Securing Today.
Sustaining Tomorrow.

Annual Report 2022




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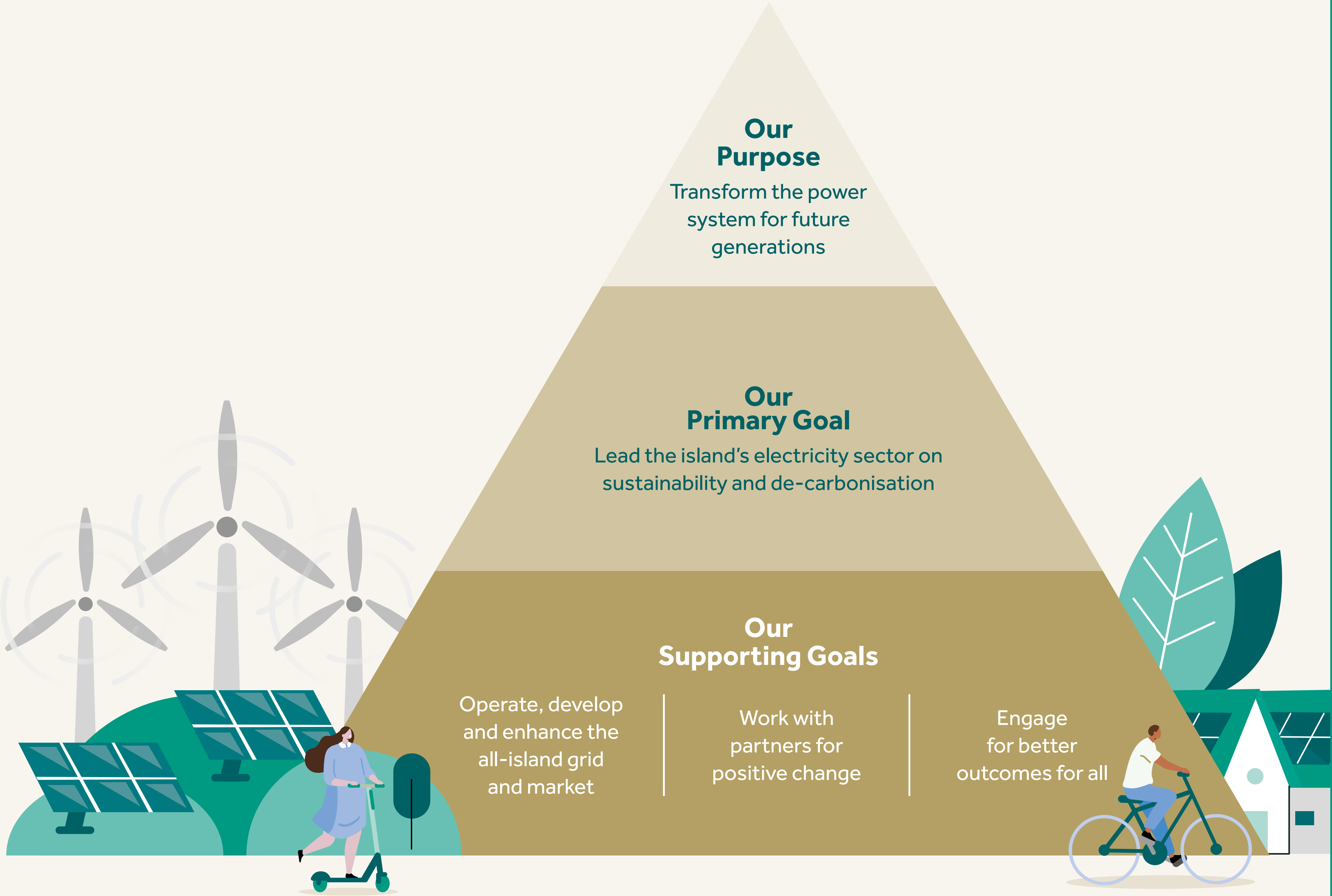
Group Strategy
to 2025



