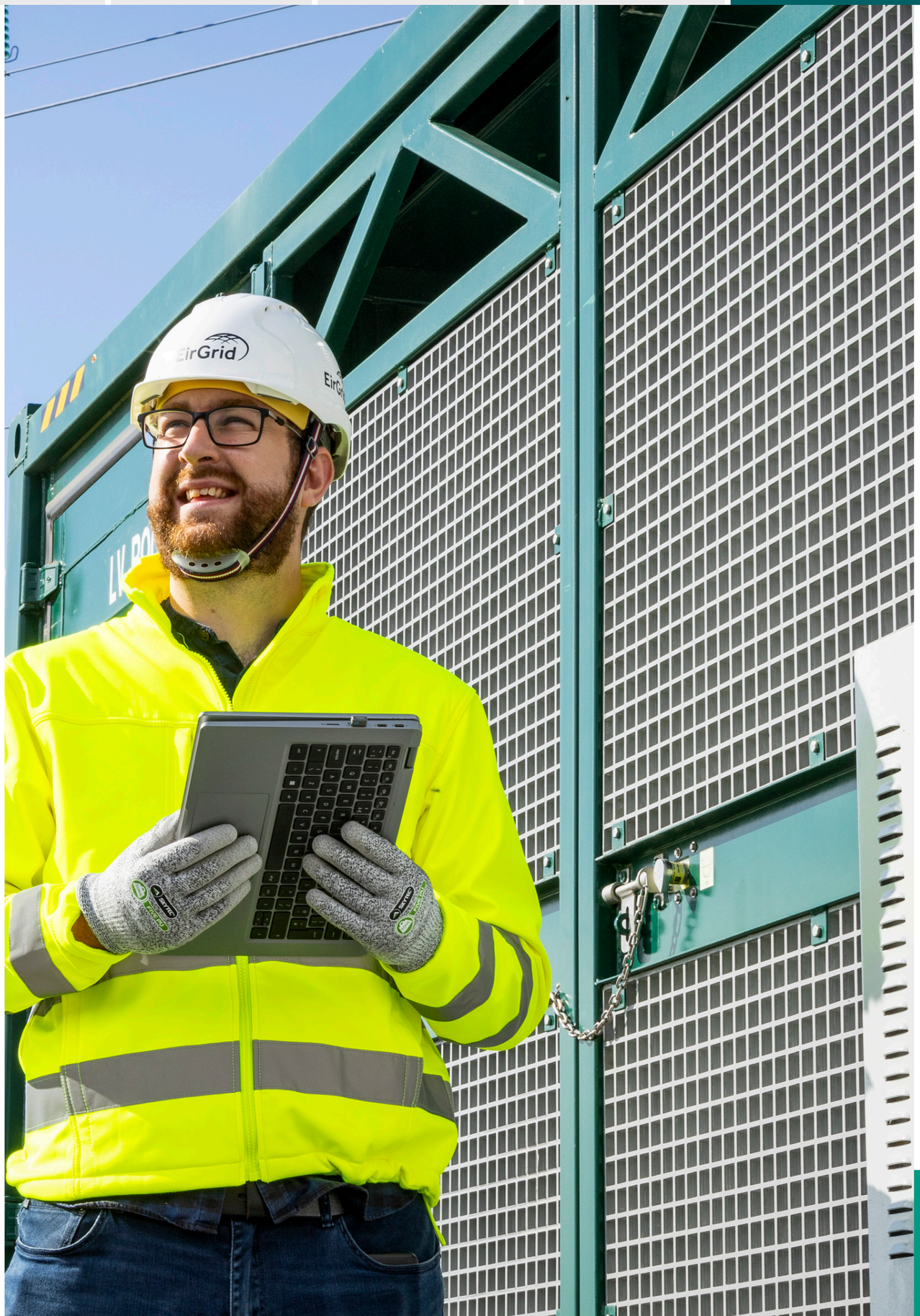
A measure of the potential strength of the flow of electricity, similar to 'pressure' in a water system. Voltage is the measure of electrical charge or potential between two points (in an electrical field) such as between the positive and negative ends of a battery. The greater the voltage, the greater the potential flow of electrical current.

Watt

The standard unit of power in the International System of Units (SI). A watt measures the rate at which energy is produced or consumed. For example, a high wattage electrical appliance will consume more energy than a low wattage appliance.



Financial Statements



Financial Statements

INDEPENDENT AUDITORS' REPORT	171
CONSOLIDATED INCOME STATEMENT	175
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	175
CONSOLIDATED BALANCE SHEET	176
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	177
CONSOLIDATED CASH FLOW STATEMENT	178
NOTES TO THE FINANCIAL STATEMENTS	179
COMPANY FINANCIAL STATEMENTS	242

Independent Auditors' Report to the Members of EirGrid Plc

Report on the audit of the financial statements

Opinion on the financial statements of EirGrid plc ("the company")

In our opinion the group and parent company financial statements:

- give a true and fair view of the assets, liabilities and financial position of the group and parent company as at 30 September 2023 and of the profit of the group for the financial year then ended; and
- have been properly prepared in accordance with the relevant financial reporting frameworks and, in particular, with the requirements of the Companies Act 2014.

The financial statements we have audited comprise:

- the group financial statements:
  - the Consolidated Income Statement;
  - the Consolidated Statement of Comprehensive Income;
  - the Consolidated Balance Sheet;
  - the Consolidated Statement of Changes in Equity;
  - the Consolidated Cash Flow Statement; and
  - the related notes 1 to 29, including a summary of significant accounting policies as set out in note 2.

- the parent company financial statements:
  - the Company Balance Sheet;
  - the Company Statement of Changes in Equity; and
  - the related notes 30(A) to 30(Y), including a summary of significant accounting policies as set out in note 2.

The relevant financial reporting framework that has been applied in the preparation of the group financial statements is the Companies Act 2014 and International Financial Reporting Standards as adopted by the European Union ("IFRS") ("the relevant financial reporting framework"). The relevant financial reporting framework that has been applied in the preparation of the parent company financial statements is the Companies Act 2014 and FRS 101 'Reduced Disclosure Framework' issued by the Financial Reporting Council.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are described below in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independent Auditors' Report to the Members of EirGrid Plc (Continued)

Emphasis of Matter – Post Balance Sheet Events

In forming our opinion, which is not modified, we draw your attention to Note 20 in the group financial statements which outlines the basis for the provision in relation to the Clean Energy Package (EU Regulation 2019/943). We also draw your attention to Notes 28 in the group financial statements and 30 (X) in the parent company financial statements, which outline the events subsequent to the balance sheet date regarding the judgement arising from judicial reviews regarding the implementation of the Clean Energy Package (EU Regulation 2019/943). Our opinion is not modified in respect of these matters.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Independent Auditors' Report to the Members of EirGrid Plc (Continued)

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and otherwise comply with the Companies Act 2014, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group and parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on IAASA's website at: http://www.iaasa.ie/Publications/Auditing-standards/International-Standards-on-Auditing-for-use-in-Ire/Description-of-the-auditor-s-responsibilities-for. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

Opinion on other matters prescribed by the Companies Act 2014

Based solely on the work undertaken in the course of the audit, we report that:

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion the accounting records of the parent company were sufficient to permit the financial statements to be readily and properly audited.
- The parent company balance sheet is in agreement with the accounting records.
- In our opinion the information given in the directors' report is consistent with the financial statements and the directors' report has been prepared in accordance with the Companies Act 2014.

Independent Auditors' Report to the Members of EirGrid Plc (Continued)

Matters on which we are required to report by exception

Based on the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in those parts of directors' report that have been specified for our review.

The Companies Act 2014 also requires us to report to you if, in our opinion, the company has not provided the information required by Regulation 5(2) to 5(7) of the European Union (Disclosure of Non-Financial and Diversity Information by certain large undertakings and groups) Regulations 2017 (as amended) for the financial year ended 30 September 2022. We have nothing to report in this regard.

We have nothing to report in respect of the provisions in the Companies Act 2014 which require us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by law are not made.

Under the Code of Practice for the Governance of State Bodies (August 2016) (the "Code of Practice"), we are required to report to you if the statement regarding the system of internal control required under the Code of Practice as included in the Corporate Governance Statement in the Directors Report does not reflect the group's compliance with paragraph 1.9(iv) of the Code of Practice or if it is not consistent with the information of which we are aware from our audit work on the financial statements. We have nothing to report in this respect.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Ann Mcgonagle
For and on behalf of Deloitte Ireland LLP
Chartered Accountants and Statutory Audit Firm
Deloitte & Touche House, 29 Earlsfort Terrace, Dublin 2

11 March 2024

Consolidated Income Statement

For the Financial Year to 30 September 2023

	Note	Year to 30 Sep 2023 €'000	Year to 30 Sep 2022 €'000
Revenue	3	**1,140,516**	861,623
Direct costs	3	**(867,962)**	(566,119)
Gross profit		**272,554**	295,504
Other operating costs	5	**(186,130)**	(167,819)
Operating profit		**86,424**	127,685
Interest and other income	6	**16,730**	4,287
Finance costs	6	**(31,947)**	(17,057)
Profit before taxation	7	**71,207**	114,915
Income tax expense	8	**(11,255)**	(16,629)
Profit for the year		**59,952**	98,286
Profit attributable to:			
Owners of the Parent Company		**59,952**	98,286

Consolidated Statement of Comprehensive Income

For the Financial Year to 30 September 2023

	Note	Year to 30 Sep 2023 €'000	Year to 30 Sep 2022 €'000
Items that may be reclassified subsequently to profit or loss:			
Movement in unrealised gain on cash flow hedges	26	15,440	60,399
Deferred tax attributable to movement in unrealised gain on cash flow hedges	8	(1,930)	(7,550)
Currency translation differences		591	(461)
Total of items that may be reclassified subsequently to profit or loss		**14,101**	52,388
Items that will not be reclassified to profit or loss:			
Remeasurement (loss)/gain of net defined benefit liability	23	(8,672)	56,117
Deferred tax credit/charge on remeasurement loss/(gain)	8	1,304	(7,148)
Total of items that will not be reclassified to profit or loss		**(7,368)**	48,969
Profit for the financial year		59,952	98,286
Total comprehensive income for the year		**66,685**	199,643
Total comprehensive income attributable to:			
Owners of the Parent Company		66,685	199,643

Consolidated Balance Sheet

As at 30 September 2023

	Note	30 Sep 2023 €'000	30 Sep 2022 €'000
Assets			
Non-current assets			
Fair value investments	10	356	356
Intangible assets	12	62,228	63,892
Property, plant & equipment	13	497,504	481,940
Right of use assets	14	35,032	38,433
Deferred tax asset	8	9,028	4,181
Trade and other receivables	15	446,930	152,822
Retirement benefit asset	23	9,893	13,372
Derivative financial instruments	26	3,638	–
Total non-current assets		**1,064,609**	754,996
Current assets			
Trade and other receivables	15	522,935	205,222
Current tax receivable		5,223	5,755
Cash and cash equivalents	19	773,407	651,176
Total current assets		**1,301,565**	862,153
Total assets		**2,366,174**	1,617,149
Equity and Liabilities			
Capital and reserves			
Called up share capital presented as equity	18	38	38
Capital reserve		49,182	49,182
Hedging reserve		3,183	(10,327)
Translation reserve		231	(361)
Retained earnings		577,115	528,531
Total equity		**629,749**	567,063
Non-current liabilities			
Derivative financial instruments	26	–	11,802
Deferred tax liability	8	35,784	34,553
Trade and other payables	16	8,235	8,550
Grants	17	228,619	80,704
Lease liabilities	14	32,302	34,577
Borrowings	24	400,886	237,892
Provisions	20	106,501	113,968
Total non-current liabilities		**812,327**	522,046
Current liabilities			
Lease liabilities	14	2,491	2,429
Borrowings	24	33,981	22,326
Provisions	20	53,375	–
Grants	17	3,054	3,208
Trade and other payables	16	831,197	500,077
Total current liabilities		**924,098**	528,040
Total liabilities		**1,736,425**	1,050,086
Total equity and liabilities		**2,366,174**	1,617,149

Approved by the Board and signed on their behalf:

Brendan Tuohy	**Mark Foley**	**Date**
Chairperson	Chief Executive	11 March 2024

Consolidated Statement of Changes in Equity

For the Financial Year to 30 September 2023

	Issued share capital €'000	Capital reserve €'000	Hedging reserve €'000	Translation reserve €'000	Retained earnings €'000	Total attributable to equity holders €'000
Balance as at 1 Oct 2021	38	49,182	(63,176)	540	385,276	371,860
Profit for the year	–	–	–	–	98,286	98,286
Other comprehensive income						
Remeasurements of defined benefit scheme net of deferred tax	–	–	–	–	48,969	48,969
Cash flow hedge net of deferred tax movement	–	–	52,849	–	–	52,849
Translation reserve movement	–	–	–	(901)	–	(901)
Dividends	–	–	–	–	(4,000)	(4,000)
Balance as at 30 Sep 2022	38	49,182	(10,327)	(361)	528,531	567,063
Profit for the year	–	–	–	–	59,952	59.952
Other comprehensive income						
Remeasurements of defined benefit scheme net of deferred tax	–	–	–	–	(7,368)	(7,368)
Cash flow hedge net of deferred tax movement	–	–	13,510	–	–	13,510
Translation reserve movement	–	–	–	592	–	591
Dividends	–	–	–	–	(4,000)	(4,000)
Balance as at 30 Sep 2023	**38**	**49,182**	**3,183**	**231**	**577,115**	**629,749**

Capital Reserve

The capital reserve arose on the vesting of the TSO operations from ESB to the Company under the Transfer Scheme dated 1 July 2006. There have been no movements in the reserve since this date.

Hedging Reserve

The hedging reserve represents the cumulative portion of gains and losses on hedging instruments deemed effective in cash flow hedges. The cumulative deferred gain or loss on the hedging instruments is recognised in profit or loss only when the hedged transaction impacts the profit or loss.

Translation Reserve

The translation reserve represents foreign exchange differences arising from the translation of the net assets of the Group's foreign operations from their functional currency into EirGrid's functional currency, being Euro, including the translation of the profits and losses of such operations.

Retained Earnings

Retained earnings comprise accumulated earnings net of dividends in the current financial year and prior financial years.

Consolidated Cash Flow Statement

For the Financial Year to 30 September 2023

	Note	Year to 30 Sep 2023 €'000	Year to 30 Sep 2022 €'000
Cash flows from operating activities			
Profit after taxation		59,952	98,286
Depreciation of property, plant and equipment	13	21,544	21,567
Depreciation of right of use assets	14	3,401	3,660
Amortisation of intangibles	12	27,941	25,487
Amortisation of grant	17	(3,239)	(3,293)
Interest and other income		(16,730)	(4,287)
Finance costs		31,947	17,057
Retirement benefit cost		3,238	7,567
Unrealised foreign exchange (gain)/loss		(884)	1,464
Income tax expense		11,255	16,079
Pension contributions paid		(8,653)	(9,067)
Operating cash flows before movements in working capital		**129,772**	174,520
Movements in working capital			
Increase in trade and other receivables		(624,702)	(102,529)
Increase in trade and other payables		375,610	149,173
Cash from operations		**(119,320)**	221,164
Income tax payment		(13,402)	(21,725)
Interest received		13,944	252
Net cash from operating activities		**(118,778)**	199,691
Cash flows from investing activities			
Purchase of property, plant and equipment	13	(41,106)	(17,802)
Purchase of intangibles	12	(26,472)	(18,855)
Grants		162,520	4,934
Net cash used in investing activities		**94,942**	(31,723)
Cash flows from financing activities			
Dividends paid		(4,000)	(4,000)
Leases paid	14	(2,976)	(3,020)
Borrowings drawdown		196,823	–
Borrowings repaid		(22,518)	(21,424)
Finance costs paid		(21,577)	(15,768)
Net cash used in financing activities		**145,752**	(44,212)
Net increase in cash and cash equivalents		**121,916**	123,756
Cash and cash equivalents at start of year		**651,176**	528,583
Effects of foreign exchange		315	(1,163)
Cash and cash equivalents at end of year	19	**773,407**	651,176

Notes to the Financial Statements

1. General Information

EirGrid plc ('the Company') is a public limited company, incorporated in Ireland, established pursuant to S.I. No 445 of 2000 – European Communities (Internal Market in Electricity) Regulations, 2000. The Company is licensed by the Commission for Regulation of Utilities (CRU) as the Transmission System Operator (TSO) in Ireland and as Market Operator (MO) for the wholesale electricity market on the island of Ireland. SONI Limited (a subsidiary of EirGrid plc) is licensed by the Utility Regulator (UR) Northern Ireland as the TSO in Northern Ireland and also holds an MO licence for the island of Ireland. EirGrid Interconnector Designated Activity Company (a subsidiary of EirGrid plc) is licensed by the Commission for Regulation of Utilities (CRU) and the Office of the Gas and Electricity Markets (Ofgem) as the operator of the East West Interconnector. EirGrid SPV 2022 DAC (a subsidiary of EirGrid plc) was incorporated to procure the delivery of Temporary Emergency Generation and is acting as per the amended licence conditions enacted in The EirGrid, Electricity and Turf (Amendment) Act 2022 that came into operation on 12 July 2022. The registered office of EirGrid plc is The Oval, 160 Shelbourne Road, Ballsbridge, Dublin 4 (Registration number 338522). The principal activity of the Company is included in the Directors' Report on page 156.

2. Statement of Accounting Policies

The accounting policies set out below have been consistently applied to all years presented in these consolidated financial statements and have been consistently applied by all Group entities unless otherwise stated.

Going Concern

The Directors are confident, on the basis of current financial projections and credit facilities available, that the Company and the Group as a whole has adequate resources to continue in operation for the foreseeable future. They have made this assessment after consideration of the forecasted cash flows for the foreseeable future, including the assessment of possible variances in those forecasts. At 30 September 2023, the Group had corporate cash balances of €300.3m (note 19), undrawn revolving credit facilities of €200m and €50m (note 24) available to manage short term working capital and higher than expected DS3 costs respectively.

As per note 28, the High Court is due to issue final orders in respect of the Clean Energy Package judgement and given the SEMC has yet to issue a revised decision paper as to how the Judgement will be implemented, there is uncertainty surrounding the timing and quantum of payments that will need to be paid and the potential impact on cashflows in the next 12 months. Based on the information available we believe it is unlikely that there will be a significant impact to cashflows in the next 12 months, however if we were required to make payments, there are actions that could be taken to manage the impact until a regulatory recovery mechanism is in place. The Regulator has provided assurance that they will implement appropriate regulatory cost recovery mechanisms to ensure that EirGrid has sufficient cash flows to pay any costs that may arise from the court orders. As the situation evolves and final orders are issued by the court, the Group will continue to monitor it closely and engage with the Regulators to address any cashflow challenges that arise.

Accordingly, the Directors continue to adopt the going concern basis in preparing the Financial Statements.

2. Statement of Accounting Policies (Continued)

Basis of preparation

The Group Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. They are prepared on the basis of all IFRSs and Interpretations that are mandatory for financial year ended 30 September 2023 and in accordance with the Irish Companies Act 2014.

The individual financial statements of the Company have been prepared in accordance with FRS 101 Reduced Disclosure Framework ("FRS 101"). A separate Company income statement is not presented in these financial statements as the Company has availed of the exemption provided by section 304 of the Companies Act 2014.

The Financial Statements have been presented in Euro, rounded to the nearest thousand, unless otherwise specified, and have been prepared on a historical cost basis, except for the revaluation of certain financial instruments which are held at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The preparation of Financial Statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

The current period being reported on is the financial year to 30 September 2023. The comparative figures are for the financial year ended 30 September 2022.

Standards, interpretations and amendments to published standards that are not yet effective

The Group has not applied certain new standards, amendments and interpretations to existing standards that have been issued but are not yet effective. These include:

- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (applicable for annual periods beginning on or after 1 January 2024)
- Amendments to IAS 8 Definition of Accounting Estimates (applicable for annual periods beginning on or after 1 January 2023)
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies (applicable for annual periods beginning on or after 1 January 2023)
- Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (applicable for annual periods beginning on or after 1 January 2023)
- Amendments to IAS 12 Income Taxes: International Tax Reform – Pillar Two Model Rules (applicable for annual periods beginning on or after 1 January 2023)
- Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (applicable for annual periods beginning on or after 1 January 2024)

2. Statement of Accounting Policies (Continued)

Adoption of new standards

In the current financial year, the following new and revised standards and interpretations have been adopted and have affected the amounts reported in these financial statements (for annual financial years beginning on or after 1 January 2022):

- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts – Cost of Fulfilling a Contract (applicable for annual periods beginning on or after 1 January 2022)
- Amendments to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use (applicable for annual periods beginning on or after 1 January 2022)
- Amendments to IFRS 3 Business Combinations: Reference to the Conceptual Framework (applicable for annual periods beginning on or after 1 January 2022)

The adoption of the amendments listed above did not have a material impact on the current year financial statements.

Basis of consolidation

The Consolidated Financial Statements incorporate the Financial Statements of the Company and entities controlled by the Company (its subsidiaries) made up to 30 September each year. Control is achieved when the Company:

- has the power over the investee;
- is exposed, or has rights, to variable return from its involvement with the investee; and
- has the ability to use its power to affect its return.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results acquired or disposed of during the financial year are included in the consolidated income statement from the date the Company gains control until the date when the Company ceases to control the subsidiary.

2. Statement of Accounting Policies (Continued)

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cashflows relating to transactions between the members of the Group are eliminated on consolidation.

Investments in subsidiaries are carried at cost less impairment in the financial statements of the Company.

Joint operations

The Group and Company Financial Statements incorporate the results of the Group and Company respectively, together with its share of the results and assets and liabilities of the joint operation which it participates, using the proportionate consolidation method as permitted under IFRS 11. As the joint operation is a joint arrangement whereby the parties have joint control of the arrangement, and have rights to the assets and obligations for the liabilities relating to the arrangement, the directors recognise their assets, liabilities, revenue and expenses in relation to its interest in a joint operation.

The Group's and Company's share of results and net assets of joint operations, are accounted for on the basis of proportionate consolidation from the date on which the contractual agreements stipulating joint control are finalised, and derecognised when joint control ceases. The Company combines its share of the joint arrangements, individual income and expenses, assets and liabilities and cash flows on a line by line basis with similar items in the Company's financial statements.

Equity accounted investments

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. Interests in associates and joint ventures are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the equity accounted investments, until the date on which significant influence or joint control ceases.

Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs are expensed as incurred.

2. Statement of Accounting Policies (Continued)

When the Group acquires a business it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. If the business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the date the Group first acquires control through the Consolidated Income Statement. Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of contingent consideration which is deemed to be a financial asset or a financial liability will be recognised in accordance with IFRS 9 in the Consolidated Income Statement.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed.

Goodwill

Goodwill on acquisitions is initially measured at cost being the excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Goodwill acquired in a business combination is allocated, from the acquisition date, to the cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The goodwill impairment tests are undertaken at the same time each financial year. Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates. Where the recoverable amount of the Cash Generating Unit is less than the carrying amount, an impairment loss is recognised. Impairment losses arising in respect of goodwill are not reversed following recognition.

Revenue

Revenue primarily represents the income derived from the provision of electricity transmission, sale of financial transmission rights (FTRs), EWIC capacity income, congestion income derived from EWIC and Market Operator services to customers during the financial year and excludes value added tax.

The Group is deemed to be the principal in the arrangement when it controls a promised service before transferring them to a customer or satisfies the performance obligation itself, and accordingly recognises revenue on a gross basis.

TSO TUoS Revenue

The main revenue is the Transmission Use of System (TUoS) tariff which is a charge payable by all users of the transmission systems in Ireland and Northern Ireland. Revenue from provision of electricity transmission (performance obligation) is recorded at a point in time (as and when the electricity is transmitted) based on the MW of electricity transported. Billed revenue is recognised as a trade receivable and unbilled revenues are disclosed separately.

2. Statement of Accounting Policies (Continued)

Market Operator Revenue
The Market Operator's obligation is to facilitate the sale of electricity through the continuous settlement (performance obligation) of the Single Electricity Market. SEMO receives market operator tariffs for these services including fixed charges based on participation in the market and variable charges based on MW of electricity traded in the market.

EirGrid plc and SONI Ltd were designated by the relevant regulatory authorities (CRU and UR) as Nominated Electricity Market Operators (NEMO) for Ireland and Northern Ireland respectively. The NEMO designations allow EirGrid plc and SONI Ltd to provide day-ahead auction and intraday markets for trading (performance obligation) in the Single Electricity Market (SEM) through their contractual joint venture SEMOpx. Revenue is recorded at a point in time as and when the transaction occurs.

EWIC – Capacity Revenue
EWIC participates in the capacity auctions in the SEM and GB markets where a number of auctions are held during the year. EWIC has been successful in these markets and receives capacity revenue for each MW sold to the market in the auction (performance obligation). The capacity revenue is recognised over time as the auctions are run for a specified capacity year that the generator is required to be available. The timelines account for processes to set capacity requirements, local constraints and unit qualification.

EWIC – Congestion Revenue
EWIC is compensated for reducing price differences ('congestion') between market regions and it receives congestion revenues. It is derived from transporting the electricity (performance obligation) between Ireland and Great Britain.

Regulatory Adjustments
Where revenue received or receivable results in an amount that exceeds the targeted amount set by regulatory agreement, adjustments will be made to future tariffs to reflect the over-recovery. No liability is recognised as the regulator will reflect this as reduced tariffs in future periods transmission resulting in lower revenues in those periods. Similarly no asset is recognised where a regulatory agreement permits adjustments to be made to future tariffs in respect of an under-recovery expected to be offset by future tariff increases.

As Market Operator for the Single Electricity Market, the Group does not act on its own account in the sale or purchase of electricity. The Group does not recognise as revenue monies derived from the sale of electricity. The payables and receivables associated with electricity trading are recognised in the Balance Sheet. Monies received from tariffs that are subject to regulatory determination are recognised as revenue.

2. Statement of Accounting Policies (Continued)

Unbilled income (contract asset) represents income from electricity transmission services which, in compliance with the regulatory timetable, has not been billed. Unbilled income is recognised on an accruals basis and is stated net of value added tax.

Deferred income (contract liability) represents deferred income arising from the FTR auctions and Telecom contracts.

Direct costs
Direct costs primarily represent the costs associated with the provision of electricity transmission services to customers during the financial year, and excludes value added tax. Direct costs include transmission asset owner charges, ancillary services and secure transition costs. Direct costs are recognised as they are incurred.

Operating profit
The Group has adopted an Income Statement format which seeks to highlight significant items within the results for the period. Accordingly, operating profit is stated after charging direct costs and after other operating costs but before interest income and finance costs.
Other operating costs primarily represents employee costs, professional fees, contractors and establishment costs. Other operating costs are recognised as they are incurred.

Foreign currencies
The individual Financial Statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the Consolidated Financial Statements, the results and financial position of each Group entity are expressed in Euro, which is the functional currency of the Company and the presentation currency for the Consolidated Financial Statements.

Transactions in foreign currencies are recorded at the rates of exchange prevailing at the dates of the transactions. At each Balance Sheet date, monetary assets and liabilities denominated in foreign currencies are retranslated at the rates prevailing at that date, with exchange differences arising recognised in the Consolidated Income Statement as they occur.

On consolidation, the Income Statements of the Group's two foreign currency subsidiaries are translated into Euro at the average exchange rate. The Balance Sheets of these subsidiaries are translated at rates of exchange ruling at the Balance Sheet date. Resulting exchange differences arising from the translation of the Group's foreign currency subsidiaries are taken directly to a separate component of shareholders' equity.

Goodwill and fair value adjustments arising on the acquisition of the foreign subsidiaries are treated as assets and liabilities of the foreign subsidiaries and are translated at the closing rate.

2. Statement of Accounting Policies (Continued)

Retirement benefit costs

For defined benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each Balance Sheet date. Actuarial gains and losses are recognised in full in the period in which they occur. They are recognised outside profit or loss and presented in the Statement of Comprehensive Income.

The retirement benefits obligations recognised in the Balance Sheet represent the present value of the defined benefit obligations reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

A pension asset ceiling is applied to the pension assets if there is no unconditional right to realise the schemes assets at some point during the life of the plan or when the plan is settled.

The retirement benefit current service costs for employees engaged on capital projects are capitalised in the Balance Sheet as the costs are incurred.

The Company also operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Income Statement when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the financial year. Taxable profit differs from profit as reported in the Income Statement because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the Balance Sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the Financial Statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

2. Statement of Accounting Policies (Continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted at the Balance Sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is charged or credited in the Income Statement, except when it relates to items charged or credited to other comprehensive income or directly to equity, in which case the deferred tax is also dealt with in other comprehensive income or equity as appropriate.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and the Group intends to settle its current tax assets and liabilities on a net basis.

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses, except for freehold land which is shown at cost less impairment.

Depreciation is recognised so as to write off the cost of assets over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each period end, with the effect of any changes in estimate accounted for on a prospective basis.

The depreciation periods for the principal categories of property, plant and equipment are as follows:

- Leasehold building improvements: over the period of the lease;
- Freehold buildings and improvements: 5 to 15 years;
- Fixtures and fittings: 5 years;
- IT, telecommunications equipment and other: 3 to 8 years;
- Integrated Single Electricity Market: 5 years.

The depreciation periods for the East West Interconnector category within property, plant and equipment are as follows:

- Cables: 40 years;
- Converter stations, warehouse and equipment: 30 years;
- Spare transformer and spare parts: 30 years;
- Converter control system: 15 years;
- IT server equipment: 6 years; and
- Marine Survey: 3 years.

No depreciation is provided on freehold land or on assets in the course of construction.

2. Statement of Accounting Policies (Continued)

Assets in the course of construction are carried at cost less any recognised impairment loss. Costs include professional fees, wages and salaries, retirement benefit costs and any other costs incurred directly attributable to the construction of such assets. These assets are reclassified to an appropriate category and depreciation of these assets commences when the assets are ready for their intended use.

The gain or loss arising on the disposal or retirement of property, plant and equipment is determined as the difference between the net sales proceeds and the carrying amount of the asset and is recognised in the Income Statement.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use.

Where variable rate borrowings are used to finance a qualifying asset and are hedged in an effective cash flow hedge of interest rate risk, the interest added to the cost of the qualifying asset is the net interest expense after the effect of hedging.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Intangible assets

Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably. The cost of such intangible assets is their fair value at the acquisition date. Subsequent to initial recognition, these assets are reported at cost less accumulated amortisation and accumulated impairment losses. Where the intangible assets have a finite useful estimated life, amortisation is charged on a straight-line basis over their useful estimated lives.

The Directors are of the view that TSO and MO licence agreements for Northern Ireland have indefinite lives. The following key factors were considered in determining the useful lives of the above licence agreements; expected usage, typical product life cycles of similar assets used in a similar way, stability of the industry in which the asset is operated, period of control over the asset and expiry dates of licence agreements. It is unlikely that the above licences will be cancelled and as the licences are open-ended and renewable and there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the Group, an indefinite life assumption is reasonable. These assets are tested for impairment annually.

2. Statement of Accounting Policies (Continued)

Computer software, including computer software which is not an integrated part of an item of computer hardware, is stated at cost less any accumulated amortisation and any accumulated impairment losses. Cost comprises purchase price and any other directly attributable costs.

Computer software is recognised if it meets the following criteria:

- an asset can be separately identified;
- it is probable that the asset created will generate future economic benefits;
- the development cost of the asset can be measured reliably;
- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Costs relating to the development of computer software for internal use are capitalised once the recognition criteria outlined above are met.

The amortisation periods for the principal categories of intangible assets are as follows:

- Integrated Single Electricity Asset: 5 years;
- Other Software: 3 to 8 years.

Software under development is carried at cost less any recognised impairment loss. Costs include professional fees, wages and salaries, retirement benefit costs and any other costs incurred directly attributable to the construction of such assets. These assets are reclassified to an appropriate category and amortisation of these assets commences when the assets are ready for their intended use.

The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

The carrying amount of finite-lived intangible assets are reviewed for indicators of impairment at each reporting date and are subject to impairment testing when events or changes in circumstances indicate that the carrying values may not be recoverable.

Impairment of assets

At each Balance Sheet date, the Group reviews the carrying amounts of its intangible assets and property, plant and equipment to determine whether there is an indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit (CGU) to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGUs, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

2. Statement of Accounting Policies (Continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognised immediately in the Income Statement, unless the relevant asset or CGU is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Lease liabilities and right of use assets

The Group enters into leases for a range of assets, principally relating to buildings, vehicles and foreshore licences. These leases have varying terms and renewal rights. The terms and conditions of these leases do not impose significant financial restrictions on the Group.

A contract contains a lease if it is enforceable and conveys the right to control the use of a specified asset for a period of time in exchange for consideration, which is assessed at inception. The Group assesses whether a contract is or contains a lease, at the inception of the contract. The Group recognises a right of use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee except for short term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as small items of office equipment). For these leases the Group recognises the lease payments as an operating expense on a straight line basis over the term of the lease. The Group has also elected to separate non-lease components from lease components. The non-lease components comprise of service charges on property leases and maintenance fees on motor vehicles.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

2. Statement of Accounting Policies (Continued)

Termination options are used in a number of property leases throughout the Group in order to provide operational flexibility in terms of managing the assets. Extension options are only included in the lease term if it the lease is reasonably certain to be extended (or not terminated).

The following factors are generally considered when determining if a termination option should be exercised:

- If there are significant penalties to terminate; the Group is typically reasonably certain not to terminate
- If the use of the asset still aligns with the Groups strategy

The lease liability is presented as a separate line in the consolidated statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group measures the lease liability and makes a corresponding adjustment to the related Right of use asset, whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right of use assets are presented as a separate line in the consolidated statement of financial position.

Right of use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs
- restoration costs

2. Statement of Accounting Policies (Continued)

Right of use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight line basis. If the Group is reasonably certain to exercise a purchase option, the right of use asset is depreciated over the underlying asset's useful life.

Payments associated with short term leases and all leases of low value assets are recognised on a straight line basis as an expense in profit or loss. Short term leases are leases with a lease term of 12 months or less.

Grants

Grants of a capital nature are accounted for as deferred income in the Balance Sheet if the asset has been brought into use and are released to profit or loss over the expected useful lives of the assets concerned. If the asset is still under construction the grant is netted against the carrying value of the asset.

Revenue grants are recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended.

Grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Financial assets and liabilities

Financial assets and liabilities are recognised on the Balance Sheet when the Group becomes a party to the contractual provisions of an instrument. On initial recognition a financial asset is classified as measured at amortised cost, fair value through other comprehensive income or fair value through profit and loss. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets. Financial liabilities are measured at amortised cost.

Investments in equity instruments are measured at fair value through other comprehensive income as they are not held for trading.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit and loss:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Trade receivables, other receivables and deferred project costs meet these conditions and are therefore measured at amortised cost.

2. Statement of Accounting Policies (Continued)

Cash and cash equivalents carried at amortised cost comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Cash deposits with maturities of three months or more are included as short term deposits within trade and other receivables.

Trade payables are measured at initial recognition at invoice value, which approximates to fair value and subsequently carried at amortised cost. Trade and other payables are non-interest bearing.

Interest-bearing loans and borrowings are initially recognised at fair value, which equates to the value of proceeds received net of any directly attributable arrangement costs. Subsequent to initial recognition these borrowings are stated at amortised cost using the effective interest rate method.

Financial assets and liabilities are derecognised from the Balance Sheet when the Group ceases to be a party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group currently has a legally enforceable right to set off the mounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Provisions and contingent liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of an outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of an outflow of economic benefits is remote.

2. Statement of Accounting Policies (Continued)

Derivative financial instruments

The Group enters into interest rate swaps to manage its exposure to interest rate risk. Further details of derivative financial instruments are disclosed in note 26.

Derivative financial instruments are initially recognised at fair value at the date the derivative contract is entered into and are subsequently remeasured to their fair value at each Balance Sheet date. The fair value of interest rate swaps at the reporting date is determined by discounting the future cash flows using discount factors interpolated from the interest rate curves at the reporting date adjusted for counterparty credit risk. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Hedging instruments

The Group designates its interest rate swaps as cash flow hedges. This requires the Group to ensure that hedge accounting relationships are aligned with its risk management objectives and strategy and to apply a more qualitative and forward-looking approach to assessing hedge effectiveness. At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument that is used in a hedging relationship is highly effective in offsetting changes in cash flows of the hedged item.

The effective portion of changes in the fair value of interest rate swaps that are designated and qualify as cash flow hedges are recognised in other comprehensive income and accumulated in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in finance costs in the Income Statement. Amounts accumulated in equity are recycled in profit or loss in the periods when the hedged item is recognised in profit or loss, on the same line of the Income Statement as the recognised hedged item.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively.

Note 26 sets out details of the fair values of the Group's current interest rate swaps used for hedging purposes. Movements in the hedging reserve in equity are also detailed in the Statement of Comprehensive Income.

2. Statement of Accounting Policies (Continued)

Impairment of financial assets

IFRS 9 requires the recognition of impairment provisions based on expected credit losses ('ECL'). It applies to financial assets at amortised cost, contract assets under IFRS 15, revenue from contract with customers. For trade receivables and contract assets, the Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance. The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the expected credit loss calculations, based on the Group's credit risk management policy, past history, existing market conditions and forward looking estimates at the end of each reporting period.

For all other financial assets, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Interest-bearing loans and borrowings

Interest-bearing loans and borrowings are initially recognised at fair value, which equates to the value of proceeds received net of any directly attributable arrangement costs. Subsequent to initial recognition these borrowings are stated at amortised cost using the effective interest rate method.