Financial Year in Review

Profit before tax

€114.9m

Underlying profit

€26.3m

New max all-island wind output

4610MW

Max all-island demand

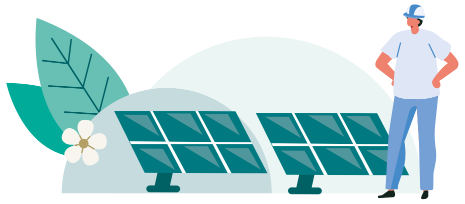
6785MW

SNSP trial complete and

75% SNSP

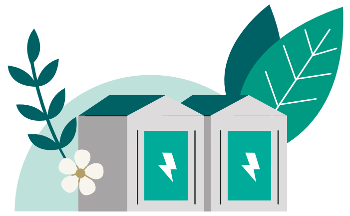
is now enduring policy

641MW of capacity energised:



1 Solar farm

3 Onshore wind farms



7 Battery energy storage system (BESS) projects

Electricity from renewable energy sources (RES-E) all-island:

39%

48

Community projects funded

Community funds awarded

€804,600

6 Energy Citizen Roadshows with over 500 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 grid. SONI has responsibility for planning the development of the onshore electricity system in Northern Ireland.

We operate, develop and enhance the wholesale electricity market on the island of Ireland. 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 our response to climate change. The growth in clean electricity from low carbon and renewable sources will require a decade of change to the electricity system, with the EirGrid Group central to much of this transformation.

This annual report covers the period from 1 October 2021 through to 30 September 2022. This twelve-month period has been a critical one in implementing our *Shaping our Electricity Future* Roadmap to deliver this transformation and its resultant contribution to our climate ambitions in the decade to come.

We also began the work to develop the next iteration of the roadmap which will incorporate policy changes since the first roadmap was published. In addition, we commenced implementing our own sustainability approach to deliver on leading the electricity sector in sustainability and decarbonisation.

Through this transition, maintaining Security of Supply is critically important. As the margin between supply and demand continues to tighten due to the confluence of several factors, EirGrid has continued to work closely with key stakeholders providing advice and recommendations to address it.

Report from the Chair

"I am very pleased to present the Annual Report for EirGrid Group for the financial year 2021-22. The title of our report, "Securing today, sustaining tomorrow" becomes increasingly more relevant over time and has been the backdrop to the considerable effort by all our staff across the Group in this past financial year. "

Brendan Tuohy,
Chair, EirGrid Group

Brendan Tuohy,
Chair, EirGrid Group

Progress on implementation of the EirGrid Group Strategy (2020-2025)

During the financial year 2021-22, we reconnected in person again in our offices, as we emerged from the Covid pandemic. Now that we have passed the mid-point in the period covered by our Group Strategy, it is difficult to imagine that we have spent the majority of our time delivering the strategy under the restrictions of the pandemic. Despite this, we have made significant progress in its execution, as a result of considerable effort and adaptability by staff across the Group.

Through the EirGrid Group Strategy (2020-2025), we are endeavouring to lead the secure transition of our electricity grid to low carbon and renewable energy. Our strategy is shaped by two factors: climate change and the required decarbonisation and transformation of the electricity sector and all whilst ensuring security of supply.

As we increase the amount of renewable energy on the system, the challenges increase significantly, not least because we have quite limited interconnection with other electricity grids.

In a European (and, indeed, global) context, what we are trying to do is ground-breaking so we cannot simply replicate what others have done. In fact, other countries will learn from our experience.

The war in Ukraine has heightened the urgency of replacing Europe's dependence on fossil fuels and transitioning to renewable energy. The EU response has been to increase the targets and reduce the timelines for the energy transition. The transition is predicated on a hugely increased role for electricity that will see electricity expand significantly in the transport and heating sectors, while also underpinning industrial development, not least in the heavy industries and the information and communications technology (ICT) sector, which is so important to modern economies.

Ireland

Ensuring a secure transition

To address this challenge, the Commission for Regulation of Utilities (CRU), which is the body responsible for ensuring security of supply, published its 'Electricity Security of Supply Programme of Work'[1] and EirGrid has been working closely with both CRU and the Department of the Environment, Climate and Communications (DECC) to urgently address the issues.

Throughout the past year, there have been considerable contributions to this Programme of Work from across the EirGrid Group. This has included participation across each of the Working Groups in the Programme of Work and the progression of procurement processes to procure two tranches of temporary emergency generation (circa 300MW and circa 450MW), which are necessary to support security of supply in the coming winters.