Finance income and costs

Interest income is earned on bank deposits and is accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's carrying value.

Income is also earned through the charging of inflation adjusted interest on deferred costs in respect of transmission projects.

Finance costs comprise interest on borrowings and related interest rate swaps. Finance costs are recognised as an expense in the period in which they are incurred, except where finance costs are directly attributable to the acquisition, construction or production of qualifying assets, in which case they are accounted for as borrowing costs.

Finance costs are calculated using the effective interest rate method, a method of calculating the amortised cost of a financial liability and allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability.

2. Statement of Accounting Policies (Continued)

Critical accounting judgements and key sources of estimation uncertainty

The preparation of Financial Statements requires management to make estimates and assumptions about the carrying amounts reported for assets and liabilities as at the Balance Sheet date and the amounts reported for revenue and expenses during the period that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. The nature of estimation means that actual outcomes could differ from those estimates. Management considers the accounting estimates and assumptions discussed below to be its critical accounting estimates ('E') and judgements ('J'):

- **Provisions (E, J)**
  On 1 January 2020, EU Regulation 2019/943 ("Regulation") on the internal market for electricity came into effect which includes a potential liability for the Group under Article 13. It is probable that the Group has a payment obligation at 30 September 2023 on foot of the Regulation and the March 22 SEM decision paper. Whilst a range of outcomes is possible, the directors believe that the reasonable possible range is between €101m and €141m. A provision of €106.5m (2022: €68.5m) has been estimated as the best estimate within the range. However as this is an estimate, there is a possibility that the potential liability could above or below that range. In estimating the potential liability, the directors have made assumptions regarding the interpretation of the SEM decision paper as there are a number of complex issues associated with it. The final amount will depend on how the SEM Committee implements Articles 12 and 13 in Ireland and Northern Ireland. See note 20 for further details.

  The Group has a number of ongoing legal cases for which a total provision of €53.4m (€45.5m) has been recognised in the financial statements in respect of potential compensation that may be due. The determination of the provision is subject to judgement which has been made after taking into consideration the current status of the cases, our experience of similar cases and advice from our legal experts both internally and externally. See note 20 for further details.

- **Non Adjusting Post Balance Sheet Event (J)**
  The March 22 SEM decision in respect of the Clean Energy Package is subject to legal challenges which are questioning the legality of the decision made by the CRU acting through the SEM Committee. The High Court issued its Judgement in the case on 10th November 2023, highlighting conflicts in the SEMC Decision with Article 13. At the date of signing the financial statements, there are no final orders from the court and there is still no clear methodology and mechanism to make payments. CRU/SEMC have yet to issue a revised direction as to how the Judgement should be implemented and may seek to appeal. As a result, the Judgement is treated as a non-adjusting post balance sheet event while we await further regulatory direction.

  At this time, it is difficult to quantify the financial impact accurately. Management's estimate of the obligation, if the Judgement were to be sustained is between €106.5m and €302.6m. This is subject to significant estimation uncertainty due to the complexities of interpreting the financial implications of Article 13(7) of Regulation 943 in the context of the Judgement. See note 28 for further details.

2. Statement of Accounting Policies (Continued)

- **Certain financial assets and liabilities arising from Temporary Emergency Generation contracts (J)**
  On 7 July 2022, the Commission for Regulation of Utilities ("CRU") gave a direction to EirGrid plc under regulation 28(10) of the European Communities to deliver additional temporary emergency electricity generation capacity for the period of winter 2023-2024 to winter 2025-2026 and if needed to the end of winter 2026-27. As a result the Group has entered into contracts that procure the delivery of temporary emergency generation assets. These contracts were inherently complex and the contract terms posed greater difficulty owing to the urgent and critical nature of the situations they addressed. In assessing the accounting treatment for these contracts, the Group looked beyond the legal form and captured the underlying economic substance of the arrangements due to their non standard terms and deviations from typical commercial contracts. The application of substance over form in this context involved a comprehensive analysis of the economic benefits and risks associated with the contracts. The Group has not recognised a tangible asset as we have determined that the asset has a very low probability of producing or requiring the transfer of economic benefits to the Group. The Group has recognised financial assets and liabilities arising from the contract as the transaction is structured in a way that the Group is facilitating the delivery of Temporary Emergency Generation through funding which will ultimately be recovered through TUoS. €74.6m has been recognised in prepayments which represents the upfront funding for the assets and €96.3m has been recognised in other payables which represents outstanding liabilities on the contracts. €214.9m is recognised as other receivables which represents the amounts due from one of the temporary emergency generation site owners. The long term receivable has a carrying value of €232.7m but has been discounted to €214.9m using a discount rate of 4.09% which reflects the prevailing market rate of interest for a similar instrument with a similar credit rating.

- **Useful lives of property, plant and equipment and intangible assets (E)**
  Property, plant and equipment and intangible assets represent a significant portion of the Group's total assets. The annual depreciation and amortisation charge depends primarily on the estimated lives of each type of asset and, in certain circumstances, estimates of residual values. Management regularly review these useful lives and residual values and change them if necessary to reflect current conditions. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology. Historically, changes in useful lives have not resulted in material changes to the Group's depreciation and amortisation charge.

- **Leases (E, J)**
  In determining the incremental borrowing rate for lease contracts/liabilities the Group, where possible, has utilised external benchmarked information and has taken the lease term into account. The Group has applied judgement in determining the lease term of contracts that include renewal options. If the Group is reasonably certain of exercising such options this will impact the lease term and accordingly the amount of the lease liabilities and right of use assets recognised. The Group reassess these estimates and judgements if a significant event or a significant change in circumstances occurs.

2. Statement of Accounting Policies (Continued)

- **Retirement benefits obligations (E)**
  The Group operates two defined benefit pension plans called the 'EirGrid Fund' and the 'SONI Pension Scheme'. Further detail on the plans is outlined in note 23. The actuarial valuation of the pension plan liabilities is based on various financial and demographic assumptions about the future including discount rates, inflation, salary increases, pension increases and mortality rates of which the discount rate is a critical assumption. The Group's obligations in respect of the plans are calculated by independent qualified actuaries and are updated at least annually. The obligation at 30 September 2023 is €172.2m (2022: €162.7m) and the fair value of plan assets is €182.1m (2022: €177.2m). This gives a net pension surplus for the Group before deferred tax, of €9.9m (2022: €13.4m surplus).

- **Deferred tax (E)**
  Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which any unused tax losses and unused tax credits can be utilised. The Group estimates the most probable amount of future taxable profits, using assumptions consistent with those employed in impairment calculations. These calculations require the use of estimates.

  The deferred tax asset at 30 September 2023 was €9.0m (2022: deferred tax asset of €4.2m).
  The deferred tax liability at 30 September 2023 was €35.8m (2022: deferred tax liability of €34.5m).

There are other areas where accounting estimates and judgements are required but they are not considered as significant as the ones mentioned above.

3. Segment and Revenue Information

An operating segment is a component of the entity that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the Board, the entity's chief operating decision maker, to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. The Group is analysed into five main reportable segments for internal reporting purposes:

- EirGrid Transmission System Operator (EirGrid TSO), which derives its revenue from providing services as the TSO in Ireland and is regulated by the Commission for Regulation of Utilities (CRU). Trading in EirGrid Telecoms Designated Activity Company, the company that manages the licence of the commercial fibre optic cable built as part of the East West Interconnector project, has been included in the EirGrid TSO segment due to its relative size. The EirGrid TSO share of Celtic Interconnector DACs assets and liabilities has been included in the EirGrid TSO segment and these assets and liabilities are disclosed separately in the joint operation note (note 11). Trading in EirGrid SPV 2022 Designated Activity Company, the company that was set up for the purposes of procuring the delivery of temporary emergency generation has been included in the EirGrid TSO segment as any costs will be recovered through TUoS.
- Single Electricity Market Operator (SEMO), which derives its revenue from acting as the Market Operator for the wholesale electricity market on the island of Ireland.
- Single Electricity Market Operator Power Exchange ('SEMOpx'), which derives its revenue from providing day-ahead auction and intraday markets for trading in the Single Electricity Market (SEM) following its appointment as the nominated electricity market operator ('NEMO') on the island of Ireland.
- SONI Transmission System Operator (SONI TSO), which is licensed by the Utility Regulator Northern Ireland (UR) and derives its revenue from acting as the TSO in Northern Ireland. Trading in EirGrid UK Holdings Limited, the holding company of the SONI subsidiary has been included in the SONI TSO segment.
- Operation and the ownership of East West Interconnector (EWIC), being the link between the electricity grids of Ireland and Great Britain.

3. Segment and Revenue Information (Continued)

The segment results for the financial year ended 30 September 2023 are as follows:

	Note	EirGrid TSO €'000	SEMO €'000	SEMO px €'000	SONI TSO €'000	EWIC €'000	Eliminations €'000	Total €'000
Income Statement items								
Segment revenue		979,401	16,555	4,565	122,316	71,431	(53,752)	1,140,516
Direct costs		(783,528)	–	(2,368)	(135,314)	(504)	53,752	(867,962)
Gross profit		195,873	16,555	2,197	(12,998)	70,927	–	272,554
Other operating costs (excluding depreciation and amortisation)		(82,764)	(13,661)	(1,619)	(23,098)	(15,494)	–	(136,636)
Depreciation and amortisation (net of grant amortisation)		(24,833)	(3,780)	(192)	(7,193)	(13,496)	–	(49,494)
Total other operating costs		(107,597)	(17,441)	(1,811)	(30,291)	(28,990)	–	(186,130)
Operating profit		88,276	(886)	386	(43,289)	41,937	–	86,424
Interest and other income								16,730
Finance costs								(31,947)
Profit before taxation								71,207
Income tax charge								(11,255)
Profit for the year								**59,952**
Balance Sheet items								
Segment assets		1,545,773	284,350	3,302	103,360	427,351	–	2,364,136
Goodwill and intangible assets	12							2,038
Total assets as reported in the Consolidated Balance Sheet								**2,366,174**
Segment liabilities		1,220,752	237,638	802	83,240	193,993	–	1,736,425
Total liabilities as reported in the Consolidated Balance Sheet								**1,736,425**

3. Segment and Revenue Information (Continued)

The comparative segment results for the financial year ended 30 September 2022 are as follows:

	Note	EirGrid TSO €'000	SEMO €'000	SEMO px €'000	SONI TSO €'000	EWIC €'000	Eliminations €'000	Total €'000
Income Statement items								
Segment revenue		658,150	21,069	4,371	143,804	83,180	(48,951)	861,623
Direct costs		(505,771)	–	(3,202)	(105,731)	(366)	48,951	(566,119)
Gross profit		152,379	21,069	1,169	38,073	82,814		295,504
Other operating costs (excluding depreciation and amortisation)		(75,237)	(11,047)	(1,734)	(19,416)	(12,751)		(120,185)
Depreciation and amortisation (net of grant amortisation)		(23,969)	(3,193)	(66)	(6,848)	(13,558)		(47,634)
Total other operating costs		(99,206)	(14,240)	(1,800)	(26,264)	(26,309)		(167,819)
Operating profit		53,173	6,829	(631)	11,809	56,505		127,685
Interest and other income								4,287
Finance costs								(17,057)
Profit before taxation								114,915
Income tax charge								(16,629)
Profit for the year								98,286
Balance Sheet items								
Segment assets		851,476	213,211	3,252	105,948	441,280		1,615,167
Goodwill and intangible assets	12							1,982
Total assets as reported in the Consolidated Balance Sheet								1,617,149
Segment liabilities		626,076	163,732	1,864	50,993	207,421		1,050,086
Total liabilities as reported in the Consolidated Balance Sheet								1,050,086

Geographical information

	Revenue		Non-current assets	
	Year to 30 Sep 2023 €'000	Year to 30 Sep 2022 €'000	Year to 30 Sep 2023 €'000	Year to 30 Sep 2022 €'000
Ireland	1,012,913	711,451	571,880	560,695
UK	127,603	150,172	23,240	23,926
Total	**1,140,516**	861,623	**595,120**	584,621

3. Segment and Revenue Information (Continued)

Information on revenue streams

- EirGrid and SONI TSO revenues consist of Transmission Use of System (TUoS) charges which are necessary for the secure operation of the electricity system.
- The SEMO revenues are SEMO participant market operator charges which are used to recover the costs of administering the market.
- The SEMOpx revenues are SEMOpx participant market charges which allows them to access and trade in the day ahead and intraday markets.
- Revenue for EWIC for the financial year included the financial year regulated tariff of €1.2m (2022: €9.3m). The remainder of revenue in respect of EWIC relates to congestion income of €35.5m (2022: €33.2m) and income from the provision of other system services of €22.4m (2022: €16.2m). EWIC also received €12.2m (2022: €24.4m) of capacity payments in the year and other income of €0.1m (2022: €0.1). Financial Transmission Right ("FTR") receipts were €nil (2022: € nil) as Brexit has had an impact on the EWIC cross border trading as it is not possible to trade FTRs. Under the Free Trade Agreement, new SEM-GB trading arrangements for the Day-Ahead market are to be established, agreed and implemented so future arrangement may be put in place.

Information about major customers

Included in EirGrid TSO segment revenues of €979.4m for the financial year to 30 September 2023 (2022: €658.2m) are revenues of approximately €388.2m (2022: €284.8m), €136.6m (2022: €95.5m), €134.9m (2022: €81.6m), and €77.1m (2022: €54.9m) which arose from sales to the segment's four largest customers.

Included in SEMO segment revenues of €16.5m for the financial year to 30 September 2023 (2022: €21.1m) are revenues of approximately €7.4m (2022: €9.2m), €3.2m (2022: €0.1m), €2.8m (2022: €5.9m) and €1.2m (2022: €1.6m) which arose from sales to the segment's four largest customers.

Included in SEMOpx segment revenues of €4.5m for the financial year to 30 September 2023 (2022: €4.4m) are revenues of approximately €1.1m (2021: €1.2m), €0.7m (2022: €0.4m), €0.6m (2022: €0.5m) and €0.3m (2022: €0.3m) which arose from sales to the segment's four largest customers.

Included in SONI TSO segment revenues of €122.3m for the financial year to 30 September 2023 (2022: €143.8m) are revenues of approximately €38.9m (2022: €46.2m), €32.5m (2022: €39.3m), €23.5m (2022: €27.1m) and €8.2m (2022: €9.2m) which arose from sales to the segment's four largest customers.

Contract balances

Included in trade & other receivables (note 15) is €162.3m (2022: €115.6m) related to receivables from contracts with customers.

Included in trade & other payables (note 16) is €12.2m (2022: €12.4m) related to contract liabilities. €3.8m (2022: €2.2m) of the prior year contract liabilities were recognised as revenues during the year.

4. Employees

The average number of persons employed by the Group during the year to 30 September 2023 was 546 (2022: 506), excluding staff engaged on capital projects.

The average number of persons engaged on capital projects during the year to 30 September 2023 was 94 (2022: 87). The staff costs associated with these employees have been capitalised and totalled €9.7m for the year to 30 September 2023 (2022: €8.2m).

Average number of persons employed on a monthly basis by business activity:

	Year to 30 Sep 2023 Number	Year to 30 Sep 2022 Number
EirGrid TSO	371	344
SONI TSO	96	92
SEMO	63	54
SEMOpx	9	10
EWIC	7	6
Capital projects	94	87
Total	**640**	593

Total remuneration including the Executive Directors' salary, comprised:

	Year to 30 Sep 2023 €'000	Year to 30 Sep 2022 €'000
Wages and salaries	48,530	44,286
Social insurance costs	5,256	4,808
Other retirement benefit costs	6,092	10,235
Total remuneration paid to employees	**59,878**	59,329
Employee costs charged to Income Statement	50,228	51,199
Employee costs capitalised	9,650	8,130
Total remuneration paid to employees	**59,878**	59,329

Key management personnel compensation:	Year to 30 Sep 2023 €'000	Year to 30 Sep 2022 €'000
Salaries and short-term employee benefits	1,944	1,983

Key management personnel is defined as the Board of Directors, Chief Executive and the seven members of the Executive Team.

5. Other Operating Costs

	Year to 30 Sep 2023 €'000	Year to 30 Sep 2022 €'000
Employee costs (note 4)	50,228	51,199
Depreciation of property, plant and equipment (note 13)	21,544	21,567
Amortisation of intangibles (note 12)	27,941	25,487
Depreciation of right of use assets (note 14)	3,401	3,660
Amortisation of grant (note 17)	(3,239)	(3,293)
Operations and maintenance	86,255	69,199
Total	**186,130**	167,819

6. Interest and Other Income, and Finance Costs

	Year to 30 Sep 2023 €'000	Year to 30 Sep 2022 €'000
Interest income:		
Other interest	(2,786)	(4,035)
Interest income on deposits	(13,174)	(252)
Net pension scheme interest (note 23)	(770)	–
Total Interest income	**(16,730)**	(4,287)
Finance costs:		
Bank loan and overdrafts	13,719	15,981
Notional interest	17,747	–
Lease interest (note 14)	481	536
Net pension scheme interest (note 23)	–	540
Total finance costs	**31,947**	17,057

The Group is exposed to interest rate risk as it borrows funds at floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings and through the use of interest rate swap contracts. The bank loan and overdrafts line includes the interest reclassified from the cashflow hedge reserve.

7. Profit Before Taxation

The profit before taxation is stated after charging/(crediting) the following:

	Year to 30 Sep 2023 €'000	Year to 30 Sep 2022 €'000
Depreciation (note 13 & note 14)	24,946	25,227
Amortisation of intangibles (note 12)	27,941	25,487
Amortisation of grant (note 17)	(3,239)	(3,293)
Foreign exchange (gain)/loss	(884)	1,937

Aggregate emoluments paid to or receivable by directors in respect of qualifying services are as follows:

	Year to 30 Sep 2023 €'000	Year to 30 Sep 2022 €'000
– for services as a Director	102	122
– for Executive Director services	234	213
Total	**336**	335

Aggregate contributions paid, treated as paid or payable during the financial year to a retirement benefit scheme in respect of qualifying services of directors:

	Year to 30 Sep 2023 €'000	Year to 30 Sep 2022 €'000
– defined benefit schemes (for Executive Director)	66	60

There is only one Director (the Chief Executive) in a pension scheme. This is a defined benefit scheme.

Auditor's remuneration in respect of the financial year is analysed as follows:

	Year to 30 Sep 2023 €'000	Year to 30 Sep 2022 €'000
– audit of group companies	445	401
– other assurance services	23	23
– tax advisory services	–	–
– other non-audit services	–	–

8. Income Taxes

	Year to 30 Sep 2023 €'000	Year to 30 Sep 2022 €'000
Current tax expense	18,348	16,272
Adjustment in respect of prior year	(2,734)	(193)
Current tax expense	15,614	16,079
Deferred tax relating to the origination and reversal of temporary differences	(4,359)	550
Adjustment in respect of prior year	–	–
Deferred tax expense	(4,359)	550
Income tax expense for the year	**11,255**	16,629

The total charge for the financial year can be reconciled to the accounting profit as follows:

	Year to 30 Sep 2023 €'000	Year to 30 Sep 2022 €'000
Profit before tax	71,207	114,915
Taxation at standard rate of 12.5% (2022: 12.5%)	8,901	14,364
Effect of higher rates of tax on other income	508	119
Effect of income and expenses excluded in determining taxable profit	2,795	1,299
Effect of higher rates of tax on (losses)/gains in UK subsidiaries	(5,850)	920
Adjustments in respect of prior years	(1,457)	(193)
Losses forward	4,335	–
Other differences	2,023	120
Income tax expense recognised in Income Statement	**11,255**	16,629

Factors that may affect future tax rates and other disclosures

The overall effective tax rate of the Company is expected to increase following the enactment of the EU Commission's directive relating to the OECD's proposals for a global minimum tax rate of 15%. Any increase in corporation tax rates or changes in the basis of calculation resulting from Pillar Two would result in the Company paying higher corporation taxes in the future. The standard rate of tax in the UK is 25%. Deferred tax balances must be recognised at the future tax rate applicable when the balance is expected to unwind.

8. Income Taxes (Continued)

Deferred tax assets/(liabilities) arise from the following:

	Intangible Assets €'000	Accelerated tax depreciation €'000	Retirement benefits obligations €'000	Cash flow hedges €'000	Tax losses €'000	Total €'000
Deferred tax (liability)/asset as at 1 Oct 2021	(416)	(34,193)	5,514	9,025	4,765	(15,305)
Credit/(charge) to the Income Statement for the year	–	1,556	(47)	–	(2,059)	(550)
Charge to the Statement of Comprehensive Income	–	–	(7,148)	(7,550)	–	(14,698)
Exchange differences	187	(16)	10	–	–	181
Deferred tax (liability)/asset as at 30 Sep 2022	(229)	(32,653)	(1,671)	1,475	2,706	(30,372)
Charge to the Income Statement for the year	–	(1,149)	(776)	–	6,285	4,360
(Credit)/Charge to the Statement of Comprehensive Income	–	–	1,304	(1,930)	–	(626)
Exchange differences	(167)	11	1	–	37	(118)
Deferred tax (liability)/asset as at 30 Sep 2023	**(396)**	**(33,791)**	**(1,142)**	**(455)**	**9,028**	**(26,756)**
Deferred tax asset	–	–	–	–	9,028	9,028
Deferred tax liability	(396)	(33,791)	(1,142)	(455)	–	(35,784)
Total 30 Sep 2023	**(396)**	**(33,791)**	**(1,142)**	**(455)**	**9,028**	**(26,756)**
Deferred tax asset	–	–	–	1,475	2,706	4,181
Deferred tax liability	(229)	(32,653)	(1,671)	–	–	(34,553)
Total 30 Sep 2022	(229)	(32,653)	(1,671)	1,475	2,706	(30,372)

Analysis of deferred tax (liabilities)/assets by tax jurisdiction:

	30 Sep 2023 €'000	30 Sep 2022 €'000
Ireland	(36,721)	(30,660)
UK	9,965	288
Net deferred tax liability	**(26,756)**	(30,372)

9. Dividends

As shown in note 18 the company has one class of share capital in issue, Ordinary Shares. The dividends in respect of this class of share capital are as follows:

Dividends to Shareholders	30 Sep 2023 €'000	30 Sep 2022 €'000
Equity		
Dividend paid – €133.33 per Ordinary Share	4,000	4,000
Total	**4,000**	4,000

The Directors of the Group propose the payment of a final dividend of €4,000,000 (2022: €4,000,000) for the financial year ended 30 September 2023.

10. Fair Value Investments

	30 Sep 2023 €'000	30 Sep 2022 €'000
Balance as at 1 Oct 2022	356	356
Additions	–	–
Balance as at 30 Sep 2023	**356**	356

In 2018, EirGrid acquired a 4.75% equity interest in Joint Allocation Office S.A for €0.2m; a company registered in Luxembourg. Under EU Rules, TSOs are obliged to implement a Single Allocation Platform for capacity on interconnectors. EirGrid, as the certified TSO for the East West Interconnector, became a shareholder in the Joint Allocation Office (JAO).

Under the European rules (Network Codes), EirGrid is obliged to co-operate on a regional basis with at least one 'Regional Security Co-ordinator' (RSC) so it acquired a 5% equity interest in the RSC Coreso SA for €0.1m in 2018, a company registered in Belgium.

11. Interest in Joint Operations

EirGrid plc, has a 50% equity interest in Celtic Interconnector DAC, a company incorporated in Ireland which is a joint arrangement between EirGrid plc and Réseau De Transport D'Électricité ('RTE'). The Celtic Interconnector project is an undersea electricity link connecting Ireland and France. The purpose of the joint arrangement is to procure, administer, manage and contribute to the design, development and construction of the Celtic Interconnector in different phases. The project moved from the detailed design and consent stage into the construction phase during the year.

Under IFRS 11, the Group classifies its interest in joint arrangements as either joint operations or joint ventures depending on the Group's rights to the assets and obligations for the liabilities of the arrangements. When making the assessment, the Group considers the structure and legal form of the arrangements, the contractual terms of the arrangement agreed by the parties and when relevant, other facts and circumstances.

11. Interest in Joint Operations (Continued)

Although Celtic Interconnector DAC is separate legal entity, the Group has accounted for it as a joint operation due to the contractual arrangements in place between EirGrid plc and RTE. Both parties are providing the cash to settle the Celtic Interconnector DAC liabilities and the output of Celtic Interconnector DAC is provided to both parties.

As a result, the Group has accounted for its share of Celtic Interconnector DAC assets, liabilities, income and expenses in its Group Financial Statements on a line by line basis. EirGrid plc is deemed to own 50% of the rights to the assets and obligations for the liabilities.

The following amounts of Celtic Interconnector DAC are included in the Group Financial Statements on a line by line basis:

	30 Sep 2023 €'000	30 Sep 2022 €'000
Non-current assets	–	–
Current assets	303	535
Total assets	**303**	535
Total equity	63	12
Current liabilities	240	523
Total liabilities	240	523
Total equity and liabilities	**303**	535

	Year to 30 Sep 2023 €'000	Year to 30 Sep 2022 €'000
Revenue	48	27
Expenses	(43)	(21)
Operating profit	**5**	6

SEMO and SEMOpx are both75/25 joint operations between EirGrid plc (the Parent) and SONI Limited (100% subsidiary) so 100% of the share of these joint operations is included in the Group Financial Statements and are disclosed separately in note 3. Further disclosures in respect of these joint operations and the Parents 75% share of assets, liabilities, income and expenses is outlined in note 30 (F).

12. Intangible Assets

	Goodwill €'000	Licence agreements €'000	Integrated Single Electricity Market €'000	Other IT Software €'000	Software under development €'000	Total €'000
Cost						
Balance as at 1 Oct 2021	4,493	18,233	105,231	62,842	14,344	205,143
Additions	–	–	–	–	19,844	19,844
Transfer (to)/from other assets	–	–	4,232	1,972	(6,204)	–
Exchange differences	(162)	(673)	(836)	(849)	(357)	(2,877)
Balance as at 30 Sep 2022	4,331	17,560	108,627	63,965	27,627	222,110
Additions	–	–	–	–	25,764	25,764
Transfer (to)/from other assets	–	–	8,257	8,838	(17,095)	–
Exchange differences	147	582	759	771	248	2,507
Balance as at 30 Sep 2023	**4,478**	**18,142**	**117,643**	**73,574**	**36,544**	**250,381**
Accumulated amortisation						
Balance as at 1 Oct 2021	4,493	16,161	59,319	55,041	–	135,014
Amortisation	–	–	21,605	3,882	–	25,487
Exchange differences	(162)	(583)	(759)	(779)	–	(2,283)
Balance as at 30 Sep 2022	4,331	15,578	80,165	58,144	–	158,218
Amortisation	–	–	22,184	5,757	–	27,941
Exchange differences	147	529	628	690	–	1,994
Balance as at 30 Sep 2023	**4,478**	**16,107**	**102,977**	**64,591**	**–**	**188,153**
Carrying amount as at 30 Sep 2023	**–**	**2,035**	**14,666**	**8,983**	**36,544**	**62,228**
Carrying amount as at 30 Sep 2022	–	1,982	28,462	5,821	27,627	63,892

13. Property, Plant & Equipment

	*Land and buildings €'000	Fixtures and fittings €'000	IS, telecomm-unications equipment and other €'000	Motor Vehicles €'000	EWIC €'000	**Integrated Single Electricity Market €'000	***Assets under Construction €'000	Total €'000
Cost								
Balance as at 1 Oct 2021	27,521	5,572	65,840	77	570,325	3,930	23,324	696,589
Additions	–	–	–	–	–	–	12,133	12,133
Disposals	–	–	–	–	–	–	–	–
Transfers (to)/from other assets	–	134	3,285	–	–	–	(3,419)	–
Exchange differences	(257)	–	(154)	–	–	(36)	1	(446)
Balance as at 30 Sep 2022	27,264	5,706	68,971	77	570,325	3,894	32,039	708,276
Additions	–	–	–	–	–	–	36,969	36,969
Disposals	–	–	–	–	–	–	–	–
Transfers (to)/from other assets	–	1,704	1,667	–	–	–	(3,371)	–
Exchange differences	233	–	137	–	–	33	1	404
Balance as at 30 Sep 2023	**27,497**	**7,410**	**70,775**	**77**	**570,325**	**3,927**	**65,638**	**745,649**
Depreciation								
Balance as at 1 Oct 2021	9,415	3,323	55,460	75	134,441	2,360	–	205,074
Charge	655	657	3,163	2	16,300	790	–	21,567
Disposals	–	–	–	–	–	–	–	–
Exchange differences	(147)	–	(125)	–	–	(33)	–	(305)
Balance as at 30 Sep 2022	9,923	3,980	58,498	77	150,741	3,117	–	226,336
Charge	636	945	2,943	–	16,237	783	–	21,544
Disposals	–	–	–	–	–	–	–	–
Exchange differences	128	–	110	–	–	27	–	265
Balance as at 30 Sep 2023	**10,687**	**4,925**	**61,551**	**–**	**166,978**	**3,927**	**–**	**248,145**
Carrying amount as at 30 Sep 2023	**16,810**	**2,485**	**9,224**	**–**	**403,347**	**–**	**65,638**	**497,504**
Carrying amount as at 30 Sep 2022	17,341	1,726	10,473	–	419,584	777	32,039	481,940

*The cost of the Group's buildings include leasehold improvements.

**This asset relates to costs associated with the redesign of the new SEM market and relates to IT Hardware.

***Assets under Construction consist of IT hardware, telecommunications, facilities, EWIC and Celtic Interconnector project expenditure. €7.3m of Celtic Interconnector borrowing costs have been capitalised during the year.

14. Right of Use Assets and Lease Liabilities

Right of use assets	Property €'000	Motor vehicles €'000	Foreshore Licence €'000	Total €'000
Cost				
Balance as at 1 Oct 2021	33,947	44	17,057	51,048
Lease modification	220	–	–	220
Balance as at 1 Oct 2022	34,167	44	17,057	51,268
Lease modification	–	–	–	–
Balance as at 30 Sep 2023	**34,167**	**44**	**17,057**	**51,268**
Accumulated depreciation				
Balance as at 1 Oct 2021	6,546	38	2,591	9,175
Depreciation	3,100	6	554	3,660
Balance as at 1 Oct 2022	9,646	44	3,145	12,835
Depreciation	2,849	–	552	3,401
Balance as at 30 Sep 2023	**12,495**	**44**	**3,697**	**16,236**
Carrying amount as at 30 Sep 2023	**21,672**	**–**	**13,360**	**35,032**
Carrying amount as at 30 Sep 2022	24,251	–	13,912	38,433

Lease liabilities	Total €'000
Balance as at 1 Oct 2022	37,006
Lease modification	–
Interest	481
Lease payments	(2,976)
Exchange differences	282
Balance as at 30 Sep 2023	**34,793**

Analysed as:	Total €'000
Current	2,491
Non-current	32,302
Balance as at 30 Sep 2023	**34,793**

14. Right of Use Assets and Lease Liabilities (Continued)

The table below shows the maturity analysis of the discounted and undiscounted lease liability arising from the Group's leasing activities.

Lease liabilities	Discounted €'000	Undiscounted €'000
Within one year	2,491	2,958
Between two and five years	13,378	14,819
After five years	18,924	20,517
Total	**34,793**	**38,294**

Amounts recognised in consolidated income statement	Total €'000
Depreciation on right of use assets	3,401
Expenses relating to short terms leases	–
Variable lease payments*	16
Expenses relating to leases of low value leases, excluding short term leases of low value assets	–
Interest on lease liabilities	481

*The Group has a managed print service contract with variable lease payments linked to future use of the underlying asset so these payments have been excluded from the measurement of the lease liabilities.

Amounts recognised in consolidated cash flow statement	Total €'000
Total cash outflows for the lease during the year*	2,976

*Includes interest expense, principal repayments, short term and low value lease expenses.

15. Trade and Other Receivables

	30 Sep 2023 €'000	30 Sep 2022 €'000
Amounts due in less than one year:		
Trade receivables	2,273	4,053
Prepayments and deferred project costs	147,902	44,457
Advance payment	9,774	–
Short term deposits	50,206	–
Unbilled receivables	162,293	115,534
Other receivables	150,486	41,178
Total	**522,935**	205,222
Amounts due in more than one year:		
Prepayments and deferred project costs	61,525	38,854
Advance payment	107,837	–
Other receivables	277,568	113,968
	446,930	152,822
Total	**969,865**	358,044

The Directors consider that the carrying amount of trade and other receivables approximates their fair value.

Included in other receivables is an ESB receivable with a carrying value of €232.7m which will be repaid over a three period, maturing in February 2027. It has been discounted to €214.9m using a discount rate of 4.09% which reflects the prevailing market rate of interest for a similar instrument with a similar credit rating. € 171.1 m is included in amounts due in more than one year.

Unbilled receivables primarily consist of income for the final two months of the financial year, which, in compliance with the regulatory timetable, had not been billed as at the respective financial year ends.

Other receivables due in less than one year includes €53.4m (2022: €45.5m shown in due in more than one year) relating to the ongoing legal claim provision outlined in note 20. In the event of compensation we would expect any payment to be covered by funds held on the Group Balance Sheet so the costs will be recoverable. Other receivables due in more than one year also includes €106.5m (2022: €68.5m) relating to recoverable costs arising from the introduction of the EU Regulation 2019/943 on the internal market for electricity which came into effect on 1 January 2020. The Group is satisfied that all costs arising from these matters will be supported by a regulated, market-based tariff. These costs have been recognised through a provision as outlined in note 20.

Prepayments and deferred project costs include deferred costs in respect of transmission projects of €92.3m (2022: €64.0m), of which €31.0m (2022: €38.9m) may not be recoverable within twelve months.

16. Trade and Other Payables

	30 Sep 2023 €'000	30 Sep 2022 €'000
Amounts due in less than one year:		
Trade payables	77,632	45,060
Accruals	330,237	271,784
Deferred income	3,949	3,798
Taxation and social insurance	7,284	16,084
Other payables	412,095	163,351
Total	**831,197**	500,077
Amounts due in more than one year:		
Deferred income	8,235	8,550
	8,235	8,550
Total	**839,432**	508,627

Taxation and social insurance comprises of the following:

	30 Sep 2023 €'000	30 Sep 2022 €'000
PAYE/PRSI	1,538	235
VAT	4,798	15,451
Withholding tax	948	398
Total	**7,284**	16,084

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The Directors consider that the carrying amount of trade payables approximates their fair value. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

€57.5m (2022: €38.3m) of the Group trade payables balance and €48.1m (2022: €45.9m) of the Group accruals balance relates to the charges payable to ESB and NIE as Transmission Asset Owners in Ireland and Northern Ireland respectively. Accruals consist mainly of the direct costs of running the transmission system.

Other payables due in less than one year includes €115.2m (2022: €12.0m) owed to the SEM balancing market due to overrecoveries which will be returned via a k-factor tariff adjustment

17. Grants

	30 Sep 2023 €'000
Balance as at 1 Oct 2021	87,205
Additions	–
Amortisation of grant	(3,293)
Balance as at 30 Sep 2022	83,912
Additions	151,000
Amortisation of grant	(3,239)
Balance as at 30 Sep 2023	**231,673**

Analysed as:	**€'000**
Current	3,054
Non-current	228,619
Balance as at 30 Sep 2023	**231,673**

On 7 July 2022, the Commission for Regulation of Utilities ("CRU") gave a direction to EirGrid plc under regulation 28(10) of the European Communities to deliver additional temporary emergency electricity generation capacity for the period of winter 2023-2024 to winter 2025-2026 and if needed to the end of winter 2026-27. In order to enable EirGrid plc to comply with the Direction, the Minister for the Environment, Climate and Communications provided a grant of €151.0m. The purpose of the grant is to procure the delivery of 412MW of additional temporary emergency generation for the period of winter 2023-24 to winter 2025-26 and if needed to the end of the winter 2026-27. The grant monies are deferred on the balance sheet until the Group delivers the MW capacity as per the direction.

In prior years, the Group received capital grants from the EU Commission for the East West Interconnector. The total grant funding available and received from the EU Commission for the project was €112.3m and €80.7m of unamortised grants is included in the balance at year end. There are no unfulfilled conditions or other contingencies attaching to capital grants received. Capital grants are amortised in line with depreciation of the EWIC asset.

The Group receives grants towards the Celtic project under the Connecting Europe Facility (CEF) programme, the EU's financial mechanism supporting trans-European infrastructure. The Celtic Interconnector is a new electrical link between France and Ireland being developed jointly by EirGrid plc and the French TSO – Réseau De Transport D'Électricité ('RTE'). €11.5m of CEF grants was received during the year bringing the total CEF grants to €21.5m at year end. The grants have been netted against the Celtic Interconnector project spend within assets under construction in note 13.

18. Issued Share Capital

	30 Sep 2023 €'000	30 Sep 2022 €'000
Authorised:		
30,000 ordinary shares of €1.25 each	38	38
Allotted, called-up and fully paid:		
Called up share capital presented as equity:		
30,000 ordinary shares of €1.25 each	38	38

The Company has one class of ordinary share which carries no right to fixed income.

19. Cash and Cash Equivalents

	30 Sep 2023 €'000	30 Sep 2022 €'000
Corporate Cash	300,321	342,713
Restricted/Ringfenced Cash	473,086	308,463
Balance as at 30 Sep 2023	**773,407**	**651,176**

Cash and cash equivalents primarily comprises cash held by the Group and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates their fair value. The credit risk on liquid funds is limited because the counterparties are banks with relatively high credit-ratings assigned by international credit-rating agencies.