I would like to commend the efforts of our staff across the Group who have worked tirelessly across this programme of work.

The Government requested EirGrid to undertake the procurement of the emergency generation and this required a change in legislation to enable it to happen.

I would like to acknowledge the urgent manner in which the emergency legislation was drafted and passed by the Oireachtas in a very short timeline. While it is hoped that the temporary emergency generation will not actually be used, it is prudent to have it available until enduring capacity is delivered, either through the capacity market, which is regulated by the Single Energy Market (SEM) Committee, or by some other means.

I welcome the decision by the Minister for the Environment, Climate and Communications to appoint Dermot McCarthy (former Secretary General to Government and the Department of the Taoiseach) to conduct an independent review into the circumstances requiring emergency measures to be introduced to secure electricity supply over the coming winters. EirGrid has participated fully in this review and looks forward to the publication of the report.

Delivering a roadmap to 2030

Ensuring a secure transition to the transformed decarbonised power system will be critical. In November 2021, at COP26 in Glasgow, in the company of Minister Ryan, we launched *Shaping Our Electricity Future,* a roadmap to 2030. The roadmap outlines a clear pathway to achieving at least 70% renewable electricity in 2030. Subsequent to this, the Irish Government published the *Climate Action Plan 2021* which increased the ambition to 'up to 80%' renewable electricity by 2030. We are well advanced with the next iteration of *Shaping Our Electricity Future* to take account of this increased ambition, which will be published in the next financial year.

Furthermore, the Irish Government has made considerable progress in establishing and defining the governance structure to underpin Ireland's climate targets, as outlined in the Climate Action and Low Carbon Development (Amendment) Act 2021. This includes the determination of the economy-wide carbon budgets and the allocation of those budgets across the sectors of the economy through the sectoral emissions' ceilings.

1 Security of Electricity Supply – Programme of Actions - Commission for Regulation of Utilities (cru.ie)

Quixote would pick a fight
with wind turbines, more
bad giants gesticulating
from onshore and offshore –

not realizing that these
and the far-sighted wave
fetching up from long
seas with a final heave

transform the wild energies
of chaos and old night
into a clean and infinite
source of power and light.

Wind and Wave (extract) from *Homage to Gaia*
by Derek Mahon

This continues to signpost the strong contribution of the electricity sector with a reduction of 75% in emissions envisaged in the period to 2030 and a challenging trajectory across the first two climate budgets. The maximum emissions from the electricity sector by 2030 will be 3 million tonnes CO_2 equivalent (down from c. 10 million tonnes) and this will be with a projected 50% increase in energy demand.

Realising our offshore ambition

Following on from the Government's policy statement on the development of Ireland's offshore resources in May 2021, the Group has made strong progress this past financial year in the implementation of our new role as the transmission system operator and transmission asset owner for Ireland's offshore transmission network.

The enactment of the Maritime Area Planning Act 2021 (in December 2021), codified the new role for EirGrid in legislation in enabling the significant potential that exists in our offshore energy resources to be realised for the benefit of the Irish State. Realising this potential will make a strong contribution not only to Ireland's energy ambitions in the second half of the decade but also to Ireland's new industrial policy that will follow from the availability of significant decarbonised electricity.

This is likely to be one of the most significant changes ever in Irish industrial policy as we harness the available renewable electricity for the benefit of the Irish State.

Northern Ireland

Delivering a roadmap to 2030

A *Shaping Our Electricity Roadmap* for Northern Ireland was also launched by SONI in November 2021.

In December 2021, the Northern Ireland Executive launched the *Northern Ireland Energy Strategy: The Path to Net Zero Energy* and this increased the ambition of the Northern Ireland Executive to at least 70% renewable electricity by 2030. This figure was subsequently revised further to 80%, through the Climate Change Act (Northern Ireland) 2022, which received Royal Assent on the 6 June 2022, thereby aligning the ambitions across the two jurisdictions on the island.

SONI is therefore similarly reviewing the roadmap in order to inform a revised version of *Shaping Our Electricity Future* which will be published in the next financial year and will reflect these increased targets.

SONI Governance

On 30 August 2022, the Utility Regulator published the SONI TSO Governance and Licence Modification Decision to SONI's Transmission System Operator Licence concluding a process it commenced in 2019. These modifications became operational from 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 from the EirGrid Group in terms of employees, premises, IT and other systems, equipment, facilities, processes and assets.

While the boards of EirGrid plc and SONI Ltd are committed to fully implementing the modifications mandated by the Utility Regulator, the implications of the decision are very concerning to the two Boards and will, in the opinion of both boards, be detrimental to consumers in Northern Ireland and, indeed, to the effective operation of the Single Electricity Market.

SONI has at all times discharged its TSO obligation in Northern Ireland and will continue to do so.

It is a strong and effective TSO and has always worked on behalf of Northern Ireland consumers and, again, will continue to do so in the future.

Public and community engagement

Achieving the transformation of our electricity and indeed energy systems will require concerted efforts and acceptance across society to implement the significant changes required. The publication *Shaping Our Electricity Future* strongly acknowledges this with the incorporation of a roadmap for engagement in addition to the networks, operations and markets' roadmaps. The development of the *Shaping Our Electricity Future* roadmap was enriched through the breadth and depth of public engagement throughout its development and it is important to ensure that this public discourse continues through its implementation.

This new approach has been very evident in many of our activities this past year, not least through the introduction of our Energy Citizens Roadshows, which bring members of local communities together with EirGrid, the Sustainable Energy Authority of Ireland (SEAI), ESB and some of the local development authorities. The roadshows enable discussion on the role of energy in our communities, its role as an enabler and the transformation required to be undertaken by everybody. Attendance and engagement at these roadshows have been strong and we hope they contribute to capacity building in local communities and to ensuring that our work incorporates broader views and perspectives.

Changes to our Board composition

During the past year, Eileen Maher, Lynne Crowther, and John Trethowan retired from the Board on the expiration of their terms of appointment.

I would like to sincerely thank each of them for their contribution as a Board member and support to me throughout their terms of appointment. Their contribution has been immense and is hugely appreciated.

Key areas of focus for the coming financial year

Security of supply (both short term and longer term) will remain a key area of focus in the years ahead and it is hoped that the delivery of temporary emergency generation will help support the security of supply.

The Group has stated publicly that a well-functioning capacity remuneration mechanism is the central component for both ensuring sufficient generation adequacy for security of supply and the necessary investment in a balanced portfolio of a variety of technologies that will enable the transition to greater renewables on the system.

We will continue to support climate ambitions in Ireland and Northern Ireland and the delivery of the transformed power system for future generations to underpin these ambitions. The execution of the EirGrid Group Strategy and delivery of the *Shaping Our Electricity Future* roadmaps will be critical enablers in this regard.

Conclusion

I would like to thank the Minister for the Environment, Climate and Communications, Eamon Ryan TD, and his Departmental officials, who have been very supportive of our efforts throughout the year and with whom we have worked very well.

I would like to thank the Northern Ireland Executive and the Department officials in Northern Ireland who have also been very supportive.

I would like to acknowledge the work of the Commission for the Regulation of Utilities and the Utility Regulator in Northern Ireland and, while appreciating that there may sometimes be differences of opinion, EirGrid plc and SONI Ltd will always work with the regulators for the benefits of the consumers in both Ireland and Northern Ireland. I would particularly like to thank Chief Executive, Mark Foley, the Group's Chief Officers and my fellow Board members for their continued leadership and support.

Finally, on behalf of the Board, I would like to thank all the staff and management throughout the EirGrid Group for their outstanding efforts in continuing to execute on our strategy through what has been another challenging but successful year.

Brendan Tuohy,
Chair, EirGrid Group

Chief Executive Report

Mark Foley
Chief Executive, EirGrid Group

The financial year 2021-22 was a challenging one for the Group and it is a testimony to the strength and resilience of our people that we have continued to execute strongly on the Group strategy. I am very proud of what we have achieved across the Group this year, particularly given the significant role we have undertaken in providing real thought leadership for the CRU's Electricity Security of Supply Programme of Work in addition to the progression of our work to support Government targets for decarbonisation.