Included in the Group's cash balances is €131.8m (2022: €19.4m) held on trust for market participants in the SEM, €85.8m (2022: €113.8m) held in SEM collateral reserve accounts (security accounts held in the name of market participants), security deposits, collateral and bonds of €35.2m (2022: €15.9m) and €6.4m (2022: €3.0m) which represents cash which can only be used for the purposes of the EWIC asset, €53.5m (2022: €nil) which represents cash which can only be used for the purposes of the Celtic asset, €4.0m (2022: €nil) which can only be used for temporary emergency generation and €156.4m (2022: €156.4m) of cash which is ringfenced as the cash is collected and returned to the relevant customer.

20. Provisions

	Clean Energy Package €'000	Other Provision €'000	Total €'000
Balance as at 30 Sep 2022	68,500	45,468	113,968
Provisions made during the year	38,001	7,907	45,908
Balance as at 30 Sep 2023	**106,501**	**53,375**	**159,876**

Analysed as:	**€'000**	**€'000**	**€'000**
Current	–	53,375	53,375
Non-current	106,501	–	106,501
Balance as at 30 Sep 2023	**106,501**	**53,375**	**159,876**

(a) Clean Energy Package

EU Regulation 2019/943 ("Regulation") on the internal market for electricity is part of the Clean Energy Package and came into effect on 1 January 2020. Article 12 of this Regulation refers to dispatching of generation and demand response, and Article 13 refers to redispatching (where a transmission system operator requests a generator to change – in this context usually reduce – its intended level of production).

The SEM Committee launched a consultation on the Regulation focusing on Articles 12 and 13 (SEM-20-028 27 April 2020). The consultation paper outlined that the Regulation will involve updates to existing arrangements (SEM-11-062) to reflect the new requirements in relation to priority dispatch and also updates to arrangements (SEM-13-010) regarding compensation for curtailment and constraints as introduced by the Regulation.

The SEM Committee released a further consultation paper (SEM-21-026) in April 2021, providing details of the Regulatory Authorities minded to position in relation to specific areas raised in consultation paper SEM-20-028, related to the implementation of Articles 12 and 13 focusing on the definitions of dispatch, redispatch and non-market based redispatch in the SEM and arrangements for compensation under Article 13(7). While it was previously indicated that the issues associated with this regulation would be presented as part of a proposed decision paper, a further consultation was published given the number of complex issues associated with the regulation. Subsequently in August 2021, the SEM Committee published the responses received in respect of SEM-21-026 and SEM 21-027.

In March 2022, the SEM Committee published an additional paper outlining the SEM Committee's response and decisions in the areas of the interpretation of dispatch and redispatch in relation to the SEM, the interpretation of actions which may be considered market based and non market based dispatch under the current market design pursuant to Article 13, the determination of the appropriate level of compensation for non-market based redispatching in the SEM, implementation of ex-post compensation, discussion on issues raised to firmness in the SEM and an update in relation to the treatment of new renewable units in the SEM.

20. Provisions (Continued)

We believe it is probable that, on foot of the Regulation, the Group has a payment obligation at 30 September 2023. The final amount will depend on how the Regulatory Authorities implement the Regulation in Ireland and Northern Ireland. The potential liability is estimated to be in the range of €101.0m and €141.0m. As this is an estimate, there is a possibility that the potential liability could be above or below this range, however, based on the Group's consideration the best estimate within this range is a provision of €106.5m (2022: €68.5m). In March 2022 the SEM Committee confirmed that due to the significant system changes required that full implementation in the short term will not be feasible. Although compensation will be provided on an ex-post basis from January 2020, due to the current and expected high prices over the next two years, the SEM Committee has confirmed that payment will be deferred until tariff year 2024/25.

The Group is satisfied that all costs arising from the implementation of the Regulation will be supported by a regulated, market-based tariff arrangement. Accordingly, a recoverable amount of €106.5m (2022: €68.5m) has been included in trade and other receivables in note 15.

(b) Other Provision

The Group has a number of ongoing legal cases for which a total provision of €53.4m. (€45.5m) has been recognised in the financial statements. The determination of the provision is subject to judgement which has been made after taking into consideration the current status of the cases, our experience of similar cases and advice from our legal experts both internally and externally. The final impact and timing of payments is uncertain at this point, however should legal proceedings result in compensation for affected parties, it will be paid after the relevant legal processes have concluded, which are expected to be paid within 12 months from the balance sheet date. In the event compensation is due, we would expect the payment would be covered by funds held on the Group Balance Sheet. Accordingly, a recoverable amount of €53m (€45.5m) has been included in Trade and other receivables in note 15.

21. Capital Commitments

	30 Sep 2023 €'000	30 Sep 2022 €'000
Expenditure contracted for, but not provided for in the Financial Statements	653,900	–

These are the Groups share of the Celtic Interconnector project capital commitments which is a joint arrangement between EirGrid plc and Réseau De Transport D'Électricité ('RTE').

22. Contingent Liabilities

The Company is not aware of any contingent liabilities at the financial year end.

23. Retirement Benefits Obligations

Defined Benefit Schemes

The Group operates two defined benefit arrangements for qualifying employees; one is operated for employees of the Company and the Executive Director (the "EirGrid Fund"), a second is operated for employees of SONI Limited (the Focus Section of the "SONI Pension Scheme"; the "SONI Focus Section").

The Group's main pension scheme in Ireland, the EirGrid Fund, operates under Irish trust law and is managed and administered on behalf of its members in accordance with the terms of the underlying trust deed; scheme regulations; and Irish legislation (principally the Pensions Act 1990). Under Irish legislation, a defined benefit pension scheme is required to build up and maintain enough funds to pay members their pension entitlements should the scheme be wound up. Pension scheme trustees are required to obtain regular actuarial valuations and reports, put in place a Funding Proposal addressing any statutory funding shortfall and submit same to the Irish Pensions Authority for approval (where relevant). If a surplus arises in the scheme, EirGrid has an unconditional right to realise the schemes assets at some point during the life of the plan or when the plan is settled.

The EirGrid Fund closed to new entrants with effect from 1st April 2019. New entrants in EirGrid plc were eligible to join an interim group Personal Retirement Savings Account (PRSA) arrangement from 1st April 2019 and all new entrants from August 2021 are eligible to join the new defined contribution scheme.

The SONI Focus Section operates under UK trust law and is managed and administered on behalf of its members in accordance with the terms of the trust deed, the scheme rules and UK legislation (principally the Pensions Act 1993, the Pensions Act 1995 and the Pensions Act 2004). Under UK legislation a defined benefit pension scheme is required to meet the statutory funding objective of having sufficient and appropriate assets to cover its liabilities. Pension scheme trustees are required to: prepare a Statement of Funding Principles; obtain regular actuarial valuations and reports; put in place a Schedule of Contributions and where relevant, Recovery Plan addressing any funding shortfall; and send regular Summary Funding Statements to members of the pension scheme.

If a surplus arises in the scheme, SONI does not have an unconditional right to realise the schemes assets at some point during the life of the plan or when the plan is settled.

The EirGrid Fund and the SONI Pension Scheme (the "DB Schemes") are administered by separate trusts that are legally separated from the Group. The trusteeship of the DB Schemes is currently executed by a combination of Member Nominated Trustees and Company Nominated Trustees. The DB Schemes' trustees are required to act in accordance with the governing trust documentation and have a fiduciary responsibility to act in the best interests of the respective beneficiaries of the DB Schemes. A non-exhaustive list of the DB Scheme's trustee duties includes; the collection and investment of contributions, determining investment strategy, administration of benefits and acting in good faith and in accordance with the DB Schemes' trust documentation.

23. Retirement Benefits Obligations (Continued)

Under the EirGrid Fund, eligible employees are entitled to receive a pension and lump sum on retirement. Under the SONI Focus Section, eligible employees are entitled to receive a pension on retirement. A survivor's pension and/or lump sum may also be payable on death under the DB Schemes. Retirement benefits payable are based on salary and length of service.

There were no amendments or material curtailments and settlements in respect of the Eirgrid Fund or SONI Focus Section during the financial year.

The DB Schemes expose the Group to risks such as investment risk, interest rate risk, longevity risk and salary risk.

Investment risk	The present value of the DB Schemes' liability is calculated using a discount rate determined by reference to high quality corporate bond yields; if the return on DB Schemes' assets is below this rate, it will create an accounting disclosure deficit (all else being equal).
Interest rate risk	The present value of the DB Schemes' liability is calculated using a discount rate determined by reference to high quality corporate bond yields at the measurement date. A decrease in corporate bond yields will increase the DB Schemes' liability (all else being equal).
Longevity risk	The present value of the DB Schemes' liability is calculated by reference to the best estimate of the mortality of DB Schemes' participants both during and after their employment. An increase in the life expectancy of the DB Schemes' participants will increase the DB Schemes' liability (all else being equal).
Salary risk	The present value of the DB Schemes' liability is calculated by reference to assumptions around future salaries for the DB Schemes' participants. As such, an increase in the salary of the DB Schemes' participants (relative to the chosen assumption) will increase the DB Schemes' liability (all else being equal).

23. Retirement Benefits Obligations (Continued)

Defined Contribution Schemes

As the SONI Focus Section has been closed to new members since 1998, other than for the purpose of admitting staff as a consequence of the transfer of the planning function in Northern Ireland in prior years, the Group also operates an approved defined contribution scheme, the "SONI Options Section" (which is a defined contribution section of the SONI Pension Scheme for employees of SONI Limited). Contributions are paid by the members and SONI Limited at fixed rates. The benefits secured at retirement reflect each employee's accumulated fund and the cost of purchasing benefits at that time. Death benefits are insured on a group basis and may be paid in the form of a lump sum and/or survivor's pension. The assets of the SONI Options Section are held under trust and are separate from those of the Group. The only obligation of SONI Limited with respect to the SONI Options Section is to make the specified contributions and pay administration expenses. Obligations for contributions to the SONI Options Section are recognised as an expense in the Income Statement as incurred. The pension charge for the financial year represents the actual contribution paid by SONI Limited and amounted to €0.6m (2022: €0.6m).

As the EirGrid Fund closed to new entrants in 2019, it set up a Defined Contribution Scheme (the "EirGrid DC Scheme"). The defined contributions paid by EirGrid plc amounted to €1.4m (2022: €1.2m).

Defined Benefit Schemes – Liabilities

The most recent actuarial valuations of the assets and the present value of the defined benefit obligations were carried out at 30 September 2023 for both the EirGrid Plan and the SONI Focus Plan, under the requirements of International Accounting Standard 19: Employee Benefits (IAS 19). The present values of the defined benefit obligations, and the related current service costs and past service costs, were measured using the Projected Unit Credit Method.

The amount included in the Balance Sheet arising from the obligations in respect of these defined benefit plans are as follows:

	Total 30 Sep 2023 €'000	EirGrid Plan 30 Sep 2023 €'000	SONI Focus Plan 30 Sep 2023 €'000	Total 30 Sep 2022 €'000	EirGrid Plan 30 Sep 2022 €'000	SONI Focus Plan 30 Sep 2022 €'000
Present value of funded defined benefit obligations that are wholly or partly funded	172,165	144,127	28,038	162,675	135,957	26,718
Fair value of Schemes' assets at end of year	(182,058)	(154,772)	(27,286)	(177,157)	(149,329)	(27,828)
Net (Asset)/liability before asset ceiling	(9,893)	(10,645)	752	(14,482)	(13,372)	(1,110)
Impact of asset ceiling	–	–	–	1,110	–	1,110
Net (Asset)/liability after impact of asset ceiling	(9,893)	(10,645)	752	(13,372)	(13,372)	–
Deferred tax on net pension obligation (note 8)	1,142	1,330	(188)	1,671	1,671	–
Net (Asset)/Liability after Deferred Tax	**(8,751)**	**(9,315)**	**564**	(11,701)	(11,701)	–

23. Retirement Benefits Obligations (Continued)

The amounts in the Consolidated Income Statement may be analysed as follows:

	Year to 30 Sep 2023 €'000	Year to 30 Sep 2022 €'000
Current service cost	3,937	8,327
Net interest (income)/expense	(770)	540
Employer pension cost capitalised	(990)	(1,007)
Amount included in other operating costs relating to defined benefit schemes	**2,177**	7,860

The amounts recognised in the Consolidated Statement of Comprehensive Income are as follows:

	Total Year to 30 Sep 2023 €'000	EirGrid Plan Year to 30 Sep 2023 €'000	SONI Focus Plan Year to 30 Sep 2023 €'000	Total Year to 30 Sep 2022 €'000	EirGrid Plan Year to 30 Sep 2022 €'000	SONI Focus Plan Year to 30 Sep 2022 €'000
Remeasurement of net defined benefit liability:	–	–	–	–	–	–
Actuarial loss arising on Schemes' assets	(9,685)	(6,959)	(2,726)	(42,735)	(28,345)	(14,390)
Actuarial (loss)/gain arising from changes in demographic assumptions	(108)	(939)	831	(166)	–	(166)
Actuarial gain arising from changes in financial assumptions	4,848	2,828	2,020	97,099	80,451	16,648
Actuarial (loss)/gain arising from experience adjustments	(4,901)	(1,839)	(3,062)	3,093	1,961	1,132
Asset ceiling restriction	1,174	–	1,174	(1,174)	–	(1,174)
Amount included in the Consolidated Statement of Comprehensive Income	**(8,672)**	**(6,909)**	**(1,763)**	56,117	54,067	2,050

Movements in the present value of the defined benefit obligations in the current financial year were as follows:

	EirGrid Plan		SONI Focus Plan	
	30 Sep 2023 €'000	30 Sep 2022 €'000	30 Sep 2023 €'000	30 Sep 2022 €'000
Present value of defined obligation at beginning of year	135,957	208,143	26,718	45,603
Current service cost including contributions by Schemes' participants	4,937	9,258	196	316
Interest cost	4,995	2,902	1,383	889
Actuarial loss/(gain) arising from changes in demographic assumptions	939	–	(831)	166
Actuarial loss/(gain) arising from changes in financial assumptions	(2,828)	(80,451)	(2,020)	(16,648)
Actuarial loss/(gain) arising from experience adjustments	1,839	(1,961)	3,031	(1,132)
Benefits paid	(1,712)	(1,934)	(1,347)	(1,822)
Exchange differences	–	–	908	(654)
Present value of defined benefit obligation at end of year	**144,127**	135,957	**28,038**	26,718

23. Retirement Benefits Obligations (Continued)

Movements in the present value of the plan assets in the current financial year were as follows:

	EirGrid Plan		SONI Focus Plan	
	30 Sep 2023 €'000 Total	30 Sep 2022 €'000 Total	30 Sep 2023 €'000 Total	30 Sep 2022 €'000 Total
Fair value of Schemes' assets at beginning of year	149,329	168,315	27,828	42,787
Interest Income	5,679	2,407	1,470	844
Losses on Schemes' assets	(6,959)	(28,345)	(2,726)	(14,390)
Contributions by the Companies	7,260	7,663	1,393	1,404
Contributions by Schemes' participants	1,175	1,223	21	24
Administration costs	–	–	(291)	(247)
Benefits paid	(1,712)	(1,934)	(1,347)	(1,822)
Exchange differences	–	–	938	(772)
Fair value of Schemes' assets at end of year	**154,772**	149,329	**27,286**	27,828

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	EirGrid Plan		SONI Focus Plan	
	30 Sep 2023 Projected	30 Sep 2022 Projected	30 Sep 2023 Projected	30 Sep 2022 Projected
Valuation method	**Unit**	**Unit**	**Unit**	**Unit**
Discount rate	4.05%	3.70%	5.45%	5.15%
State pension increase	2.45%	2.15%	–	–
Salary increases	2.95% Plus scale	2.65% Plus scale	3.75% Plus scale	4.00% Plus scale
Pension increases	2.65%	2.4%	3.2%	3.45%
Inflation	2.7%	2.4%	3.5%	3.75%
Post-retirement life expectancy for those retiring at age 65 in 2039:				
– Men	24.6 years	24.3 years	24.3 years	24.6 years
– Women	26.4 years	26.3 years	26.2 years	26.5 years

23. Retirement Benefits Obligations (Continued)

The discount rate used by the plan actuaries in the calculation of the pension liabilities at the year end was 4.05% (2022: 3.70%) for the EirGrid Plan and 5.45% (2022: 5.15%) for the SONI Focus Plan. The EirGrid Plan discount rate was based on the redemption yield on Euro denominated high quality corporate bonds extrapolated to an approximate duration of 23 years (2022: 24 years). The SONI Focus Plan discount rate was based on the redemption yield on Sterling denominated high quality corporate bonds extrapolated to an approximate duration of 13 years (2022: 15 years). This is consistent with the estimated term of the post-retirement benefit obligations.

There are inherent uncertainties surrounding the financial and demographic assumptions adopted by the Group. As an indication of the impact of changes in actuarial assumptions, a 50 basis point decrease in discount rates would increase the net pension plan liability by approximately 11% (2022: 11%).

Funding Requirements and Future Cash Flows

An ongoing funding valuation of the EirGrid Fund is required every three years to review the contribution rate required to fund future benefits. The most recent actuarial valuation was carried out as at 1 January 2023. The contribution rate required to fund the future service liabilities for the current active pension members is adjusted to take account of the value of any past service surplus or deficit which exists in the EirGrid Fund.

The Funding Standard position (the statutory minimum funding requirement) of the EirGrid Fund is reviewed annually. Where an Irish defined benefit scheme does not have sufficient assets to satisfy the Funding Standard, accelerated funding, in the form of a Funding Proposal may be required. As the EirGrid Fund meets the Funding Standard, no such Funding Proposal is required.

An actuarial valuation of the SONI Focus Section must take place at least every three years. The most recent actuarial valuation was carried as at 31 March 2022. The main purpose of the funding valuation is to agree the contributions payable by SONI Limited so that the SONI Focus Section is expected to have sufficient assets to pay the benefits promised to members. The Scheme Actuary certifies that the Technical Provisions have been calculated in accordance with the regulations and the Trustees' Statement of Funding Principles and the Statutory Funding Objective is expected to be met by the end of the period covered by the Schedule of Contributions. A Section 179 valuation must also be carried out to ensure the SONI Focus Section has sufficient assets to cover its liabilities in respect of the compensation that would be paid by the Pension Protection Fund.

23. Retirement Benefits Obligations (Continued)

The major categories of plan assets at the Balance Sheet date for each category are as follows:

EirGrid Plan	Fair Value 30 Sep 2023 €'000	Fair Value 30 Sep 2022 €'000
Equities	48,700	47,401
Bonds	59,600	61,100
Property	13,700	15,600
Cash	8,600	900
Alternatives	20,300	20,400
Annuities	3,872	3,928
Fair value of plan assets	**154,772**	**149,329**

For the EirGrid Plan assets all except annuities €150.9m (2022: €145.4m) have quoted market prices in an active market. The Annuities €3.9m (2022: €3.9m) have no quoted market prices in an active market.

SONI Focus Plan	Fair Value 30 Sep 2023 €'000	Fair Value 30 Sep 2022 €'000
Equities	8,033	11,164
Gilts and Bonds	18,850	16,186
Other	403	477
Fair value of plan assets	**27,286**	27,827

For the SONI Focus Plan assets, all categories €27.3m (2022: €27.8m) have quoted market prices in an active market.

The actual return on Group scheme assets was a loss of €2.5m (2022: €39.5m gain). The actual return on the EirGrid Plan scheme assets was a loss of €1.3m (2022: 25.9m gain) and the actual return on the SONI Focus Plan scheme assets was a loss of €1.2m (2022: €13.5m gain).

The Group expects to pay contributions of €4.6m (2022: €7.4m) for the EirGrid Plan and €1.2m (2022: €1.2m) for the SONI Focus Plan in the financial year to 30 September 2024.

24. Borrowings

Details of the Group's interest-bearing loans and borrowings are outlined below.

	Total 30 Sep 2023 €'000	Repayable by instalments 30 Sep 2023 €'000	Repayable other than by instalments 30 Sep 2023 €'000	Total 30 Sep 2022 €'000	Repayable by instalments 30 Sep 2022 €'000	Repayable other than by instalments 30 Sep 2022 €'000
Repayable within one year:						
Bank loans	33,981	20,129	13,852	22,236	22,326	–
Total current borrowings	33,981	20,129	13,852	22,236	22,326	–
Repayable after more than one year:						
Between one and two years	21,067	21,067	–	20,129	20,129	–
Between two and five years	93,121	93,121	–	66,476	66,476	–
In five years or more	286,698	286,698	–	151,287	151,287	–
Total non-current borrowings	400,886	400,886	–	237,892	237,892	–
Total borrowings outstanding	**434,867**	**421,015**	**13,852**	260,218	260,218	–

The terms of outstanding loans are as follows:

		Financial year of maturity	At start of year €'000	Cashflow €'000	Cashflow *€'000	Non cash €'000	At end of year €'000
Unsecured term loans							
EWIC [EirGrid Interconnector DAC]	EUR	2030	74,580	(8,194)	–	213	66,599
EWIC [EirGrid plc]	EUR	2035	182,512	(11,006)	–	–	171,506
Celtic [EirGrid plc]	EUR	2052	–	92,700	(1,245)	–	91,455
Celtic [EirGrid plc]	EUR	2052	–	92,700	(1,245)	–	91,455
SONI [SONI Ltd]	STG	2024	3,126	(3,318)	–	192	–
			260,218	162,882	(2,490)	405	421,015
Revolving credit facilities							
SONI [SONI Ltd]	STG	2024	–	11,543	–	–	11,543
SEMO [EirGrid plc & SONI Ltd]	EUR	**2024	–	2,370	–	(61)	2,309
				13,913		(61)	13,852
Total			**260,218**	**176,795**	**(2,490)**	**344**	**434,867**

*Term loan Arrangement fees.
**Option to extend 12 months.

24. Borrowings (Continued)

EWIC term loans

Borrowings by the subsidiary undertaking, EirGrid Interconnector DAC are guaranteed by EirGrid plc through a cross-guarantee structure. The bank loans are unsecured loans. A proportion of the loans has been converted from floating interest rate which is based on euribor plus a margin to fixed interest rate by using interest rate swap contracts, see note 26 for further details.

Celtic term loans and credit facility

The Celtic Interconnector project achieved Financial Investment Decision on 7 November 2022. On 15 November 2022 the €800m funding facilities were executed by all lenders which consists of term loans of €600m and revolving credit facilities of €200m. €185.4m of the term loan was drawn at year end and the revolving credit facility remained unutilised. The term loans are used solely for the construction of the project and the RCF will be used for bridging working capital purposes. The bank loans are unsecured loans and has a term of 30 years which covers 5 years of the construction period and 25 years of the operational life. €300m of the term loan is fixed based on a rate of 3.4% plus a margin and €300m is variable/floating interest rate based on Euribor plus a margin.

€282m of the term loan has been converted from floating interest rate to fixed interest rate by using interest rate swap contracts, see note 26 for further details.

SONI term loan and credit facility

The term loan was fully repaid at year end (2022:£2.4m (€3.2m)). Interest on these borrowings is at floating rates which are based on Euribor and Libor plus a margin. The SONI Ltd revolving credit facility was extended to 2024 and they had drawn down £10m (€11.5m) (2022: £Nil) at year end.

SEMO credit facilities

€200m credit facilities were put in place for the go-live of the new SEM. €50m of the facility can also be used to fund the TSOs DS3 programme. At year end, EirGrid and SONI have drawn down €nil (2022: €nil) from these revolving credit facilities to fund working capital requirements in the balancing market but SONI has drawn down €2.4m (£2.0m) (2022:€nil) of the facility to fund DS3 payments.

EirGrid plc credit facility

In July 2023, EirGrid plc put in place an RCF of €200m in August 2023 with a €100m accordion to manage short term cash deficits stemming from timing disparities between the incurrence of costs and regulatory recovery. There was €nil drawn down from these credit facilities at year end.

Unutilised borrowing facilities

The Group had unutilised borrowing facilities of €1,012.2m (2022: €211.2m) at the Balance Sheet date. €614.6m (2022: €nil) is unutilised borrowings for the Celtic project; €197.6m (€200.0m) is unutilised borrowings which have been arranged in order that the Group has sufficient standby facilities to meet unbudgeted/unexpected constraint and DS3 payments and €200.0m is an unutilised revolving credit facility to manage short term working capital needs. It has fully drawn down on its SONI RCF facility at year end (2022: €11.2m).

25. Categories of Financial Assets and Financial Liabilities

Carrying Amount	Financial assets at amortised costs €'000	Financial liabilities at amortised cost €'000	Fair value through OCI €'000	Total €'000
30 Sep 2023				
Investments	–	–	356	356
Trade & other receivables	430,328	–	–	430,328
Deferred project costs	92,525	–	–	92,525
Short term deposits	50,206	–	–	50,206
Cash and cash equivalents	773,407	–	–	773,407
Trade & other payables	–	(489,727)	–	(489,727)
Borrowings	–	(434,867)	–	(434,867)
Lease liabilities	–	(34,793)	–	(34,793)
Derivative financial instruments (note 26)	–	–	3,638	3,638
Total	**1,346,466**	**(959,387)**	**3,994**	**391,073**

	Financial assets at amortised costs €'000	Financial liabilities at amortised cost €'000	Fair value through OCI €'000	Total €'000
30 Sep 2022				
Investments	–	–	356	356
Trade & other receivables	159,199	–	–	159,199
Deferred project costs	63,954	–	–	63,954
Cash and cash equivalents	651,176	–	–	651,176
Trade & other payables	–	(208,411)	–	(208,411)
Borrowings	–	(260,218)	–	(260,218)
Lease liabilities	–	(37,006)	–	(37,006)
Derivative financial instruments (note 26)	–	–	(11,802)	(11,802)
Total	874,329	(505,635)	(11,446)	357,248

25. Categories of Financial Assets and Financial Liabilities (Continued)

Fair Value	Level 1 €'000	Level 2 €'000	Level 3 €'000	Total €'000
30 Sep 2023				
Investments	–	–	356	356
Trade & other receivables	–	–	–	–
Deferred project costs	–	–	–	–
Cash and cash equivalents	–	–	–	–
Trade & other payables	–	–	–	–
Borrowings	–	–	–	–
Lease liabilities	–	–	–	–
Derivative financial instruments (note 26)	–	3,638	–	3,638
Total	**–**	**3,638**	**356**	**3,994**

Fair Value	Level 1 €'000	Level 2 €'000	Level 3 €'000	Total €'000
30 Sep 2022				
Investments	–	–	356	356
Trade & other receivables	–	–	–	–
Deferred project costs	–	–	–	–
Cash and cash equivalents	–	–	–	–
Trade & other payables	–	–	–	–
Borrowings	–	–	–	–
Lease liabilities	–	–	–	–
Derivative financial instruments (note 26)	–	(11,802)	–	(11,802)
Total	–	(11,802)	356	(11,446)

Financial instruments that are measured subsequent to initial recognition at fair value are grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

25. Categories of Financial Assets and Financial Liabilities (Continued)

Estimation of fair values

The principal methods and assumptions used in estimating the fair values of financial assets and liabilities are explained below.

Investments

Investments in equity instruments are measured at fair value. There have been no transfers between valuation levels during the year.

Trade & other receivables/payables & deferred project costs

For the receivable and payables, a carrying amount less impairment allowances, where appropriate, is a reasonable approximation of fair value.

Cash and cash equivalents

For short term bank deposits and cash and cash equivalents, the carrying value is deemed to reflect a reasonable approximation of fair value.

Borrowings

The fair value is calculated based on discounted future principal and interest cash flows and there is no material difference between the fair value and carrying value.

Derivative financial Instrument (Interest rate swaps)

The fair value of the Group's interest rate swaps at the reporting date are determined by discounting the future cash flows using market observable interest rate curves at the reporting date and hence are considered to be Level 2 instruments. There have been no transfers between valuation levels during the year.

The banks who hold the derivatives have high credit ratings so the exposure to credit risk is deemed immaterial. The Group has evaluated the credit adjustments necessary and adjusted the valuations accordingly. The Group has remained in a stable credit and financial position throughout the financial year ended 30 September 2023 and has also evaluated the debit adjustment required and adjusted the valuations accordingly.

25. Categories of Financial Assets and Financial Liabilities (Continued)

Capital management

EirGrid plc, on vesting of the transmission system operator, had capital introduced under the Transfer Scheme dated 1 July 2006. This capital forms the core capital of the Group. There have been no changes to the core capital of the Group during the financial year. Any changes to the capital structure are subject to approval of the Minister for Environment, Climate and Communications.

The Group is funded on an ongoing basis through the regulatory tariff regime. The Group has put in place bank facilities to manage liquidity and cash flow to allow for timing mismatches between regulatory tariff receipts and working capital requirements.

Significant capital expenditure projects are funded through external borrowings and subject to approval by the Minister. The Group's borrowing powers are set through legislation and individual borrowings are subject to approval by the Minister. On 14 March 2008, the Electricity Regulation (Amendment) (EirGrid) Act 2008 was signed into Irish Law. Primarily this Act empowered the Group to construct the East West Interconnector and also increased the borrowing powers of the Group to a limit of €750m. Section 13 of the EirGrid, Electricity and Turf (Amendment) Bill 2022 amends section 6 of the Electricity Regulation (Amendment) (EirGrid) Act 2008 which provides for an increased borrowing limit for EirGrid of up to €3 billion. The amendment helps to strengthen the National Grid as part of 'Shaping Our Electricity Future' and to deliver the Celtic (Ireland-France) Interconnector.

The Group's policy is to secure a low, stable, acceptable cost of funds over time, subject to acceptable levels of risk. The Group also maintains a balanced maturity profile in relation to its core borrowing portfolio so as to avoid peaked repayments and refinancing risk.

Further details of the borrowing facilities and the related hedging strategies are set out below.

Overview of financial risk management

There are no significant concentrations of risk and there has been no significant change during the financial year, or since the end of the year, to the types of financial risks faced by the Group or the Group's approach to the management of those risks.

The Group's funding, liquidity and exposure to interest and foreign exchange rate risks are managed by the Group's treasury function. Policies to protect the Group from these and other risks are regularly reviewed and approved by the Board.

The key financial risks to which the Group is exposed relate to liquidity, capital, market (including interest rate) and capital risk both arising from day to day operations and from key capital expenditure projects.

25. Categories of Financial Assets and Financial Liabilities (Continued)

The Group manages its liquidity and capital risk for day to day operations through the regulatory process for establishing tariffs with the Commission for Regulation of Utilities (CRU) and the Utility Regulator Northern Ireland (UR) and through internal budgeting and monitoring of variances. The Group has negotiated stand-by facilities with various banks to support cash flow projections and requirements.

For capital expenditure, the Group has in place key expenditure approval and project management processes.

Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group is exposed to credit risk from the counterparties with whom it holds its bank accounts. The Group mitigates its exposure by spreading funds across a number of financial institutions which have a sovereign guarantee on customer deposits or have a credit rating from an independent rating agency consistent with the treasury policy approved by the Board. The Group is also exposed to counterparty risk on undrawn facilities and interest rate swap instruments. Consistent with our Treasury Policy the Group deals only with counterparties with high credit ratings to mitigate this risk. Management does not expect any significant counterparty to fail to meet its obligations. The maximum exposure to credit risk is represented by the carrying amount of each asset.

For the balancing market, under the terms of the Trading and Settlement Code for the Single Electricity Market ("SEM") each participant is required to provide credit cover at a level notified to it by the Market Operator. Such credit cover can be provided by means of an irrevocable standby letter of credit or a cash deposit held in a SEM collateral reserve account (security accounts held in the name of market participants). Any bad debt arising in the SEM, to the extent that it exceeds the available credit cover, is shared by market participants and is not borne by the Market Operator. SEMO market participant trade receivables included in Group other receivables as at 30 September 2023 were €17.1m (2022: €28.0m). Other payables include €115.2m (2022: €12.0m) owed to the market in respect of market surplus. The market balance arises mainly as a result a mismatch between the budgeted tariff income rate versus actual constraint costs which vary each year due to the unpredictable nature of the balancing market. The market balances are settled via a k-factor tariff adjustment in future years.

EPEX manages the day ahead and intraday markets for SEMOpx. The European Commodities Clearing (ECC) performs the clearing and settlement of the SEMOpx power exchange and takes financial responsibility for all concluded trades. ECC maintain collateral requirements with the exchange members and their clearing banks with any bad debt borne by ECC as the counterparty.

Appropriate arrangements are also in place to effectively manage the Group's credit risk arising from its Transmission System Operator activities. All users must deliver to the Group and subsequently maintain security for payment of all monies due to the Group under the Use of System Agreement ("Security Cover") in the form of a letter of credit or a cash deposit.

25. Categories of Financial Assets and Financial Liabilities (Continued)

FTR market participants are governed by JAO's allocations rules. Those allocation rules mandate either a bank guarantee or cash deposit.

The deferred project costs are recovered from the transmission asset owners which are governed by agreements which facilitates the operational interaction between the TSOs and TAOs. Those agreements ensure that the TSOs are not exposed to any credit risk from the recovery of the project costs.

The Group applies the simplified approach to providing expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables and contract assets. An allowance matrix is used to measure the ECLs of the trade receivables but there is no exposure to default due to the credit risk management policies set out above. As a result the loss allowance at 30 September 2023 was nil.

The average credit period on trade receivables is two months. The ageing profile of these past due but not impaired balances is:

	30 Sep 2023 €'000	30 Sep 2022 €'000
60 to 90 days	–	–
90 to 120 days	–	–
Greater than 120 days	–	–
Total	**–**	–

26. Derivative Financial Instruments and Financial Risk Management

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Compliance with the Group's debt covenants is monitored continually based on management accounts.

The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe. All trade payables at the reporting date are within this credit timeframe. Where the Company causes the late payment of an invoice, interest is paid to the supplier.

The Group has access to funding facilities, the total unutilised amount of which was €1,012.2m at the Balance Sheet date (2022: €211.2m). €614.6m (2022: €nil) is unutilised borrowings for the Celtic project; €197.6m (€200.0m) is unutilised borrowings which have been arranged in order that the Group has sufficient standby facilities to meet unbudgeted/unexpected constraint and DS3 payments and €200.0m is an unutilised revolving credit facility to manage short term working capital needs. It has fully drawn down on its SONI RCF facility at year end (2022: €11.2m).

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

	Less than 1 month €'000	1 to 12 months €'000	1 to 5 years €'000	Greater than 5 years €'000	Total €'000
30 Sep 2023					
Trade & other payables	46,561	319,012	–	–	365,573
Lease liabilities including interest	–	2,958	14,819	20,517	38,294
Borrowings including interest	–	52,252	211,694	938,084	1,202,030
Total	**46,561**	**374,222**	**226,513**	**958,601**	**1,605,897**
30 Sep 2022					
Trade & other payables	177,317	19,114	–	–	196,431
Lease liabilities including interest	–	2,926	14,239	23,772	40,937
Borrowings including interest	–	34,540	125,127	178,405	338,072
Total	177,317	56,580	139,366	202,177	575,440

The cash flow hedges are expected to occur and affect the income statement over a period of 13 years and 30 years.

26. Derivative Financial Instruments and Financial Risk Management (Continued)

The amounts recognised and reclassified out of the cash flow hedge reserve are as follows:

	30 Sep 2023 €'000	30 Sep 2022 €'000
Gains arising during the year	11,992	48,776
Reclassified to income statement (included in finance costs)	3,448	11,623
Total	**15,440**	60,399

Market Risk

Interest rate risk management

The Group are exposed to interest rate risk as they borrow funds at floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings through the use of interest rate swap contracts.

The interest rates swap asset at year end was €3.6m (2022: €11.8m liability). The notional amount on the EWIC swaps was €224.2m (2022: €258.6m) at an interest rate of 3.8% (2022: 3.8%) which hedged the unsecured term loan facilities of €239.5m (2022: €258.6m). €282m of the €600m Celtic term loan is hedged. The notional amount on the Celtic swaps was €92.7m at an interest rate of 3.4% which hedged the unsecured term loan facilities of €92.7m.

Under interest rate swap contracts, the Group agree to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the risk of the cash flow exposure on the issued variable rate interest on borrowings.

The Group's interest rate swaps settle periodically and the floating rates are reset between a three and six monthly basis. The Group will pay or receive the difference between the fixed and floating interest rate on a net basis.

All interest rate swap contracts exchanging floating rate interest amounts for fixed rate interest amounts are designated as cash flow hedges in order to reduce the Group's cash flow exposure resulting from variable interest rates on borrowings. The net settlements under the interest rate swaps and the interest payments on the borrowings occur simultaneously. The amount deferred in equity is recognised in profit or loss over the period that the floating rate interest payments on debt impact profit or loss.

26. Derivative Financial Instruments and Financial Risk Management (Continued)

Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the combined exposure to interest rates for borrowings and derivative instruments at the Balance Sheet date. A 50 basis point increase or decrease is used when reporting interest rate risk and represents management's assessment of reasonably possible changes in interest rates.

If current and forward interest rates had been 50 (2022: 50) basis points higher/lower and all other variables were held constant, the Group's:

- Profit for the financial year to 30 September 2023 would have been impacted by €nil (2022: €nil); and
- Other equity reserves would have been impacted by €20.0m/(€21.7m)/(2022: €6.7m/(€7.1m)), mainly as a result of changes in the fair value of its cash flow hedges.

Foreign currency exchange risk management

The Group is exposed to foreign currency risk through the operations of its two subsidiaries incorporated in Northern Ireland, which have a Sterling functional currency and through Sterling capital expenditure. The risk arising from subsidiaries with Sterling functional currencies is partially mitigated by the majority of both revenue and expenditure from UK operations being denominated in Sterling. The Group has sought to further reduce this exposure by funding operations in Northern Ireland using Sterling borrowings.

Foreign currency exchange sensitivity analysis

The sensitivity analyses below have been determined based on the Group's exposure to its Sterling operations as at the Balance Sheet date. The SONI TSO segment recorded a loss before tax of €37.5m during the year to 30 September 2023 (2022: profit of €11.3m). A 20% increase or decrease has been used when reporting foreign currency exchange risk and represents management's assessment of reasonably possible changes in exchange rates.

If exchange rates had been 20% higher/lower and all other variables were held constant, the Group's profit before tax for the year to 30 September 2023 would be €1.4m lower (2022: €12.2m higher). Other equity reserves would have been impacted by €2.8m (2022: €4.5m).

27. Related Party Transactions

EirGrid plc is an Irish commercial state organisation, and as such is a related party of the Government of Ireland. Brendan Tuohy, Mark Foley and Martin Corrigan hold one share each in the share capital of the Company on behalf of the Minister for Public Expenditure and Reform, one ordinary share of the Company is held by the Minister for Environment, Climate and Communications and the remainder of the issued share capital is held by the Minister for Public Expenditure and Reform, or on his behalf.

Board members had no beneficial interest in the Group at any time during the year.

In common with many other entities, the Group deals in the normal course of business with other Government sponsored bodies such as ESB so the major transactions are disclosed below.

An Infrastructure Agreement is in place between the Group and ESB under the auspices of the Commission for Regulation of Utilities (CRU), in relation to the roles of owner and operator of the transmission system. The charges to the Consolidated Income Statements under this Agreement were as follows:

	Year to 30 Sep 2023 €'000	Year to 30 Sep 2022 €'000
Transmission asset owner charge	**275,895**	236,326

At 30 September 2023 a total of €52.9m (2022: €38.2m) was payable to ESB under this Agreement. The movement in this balance was as follows:

	30 Sep 2023 €'000	30 Sep 2022 €'000
Opening balance	38,228	56,833
Charges during the year	300,726	264,220
Payments made during the year	(286,046)	(282,825)
Closing balance	**52,908**	38,228

This outstanding balance is unsecured and payable in cash and cash equivalents.

27. Related Party Transactions (Continued)

On 7 July 2022, the Commission for Regulation of Utilities ("CRU") gave a direction to EirGrid plc under regulation 28(10) of the European Communities to deliver additional temporary emergency electricity generation capacity for the period of winter 2023-2024 to winter 2025-2026 and if needed to the end of winter 2026-27. In order to enable EirGrid plc to comply with the Direction, the Minister for the Environment, Climate and Communications provided a grant of €151.0m (see note 17 further details). The Group has entered into contracts that procure the delivery of temporary emergency generation assets. EirGrid Plc and EirGrid 2022 SPV DAC entered into a Services Agreement, Asset Sale Agreement and Novation agreement with ESB. The Group incurred Temporary Emergency Generation direct costs of €121.7m (2022: €41.3m). Included in trade payables is €16.6m (2022: €1.5m) payable to ESB and there was €37.9m (2022: €41.3m) included in accruals in respect of these agreements. Included in other receivables is an ESB receivable with a carrying value of €232.7m related to the asset sale agreement which has been discounted to €214.9m using a discount rate of 4.09% which reflects the prevailing market rate of interest for a similar instrument with a similar credit rating.

28. Post Balance Sheet Events

(a) Clean Energy Package

The EU introduced a Regulation (Regulation EU 2019/943) ("the Regulation") for the electricity market as part of the 'Clean Energy Package' of legislation which came into effect on 1 January 2020. This Regulation includes rules for managing electricity generation and demand response (Article 12) and dispatching (Article 13) and includes a requirement for compensation to be paid at Article 13(7). After consulting with stakeholders, the Single Electricity Market Committee (SEMC) made decisions on how to implement the Regulation, including in relation to the compensation provision set out in Article 13(7), as published in their decision paper (SEM-22-009) in March 2022 ("the SEMC Decision"). From an accounting perspective, EirGrid as TSO has to date been recognising the compensation obligation under Article 13(7) of the Regulation based on the SEMC Decision and a provision has been made in our financial statements every year since the Regulation came into effect. Based on the SEMC Decision, EirGrid will recover the costs through a market-based tariff and has recognised a corresponding receivable so there has been no impact to the income statement to date (see provision note 20).

In 2022, High Court Judicial Review proceedings were taken in the Republic of Ireland by two separate groups of windfarm developers challenging the legality of the SEMC Decision made by the Commission for the Regulation of Utilities (CRU) acting through the SEMC. Each of the applicants sought various Court "orders" and declarations including an order overturning the SEMC Decision, and order requiring the CRU to give full effect to the compensation provision at Article 13(7), a declaration that compensation under Article 13(7) should be paid by EirGrid acting as TSO and an order preventing any deferral of compensation until 2024/25 as set out in the SEMC Decision.

28. Post Balance Sheet Events (Continued)

The High Court issued its Judgement in the case on 10th November 2023 and set out the decision of the Court that a number of aspects of the SEMC Decision were in conflict with Article 13(7). In particular, the Judgement challenged the calculation methodology adopted in the SEMC Decision and stated that compensation should be paid by EirGrid, in its role as the TSO rather than through the SEM. As a result of the Judgement, compensation payable under Article 13(7) will be a TSO cost and, as such, will be recognised as an expense in the income statement, with costs subsequently recovered through a TSO tariff which will be recognised as income.

At the date of signing the financial statements, the current legal process has not finally concluded as the Court has yet to issue its final orders. Upon finalisation of the orders, the parties to the legal proceedings may seek to appeal the Judgment of the High Court. As there are no final orders from the Court and in the absence of a clear methodology, funding mechanism and means to calculate and make payments, the Judgement is treated as a non-adjusting post balance sheet event based while we await the conclusion of the legal proceedings and further regulatory direction.

At this time, it is difficult to quantify the financial impact accurately. Management's estimate of the compensation payable under Article 13(7), if the Judgement were to be sustained, is between €106.5m and €302.6m. This is subject to significant estimation uncertainty due to the complexities of interpreting the financial implications of Article 13(7) of Regulation 943 in the context of the Judgement and in the absence of further regulatory direction.

EirGrid is closely monitoring the legal proceedings.

(b) SONI demerger

On the 30 August 2022, the Utility Regulator published their decision on the proposed licence modification to the SONI Transmission System Operator, which came into effect on 26 October 2022. The licence modifications fundamentally alter the governance arrangements between SONI Ltd and its parent (EirGrid plc) and also require the managerial and resource separation of SONI Ltd. from the EirGrid Group in terms of employees, premises, IT and other systems, equipment, facilities, processes and assets.

On 1 October 2023, a new independent SONI Ltd. board was appointed following on from approval by the UR, the first significant step in the implementation of the licence modifications. All decision making and responsibility for the performance of SONI now sits with the new SONI Ltd. Board. Following the appointment of the new SONI Ltd. Board, changes are being made to the EirGrid and SONI management structures as the next step to full operational and managerial independence.

28. Post Balance Sheet Events (Continued)

As set out in note 2, the Consolidated Financial Statements incorporate the Financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved when the Company: has power over the investee, is exposed, or has rights to variable return from its involvement with the investee and has the ability to use its power to affect its return. On that basis, SONI Ltd has been consolidated into the FY2023 group financial statements. Given the governance changes required as a result of the UR's SONI Governance decision, the Company will no longer be able to demonstrate control over SONI Ltd and as a result will no longer consolidate SONI Ltd into the Group financial statements from 1 October 2023. The assets and liabilities of SONI will be derecognised at their carrying amounts, the fair value of retained interest will be recognised as an investment in financial asset, any difference between the carrying value and fair value will be recognised as a gain or loss in the profit or loss account, this will first impact the EirGrid consolidated financial statements for the year ended 30th September 2024.

(c) Director Resignation

Michael O'Sullivan resigned from the Board with effect from 14 December 2023.

29. Approval of Financial Statements

The Board approved the Financial Statements on 11 March 2024.

Company Financial Statements

Company Balance Sheet as at 30 September 2023

	Notes	30 Sep 2023 €'000	30 Sep 2022 €'000
Non-Current assets			
Investments in subsidiaries	30 (E)	155,761	155,761
Other investments	30 (G)	325	325
Intangibles	30 (H)	43,502	44,115
Property, plant & equipment	30 (I)	85,945	57,072
Right of use assets	30 (J)	21,001	23,814
Retirement benefit asset	30 (S)	10,645	13,372
Total non-current assets		**317,179**	294,459
Trade and other receivables: amounts falling due after more than one year	30 (K)	393,329	268,524
Current assets			
Cash and cash equivalents	30 (L)	683,504	567,349
Trade and other receivables	30 (M)	601,670	211,570
Total current assets		**1,285,174**	778,919
Trade and other payables: amounts falling due within one year	30 (N)	(656,397)	(462,735)
Net current assets		**628,777**	316,184
Total assets less current liabilities		**1,339,285**	879,167
Trade and other payables: amounts falling due after more than one year	30 (O)	(517,565)	(206,265)
Provisions			
Other provisions	30 (T)	(119,906)	(85,475)
Net assets		**701,814**	587,427
Capital and reserves			
Called up share capital presented as equity	18	38	38
Capital reserve		49,182	49,182
Hedging reserve		3,948	(7,930)
Retained earnings		648,646	546,137
Total equity		**701,814**	587,427

Approved by the Board and signed on their behalf:

Brendan Tuohy
Chairperson

Mark Foley
Chief Executive

Date
11 March 2024

Company Statement of Changes in Equity for the Financial Year to 30 September 2023

	Issued share capital €'000	Capital reserve €'000	Hedging reserve €'000	Retained earnings €'000	Total attributable to equity holders €'000
Balance as at 1 Oct 2022	38	49,182	(49,024)	411,443	411,639
Profit for the year	–	–	–	91,385	91,385
Other comprehensive income					
Remeasurements of defined benefit scheme net of deferred tax	–	–	–	47,309	47,309
Cash flow hedge movement net of deferred tax	–	–	41,094	–	41,094
Dividends	–	–	–	(4,000)	(4,000)
Balance as at 30 Sep 2022	38	49,182	(7,930)	546,137	587,427
Profit for the year	–	–	–	112,554	112,554
Other comprehensive income					
Remeasurements of defined benefit scheme net of deferred tax	–	–	–	(6,045)	(6,045)
Cash flow hedge movement net of deferred tax	–	–	11,878	–	11,878
Dividends	–	–	–	(4,000)	(4,000)
Balance as at 30 Sep 2023	**38**	**49,182**	**3,948**	**648,646**	**701,814**

Capital Reserve

The capital reserve arose on the vesting of the TSO operations from ESB to the Company under the Transfer Scheme dated 1 July 2006. There have been no movements in the reserve since this date.

Hedging Reserve

The hedging reserve represents the cumulative portion of gains and losses on hedging instruments deemed effective in cash flow hedges. The cumulative deferred gain or loss on the hedging instruments is recognised in profit or loss only when the hedged transaction impacts the profit or loss, or is included as a base adjustment to a non-financial hedged item.

Retained Earnings

Retained earnings comprise accumulated earnings net of dividends in the current financial year and prior financial years.

30 (A). Statement of Compliance

The individual financial statements of the Company were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (March 2018) ("FRS 101"). The Company financial statements have adopted certain exemptions under FRS 101. These exemptions include:

- a cashflow statement and related notes;
- disclosures in respect of revenue recognition;
- disclosures in respect of the compensation of key management personnel;
- disclosures in respect of transactions with wholly owned subsidiaries;
- disclosures in respect of capital management;
- certain comparative information; and
- the effects of new but not yet effective IFRSs.

As the consolidated financial statements include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

30 (B). General Information

EirGrid plc is a public limited company and is incorporated in Ireland. The registered office of EirGrid plc is The Oval, 160 Shelbourne Road, Ballsbridge, Dublin 4 (Registration number 338522). The principal activity of the Company is included in the Directors' Report on page 156. The largest group of which the Company was a member and for which group accounts are prepared is EirGrid plc. Copies of the consolidated group accounts of EirGrid plc which are included on page 171 to 241 are available from the Company Secretary, EirGrid plc, 160 Shelbourne Road, Dublin 4.

The Company applies consistent accounting policies to those applied by the Group. Please refer to pages 179 to 198 of the Group financial statements for disclosure of the relevant accounting policies.

30 (C). Profits Attributable to EirGrid PLC

Profit for the year attributable to the Parent Company amounted to €112.6m (2022: €91.4m).
In accordance with Section 304(2) of the Companies Act, 2014, the Company is availing of the exemption from presenting its individual Income Statement to the Annual General Meeting. The Company has also availed of the exemption from filing its individual Income Statement with the Registrar of Companies as permitted by Section 304(2) of the Companies Act, 2014.

30 (D). Employees

The average number of persons employed by the Company during the year to 30 September 2023 was 432 (2022: 398), excluding staff engaged on capital projects.

The average number of persons engaged on capital projects during the year to 30 September 2023 was 88 (2022: 81). The staff costs associated with these employees have been capitalised and totalled €8.9m for the year to 30 September 2023 (2022: €7.7m).

Average number of persons employed on a monthly basis by business activity:

	Year to 30 Sep 2023 Number	Year to 30 Sep 2022 Number
EirGrid TSO	371	344
SEMO	47	41
SEMOpx	7	7
EWIC	7	6
Capital projects	88	81
Total	**520**	479

Total remuneration including the Executive Director's salary, comprised:

	Year to 30 Sep 2023 €'000	Year to 30 Sep 2022 €'000
Wages and salaries	40,100	36,201
Social insurance costs	4,642	4,039
Other retirement benefit costs	5,268	9,146
Total remuneration paid to employees	**50,010**	49,386
Employee costs charged to Income Statement	41,130	41,656
Employee costs capitalised	8,880	7,730
Total remuneration paid to employees	**50,010**	49,386

30 (E). Investment in Subsidiaries

The Group's subsidiaries, all of which are wholly owned, are:

Subsidiary	Country of incorporation	Subsidiary
EirGrid UK Holdings Limited	Northern Ireland	Holding company TSO
SONI Limited	Northern Ireland	Northern Ireland
EirGrid Interconnector Designated Activity Company	Ireland	Interconnection
EirGrid Telecoms Designated Activity Company	Ireland	Telecommunications
EirGrid Celtic Interconnector Designated Activity Company	Ireland	Dormant company
EirGrid SPV 2022 Designated Activity Company	Ireland	Emergency generation procurement

EirGrid UK Holdings Limited, EirGrid Interconnector Designated Activity Company, EirGrid Telecoms Designated Activity Company and EirGrid Celtic Interconnector Designated Activity Company are owned directly by the Company. SONI Limited is owned by EirGrid UK Holdings Limited.

EirGrid plc and EirGrid Interconnector Designated Activity Company are parties to certain financing agreements regarding the ownership of the East West Interconnector which effectively require approval from lending banks for any distributions from EirGrid Interconnector Designated Activity Company to EirGrid plc.

EirGrid Celtic Interconnector Designated Activity Company was incorporated on 12 September 2018 and remained dormant to the end of the financial year.

EirGrid SPV 2022 Designated Activity Company was incorporated on 14 September 2022 for the purposes of procuring the delivery of temporary emergency generation.

The registered office of EirGrid Interconnector Designated Activity Company, EirGrid Telecoms Designated Activity Company, EirGrid Celtic Interconnector Designated Activity Company and EirGrid SPV 2022 Designated Activity Company is The Oval, 160 Shelbourne Road, Ballsbridge, Dublin 4.

The registered office of EirGrid UK Holdings Limited and SONI Limited is Castlereagh House, 12 Manse Road, Belfast.

Investment in Subsidiaries	30 Sep 2023 €'000	30 Sep 2022 €'000
Balance as at 1 Oct 2022	155,761	155,761
Additions*	–	–*
Balance as at 30 Sep 2023	**155,761**	155,761

*EirGrid plc acquired 100 ordinary shares of EirGrid SPV 2022 DAC at €1 each.

30 (E). Investment in Subsidiaries (Continued)

The Company has made total advances of €31.7m to EirGrid Interconnector Designated Activity Company, and on-lent total debt of €285.0m in 2009. The Company has recognised an investment of €155.5 (2022: €155.5m) in EirGrid Interconnector Designated Activity Company and €0.2m in EirGrid Telecoms Designated Activity Company, representing the present value estimate of the commercial rate of interest foregone by the Company over the life of these loans. The on-lent debt balance to EirGrid Interconnector Designated Activity Company at year end is €124.2m (2022: €128.5m).

30 (F). Interest in Joint Operation

The Single Electricity Market (SEM) is the wholesale electricity market operating in Ireland and Northern Ireland, which came into operation on 1 November 2007. On that date the old wholesale electricity market in Ireland ceased and the new SEM commenced. SEMO was established as the contractual joint operation between the Company and SONI Limited responsible for the operation of the wholesale electricity market for the island of Ireland from 1 November 2007 onwards. The Company has a 75% interest in SEMO.

EirGrid plc and SONI Limited have developed and implemented the NEMO services for Northern Ireland and Ireland through SEMOpx, a 75/25 contractual joint operation between EirGrid plc and SONI Limited. SEMOpx was established on 28 September 2018. EirGrid plc is designated by the Commission for Regulation of Utilities (CRU) as a NEMO for Ireland and SONI Limited is designated by the Utility Regulatory (UR) as a Nominated Electricity Market Operator (NEMO) for Northern Ireland. The NEMO designations allow SONI Limited and EirGrid plc to provide day-ahead auction and intraday markets for trading in SEM.

Capacity Market Code JV is a 75/25 joint operation between EirGrid plc and SONI Limited, established on 28 September 2018. Its purpose is to administer the Capacity Market Code.

The Company has considered each of these arrangements a joint operation so the share of assets, liabilities, income and expenses has been included in the Company Financial Statements on a line by line basis.

The following amounts are included in the Company Financial Statements on a line by line basis to reflect SEMO and SEMOpx into the Company accounts.

	30 Sep 2023 €'000	30 Sep 2022 €'000
Non-current assets	13,223	12,023
Current assets	201,352	146,536
Total assets	**214,575**	158,559
Total equity	36,515	34,279
Current liabilities	178,060	124,280
Total liabilities	178,060	124,280
Total equity and liabilities	**214,575**	158,559

30 (F). Interest in Joint Operation (Continued)

	Year to 30 Sep 2023 €'000	Year to 30 Sep 2022 €'000
Revenue	15,840	19,083
Expenses	(13,604)	(14,783)
Operating profit	**2,236**	4,300

EirGrid plc, has a 50% equity interest in Celtic Interconnector DAC, a company incorporated in Ireland which is a joint arrangement between EirGrid plc and Réseau De Transport D'Électricité ('RTE').
The Celtic interconnector project is the proposed undersea electricity link connecting Ireland and France. The purpose of the Joint arrangement is to carry out certain designated works during the design and consultation stage of the project.

Under IFRS 11, the Company classifies its interest in joint arrangements as either joint operations or joint ventures depending on the Company's rights to the assets and obligations for the liabilities of the arrangements. When making the assessment, the Company considers the structure and legal form of the arrangements, the contractual terms of the arrangement agreed by the parties and when relevant, other facts and circumstances.

Although Celtic Interconnector DAC is separate legal entity, the Company has accounted for it as a joint operation due to the contractual arrangements in place between EirGrid plc and RTE. Both parties are providing the cash to settle the Celtic Interconnector DAC liabilities and the output of Celtic Interconnector DAC is provided to both parties.

As a result, the Company has accounted for its share of Celtic Interconnector DAC assets, liabilities, income and expenses in its Company Financial Statements on a line by line basis. EirGrid plc is deemed to own 50% of the rights to the assets and obligations for the liabilities.

The following amounts are included in the Company Financial Statements on a line by line basis:

	30 Sep 2023 €'000	30 Sep 2022 €'000
Non-current assets	–	–
Current assets	253	535
Total assets	**253**	535
Total equity	13	12
Current liabilities	240	523
Total liabilities	240	523
Total equity and liabilities	**253**	535

	Year to 30 Sep 2023 €'000	Year to 30 Sep 2022 €'000
Revenue	48	27
Expenses	(43)	(21)
Operating profit	**5**	6

30 (G). Other Investments

	30 Sep 2023 €'000	30 Sep 2022 €'000
Balance as at 1 Oct 2022	325	325
Additions	–	–
Balance as at 30 Sep 2023	**325**	325

In 2018, EirGrid acquired a 4.75% equity interest in Joint Allocation Office S.A for €0.2m, a company registered in Luxembourg. Under EU Rules TSOs are obliged to implement a Single Allocation Platform for capacity on interconnectors. EirGrid, as the certified TSO for the East West Interconnector, became a shareholder in the Joint Allocation Office (JAO) which has been proposed by the TSOs as the Single Allocation Platform.

Under the European rules (Network Codes), EirGrid is obliged to co-operate on a regional basis with at least one 'Regional Security Co-ordinator' (RSC) so it has acquired a 3.7% equity interest in the RSC Coreso SA for €0.1m in 2018, a company registered in Belgium.

30 (H). Intangible Assets

	Integrated Single Electricity Market €'000	Other IT Software €'000	Software under development €'000	Total €'000
Cost				
Balance as at 30 Sep 2022	81,837	41,616	19,188	142,641
Additions	–	–	19,718	19,718
Transfer (to)/from other assets	6,193	6,203	(12,396)	–
Balance as at 30 Sep 2023	88,030	47,819	26,510	162,359
Amortisation				
Balance as at 30 Sep 2022	60,436	38,090	–	98,526
Amortisation charge	16,593	3,738	–	20,331
Balance as at 30 Sep 2023	77,029	41,828	–	118,857
Carrying amount as at 30 Sep 2023	**11,001**	**5,991**	**26,510**	**43,502**
Carrying amount as at 30 Sep 2022	21,401	3,526	19,188	44,115

The SEM has undergone significant change. EU legislation is driving the coming together of energy markets across Europe with the aim of creating a fully liberated internal electricity market. Significant investment was required in the redesign of the SEM and these costs are defined as the Integrated Single Electricity Market ('I-SEM') asset.

30 (I). Property, Plant & Equipment

	Land and Buildings* €'000	Fixtures and fittings €'000	IS, telecomm-unications equipment and other €'000	Motor Vehicles €'000	Integrated Single Electricity Market** €'000	Assets under Constr-uction*** €'000	Total €'000
Cost							
Balance as at 30 Sep 2022	20,408	5,706	64,471	77	2,923	31,205	124,790
Additions	–	–	–	–	–	33,596	33,596
Disposals	–	–	–	–	–	–	–
Transfer (to)/from other classes	–	1,704	1,202	–	–	(2,906)	–
Balance as at 30 Sep 2023	20,408	7,410	65,673	77	2,923	61,895	158,386
Depreciation							
Balance as at 30 Sep 2022	6,147	3,978	55,176	77	2,340	–	67,718
Charge	433	946	2,761	–	583	–	4,723
Disposals	–	–	–	–	–	–	–
Balance as at 30 Sep 2023	6,580	4,924	57,937	77	2,923	–	72,441
Carrying amount as at 30 Sep 2023	**13,828**	**2,486**	**7,736**	**–**	**–**	**61,895**	**85,945**
Carrying amount as at 30 Sep 2022	14,261	1,728	9,295	–	583	31,205	57,072

*The cost of the Company's buildings represents leasehold improvements.
**This asset relates to costs associated with the redesign of the new SEM market and relates to IT Hardware.
***Assets under Construction consist of IT hardware, telecommunications, facilities, EWIC and Celtic Interconnector project expenditure. €7.3m of Celtic Interconnector project borrowing costs have been capitalised during the year.

30 (J). Right of Use Assets and Lease Liabilities

Right of use assets	Property €'000	Motor vehicles €'000	Total €'000
Cost			
Balance as at 1 Oct 2021	33,111	29	33,140
Lease modifications	220	–	220
Balance as at 1 Oct 2022	33,331	29	33,360
Lease modifications	–	–	–
Balance as at 30 Sep 2023	33,331	29	33,360
Accumulated depreciation and impairment losses			
Balance as at 1 Oct 2021	6,451	26	6,477
Depreciation	3,066	3	3,069
Balance as at 1 Oct 2022	**9,517**	**29**	**9,546**
Depreciation	2,813	–	2,813
Balance as at 30 Sep 2023	12,330	29	12,359
Carrying amount as at 30 Sep 2023	**21,001**	**–**	**21,001**
Carrying amount as at 30 Sep 2022	23,814	–	23,814

Lease liabilities	Total €'000
Balance as at 1 Oct 2022	27,642
Lease modification	–
Interest	368
Lease payments	(2,619)
Balance as at 30 Sep 2023	**25,391**

Analysed as:	€'000
Current	2,208
Non-current	23,183
Balance as at 30 Sep 2023	**25,391**

The table below shows the maturity analysis of the discounted and undiscounted lease liability arising from the Group's leasing activities.

Lease liabilities	Discounted €'000	Undiscounted €'000
Within one year	2,208	2,547
Between two and five years	12,206	13,173
After five years	10,976	11,262
Total	**25,390**	**26,982**

30 (J). Right of Use Assets and Lease Liabilities (Continued)

Amounts recognised in consolidated income statement	Total €'000
Depreciation on right of use assets	2,813
Expenses relating to short terms leases	–
Variable lease payments*	16
Expenses relating to leases of low value leases, excluding short term leases of low value assets	–
Interest on lease liabilities	368

*The Group has a managed print service contract with variable lease payments linked to future use of the underlying asset so these payments have been excluded from the measurement of the lease liabilities.

Amounts recognised in consolidated cash flow statement	Total €'000
Total cash outflows for the lease during the year*	2,619

*Includes interest expense, principal repayments, short term and low value lease expenses.

30 (K). Trade and Other Receivables – Amounts Falling Due After More Than One Year

	30 Sep 2023 €'000	30 Sep 2022 €'000
Prepayments and deferred project costs	45,769	24,923
Advance payment	107,837	–
Other receivables	79,875	85,475
Amounts owed by subsidiary undertakings	155,336	158,126
Derivative financial instruments	4,512	–
Total	**393,329**	268,524

The Directors consider that the carrying amount of trade and other receivables approximates their fair value.

Company prepayments and deferred project costs include deferred costs in respect of transmission projects of €45.8m (2022: €24.9m), all of which may not be recoverable within twelve months.

Other receivables includes €79.9m (2022: €51.4m) relating to recoverable costs arising from the introduction of the EU Regulation 2019/943 on the internal market for electricity which came into effect on 1 January 2020. The Group is satisfied that all costs arising from these matters will be supported by a regulated, market-based tariff. These costs have been recognised through a provision as outlined in note 30 (T).

30 (L). Cash and Cash Equivalents

	30 Sep 2023 €'000	30 Sep 2022 €'000
Corporate cash	278,128	296,754
Restricted/Ringfenced cash	405,376	270,595
Balance as at 30 Sep 2023	**683,504**	567,349

Cash and cash equivalents primarily comprises cash held by the Company and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates their fair value. The credit risk on liquid funds is limited because the counterparties are banks with relatively high credit ratings assigned by international credit rating agencies.

Included in the cash balances are security deposits, collateral and bonds of €31.6m (2022: €13.3m). Included in the cash balances is €98.9m (2022: €14.6m) held on trust for market participants in the SEM and €64.4m (2022: €85.4m) held in SEM collateral reserve accounts (security accounts held in the name of market participants), €0.6m (2022: €0.9m) which represents cash which can only be used for the purposes of the EWIC asset, €53.5m (2022: €nil) which represents cash which can only be used for the purposes of the Celtic asset and €156.4m (2022: €156.4m) of cash which is ringfenced as the cash is collected and returned to the relevant customer.

30 (M). Trade and Other Receivables – Amounts Falling Due Within One Year

	30 Sep 2023 €'000	30 Sep 2022 €'000
Trade receivables	1,023	3,711
Prepayments and deferred project costs	66,491	35,055
Advance payment	9,774	–
Short Term deposits	50,206	–
Unbilled receivables	157,516	108,586
Other receivables	88,995	34,170
Current tax receivables	2,815	6,306
Amounts owed by subsidiary undertakings	224,850	23,742
Total	**601,670**	211,570

€5.1m (2022: €1.8m) of the other receivables balance relates to payments due from ESB as Transmission Asset Owner in Ireland.

Company prepayments and deferred project costs include deferred costs in respect of transmission projects of €31.0m (2022: €25.1m), all of which expected be recoverable within twelve months.

Other receivables includes €40.0m (2022: €34.1m shown in due more than 1 year) relating to the ongoing legal claim provision outlined in note 30 (T). In the event of compensation we would expect any payment to be covered by funds held on the Group Balance Sheet so the costs will be recoverable.

30 (N). Trade and Other Payables – Amounts Falling Due Within One Year

	Note	30 Sep 2023 €'000	30 Sep 2022 €'000
Trade payables		76,766	44,163
Accruals		284,208	254,600
Deferred income		3,274	3,281
Taxation and social insurance		15,043	13,816
Other payables		255,429	122,426
Amounts owed to subsidiary undertakings		4,980	11,463
Borrowings	30 (Q)	11,246	10,793
Lease liabilities	30 (J)	2,208	2,159
Deferred tax	30 (R)	3,243	34
Total		**656,397**	462,735

Taxation and social insurance comprises of the following:

	30 Sep 2023 €'000	30 Sep 2022 €'000
Income tax deducted under PAYE	762	–
Pay-related social insurance	504	15
VAT	12,956	13,460
Withholding tax	821	342
Total	**15,043**	13,817

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. €57.5m (2022: €38.2m) of the Company trade payables balance and €48.1m (2022: €41.9m) of the Company accruals balance relates to the charge payable to ESB as Transmission Asset Owner. Accruals consist mainly of the direct costs of running the transmission system.

Other payables due in less than one year includes €86.4m (2022: €9.0m) owed to the SEM balancing market due to overrecoveries which will be returned via a k-factor tariff adjustment.

30 (O). Trade and Other Payables – Amounts Falling Due After More Than One Year

	Note	30 Sep 2023 €'000	30 Sep 2022 €'000
Derivative financial instrument		–	9,064
Grants	30 (P)	151,000	–
Borrowings	30 (Q)	343,382	171,718
Lease liabilities	30 (J)	23,183	25,483
Total		**517,565**	206,265

30 (P). Grants

	30 Sep 2023 €'000	30 Sep 2022 €'000
Balance as at 1 Oct 2022	–	147
Additions	151,000	–
Amortisation	–	(147)
Balance as at 30 Sep 2023	**151,000**	–

Analysed as:	**€'000**	**€'000**
Current	–	–
Non-Current	151,000	–
Closing balance	**151,000**	–

On 7 July 2022, the Commission for Regulation of Utilities ("CRU") gave a direction to EirGrid plc under regulation 28(10) of the European Communities to deliver additional temporary emergency electricity generation capacity for the period of winter 2023-2024 to winter 2025-2026 and if needed to the end of winter 2026-27. In order to enable EirGrid plc to comply with the Direction, the Minister for the Environment, Climate and Communications provided a grant of €151.0m. The purpose of the grant is to procure the delivery of 412MW of additional temporary emergency generation for the period of winter 2023-24 to winter 2025-26 and if needed to the end of the winter 2026-27. The grant monies are deferred until the Company delivers the MW capacity as per the direction.

30 (Q). Borrowings

Repayable by instalments	30 Sep 2023 €'000	30 Sep 2022 €'000
Repayable within one year	11,246	10,793
Repayable within one and two years	11,734	11,246
Repayable within two and five years	61,570	36,728
Repayable greater than five years	270,078	123,744
Total	**354,628**	182,511

A proportion of the loans have been converted from floating interest rate to fixed floating interest rate by using interest rate swap contracts. See note 25 of the consolidated financial statements.

The Company had unutilised borrowing facilities of €964.6m (2022: €150.0m) at the Balance Sheet date. €614.6m is unutilised borrowings for the Celtic project; €150.0m is unutilised borrowings which have been arranged in order that the Company has sufficient standby facilities to meet unbudgeted/unexpected constraint and DS3 payments and €200.0m is an unutilised revolving credit facility to manage short term working capital needs.

30 (R). Deferred Tax

	Accelerated tax depreciation €'000	Retirement benefits obligations €'000	Cash Flow Hedges €'000	Total €'000
Deferred tax asset as at 1 Oct 2021	33	4,978	7,004	12,015
Credit to the Income Statement for the year	472	109	–	581
Charge to the Statement of Comprehensive Income	–	(6,759)	(5,871)	(12,630)
Deferred tax asset as at 30 Sep 2022	505	(1,672)	1,133	(34)
Charge to the Income Statement for the year	(1,853)	(523)	–	(2,376)
Credit/(Charge) to the Statement of Comprehensive Income	–	864	(1,697)	(833)
Deferred tax liability as at 30 Sep 2023	**(1,348)**	**(1,331)**	**(564)**	**(3,243)**

30 (S). Retirement Benefit Obligations

The amount included in the Balance Sheet arising from the obligations in respect of these defined benefit plans are as follows:

	30 Sep 2023 €'000	30 Sep 2022 €'000
Present value of funded defined benefit obligations that are wholly or partly funded	144,127	135,957
Fair value of Schemes' assets at end of year	(154,772)	(149,329)
Net Liability	**(10,645)**	(13,372)

As outlined in note 23 of the consolidated financial statements, there is one pension scheme held on the balance sheet of EirGrid plc. Information has been provided on these pension schemes as per note 23 of the consolidated financial statements. As there are no material differences between the information given in the consolidated notes and the Company information, it has been chosen not to reproduce this information.

30 (T). Provisions

	Clean Energy Package €'000	Other provision €'000	Total €'000
Balance as at 30 Sep 2022	51,375	34,100	85,475
Provisions made during the year	28,500	5,931	34,431
Balance as at 30 Sep 2023	**79,875**	**40,031**	**119,906**

Further information on these provisions is outlined in note 20 of the consolidated financial statements.

The Company has recognised a provision of €79.9m (2022: €51.4m) in respect of the Clean Energy Package. The final amount will depend on how the Regulatory Authorities implement the Regulation in Ireland and Northern Ireland. The potential liability is estimated to be in the range of €75.0m and €105.0m. As this is an estimate, there is a possibility that the potential liability could be above or below this range, The Company is satisfied that all costs arising from the implementation of the Regulation will be supported by a regulated, market-based tariff arrangement. Accordingly, a recoverable amount of €79.9m (2022: €51.4m) has been included in Trade and other receivables in note 30 (K).

The company has also recognised a provision of €40.0m in respect of other ongoing legal cases. As this is an estimate, there is a possibility that the potential liability could be above or below this range, In the event compensation is due, we would expect the payment would be covered by funds held on the Company Balance Sheet. Accordingly, a recoverable amount of €40.0m (2022: €34.1m) has been included in Trade and other receivables in note 30 (K).

30 (U). Capital Commitments

	30 Sep 2023 €'000	30 Sep 2022 €'000
Expenditure contracted for, but not provided for in the Financial Statements	653,900	–

These are the Company's share of the Celtic Interconnector project capital commitments which is a joint arrangement between EirGrid plc and Réseau De Transport D'Électricité ('RTE').

30 (V). Contingent Liabilities

The Company is not aware of any contingent liabilities at the financial year end.

30 (W). Related Party Transactions

EirGrid plc is an Irish commercial state organisation, and as such is a related party of the Government of Ireland. Further details on related party transactions are outlined in the consolidated financial statements in note 27.

An Infrastructure Agreement is in place between the Group and ESB under the auspices of the Commission for Regulation of Utilities (CRU), in relation to the roles of owner and operator of the transmission system. The transactions under this agreement are disclosed in note 27.

On 7 July 2022, the Commission for Regulation of Utilities ("CRU") gave a direction to EirGrid plc under regulation 28(10) of the European Communities to deliver additional temporary emergency electricity generation capacity for the period of winter 2023-2024 to winter 2025-2026 and if needed to the end of winter 2026-27. In order to enable EirGrid plc to comply with the Direction, the Minister for the Environment, Climate and Communications provided a grant of €151.0m (See note 30 (P) for further details). EirGrid plc has also entered into contracts with ESB that procure the delivery of temporary emergency generation assets. EirGrid plc incurred Temporary Emergency Generation direct costs of €121.7m (2022: €41.3m).

Borrowings by EirGrid Interconnector Designated Activity Company are guaranteed by EirGrid plc through a cross-guarantee structure. The Company has issued letters of support for its EirGrid UK Holdings Limited, EirGrid Interconnector Designated Activity Company and the EirGrid Celtic Interconnector Designated Activity Company subsidiaries.

EirGrid plc has given a Parent Company Undertaking to SONI Limited to the value of £10.0m (2022: £10.0m).

The Company has taken advantage of the exemption under paragraph 8(k) of FRS101 not to disclose transactions with fellow wholly owned subsidiaries.

30 (X). Post Balance Sheet Events

(a) Clean Energy Package

As outlined in note 28, EirGrid plc is closely monitoring the legal proceedings relating to the Clean Energy Package and will take appropriate actions as more information becomes available. The Judgement is treated as a non-adjusting post balance sheet event while we await further regulatory direction.

At this time, it is difficult to quantify the financial impact accurately. Management's estimate of the Company obligation, if the Judgement were to be sustained is between €79.9m and €250.0m. This is subject to significant estimation uncertainty due to the complexities of interpreting the financial implications of Article 13(7) of Regulation 943 in the context of the Judgement.

(b) Director Resignation

Michael O'Sullivan resigned from the Board with effect from 14 December 2023.

30 (Y). Approval of Financial Statements

The Board approved the Financial Statements on 11 March 2024.

Notes

Notes





EirGrid Group

The Oval,
160 Shelbourne Road,
Ballsbridge,
Dublin, D04 FW28

T +353 1 677 1700

eirgridgroup.com