One of the very strong positives from the year was the re-emergence from the pandemic and the ability to return to the office and enrich our engagement. Many colleagues across 34 different nationalities joined us during the restrictions, and it was invigorating to have many come into our offices and meet colleagues face to face for the first time under our new progressive hybrid ways of working. Collaboration internally and externally will be key to achieving the ambitious targets for the electricity sector.

The year has played out against the backdrop of the war in Ukraine. Notwithstanding the very human impact this war has had on the people of Ukraine, the war has also brought into sharp focus the vulnerability of both Europe and Ireland in terms of both the availability and price of energy. Whilst predominantly a global issue, the Group has supported the Irish Government across the year in its response to this crisis.

Ireland

Ensuring a secure transition

The journey towards a low carbon electricity system is without precedence in terms of the scale of transformation which is facing us in Ireland and indeed across the world. It's a massive undertaking that will mean disruption and challenges and which requires a commitment to innovation and imagination from all stakeholders. It will also mean balancing future ambitions with today's requirements.

The need to balance our future ambitions with our current requirements has never been more prevalent as the security of supply situation we faced this year and will continue to face until a new balanced portfolio of appropriate capacity is delivered. 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 decarbonisation of the electricity system as existing generation plant retires. In the winter of 2021-22, the return of two generation facilities that had been on long term outage were vital, in addition to our weather dependant renewable resources and interconnection in ensuring security of supply. The number of system alerts across the year reflects the fact that our margins continue to be tight.

I want to strongly thank our staff who managed this demanding situation throughout last winter and continue to do so on an ongoing basis.

The withdrawal of circa 650MW of generation plant that was due to connect under the SEM Committee's capacity remuneration mechanism has created further tightness in the years to come. The withdrawal of that capacity triggered the need to reassess system adequacy in Ireland. As a result and in accordance with our legislative obligation, EirGrid issued reports to CRU, given its legislative responsibility to ensure security of supply, in March and June 2021, outlining the threat to security of supply and the measures required to be taken to address that threat. EirGrid is of the view that the Capacity Remuneration Mechanism is not fit for purpose and requires urgent reform.

In October 2021, CRU issued a direction under the European Communities Regulations to EirGrid to secure circa 300MW of Temporary Emergency Generation. This is known as TEG1 (Temporary Emergency Generation 1). In June 2022 CRU issued a further direction to EirGrid to secure an additional circa 450MW of Temporary Emergency Generation (TEG2) and the associated work to procure this has been underway. I would like to thank the Government for the emergency legislation and critical funding to support this national project.

In parallel, EirGrid continues to support and contribute to the CRU's Electricity Security of Supply Programme of Work, in collaboration with CRU and the Department of the Environment, Climate and Communications. However, whilst necessary, ensuring our security of supply through temporary measures is not an enduring solution and hence the electricity system requires urgent investment in new generation capacity and it is the responsibility of CRU to deliver appropriate and timely reforms to ensure a secure electricity supply for this decade.

This investment is required to secure both Ireland's near term needs and to underpin Government's ambitions for a decarbonised future for the power system. We will need a balanced portfolio of different technologies in the right locations to enable us to operate this transformed electricity system. We have noted on several occasions this year outlining that a significant reform of our electricity markets is required including both the SEM Committee's capacity remuneration mechanism and the expeditious development of future arrangements for system services which are key to facilitating more renewables on the power system. Since its inception, the current capacity remuneration has performed very poorly in delivering conventional generation which is required for system stability and security as we transition to our clean energy future. We will continue to engage with the regulatory authorities individually and in their role as members of the SEM Committee to advocate for this required reform.

We welcome 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 and look forward to the outcome of this review.

Delivering the transformation of the electricity system

This year, the Irish Government established new carbon budgets for the economy and sectoral emissions ceilings for each sector's contribution setting an ambitious trajectory for Ireland's emissions to 2030. The electricity sector continues to be a central component in the Government's achievement of that target with a stated 75% reduction target set for the sector.

Under the *Shaping Our Electricity Future* roadmap, which I launched with Minster Ryan at COP26 in November 2021, we outlined our plan for how we can deliver the transformation of the electricity sector to 2030. We are currently evolving this roadmap to reflect the increased targets published for renewable electricity by both the Irish Government and Northern Ireland Executive. We will publish this in the next financial year. Its delivery will require significant change to how we operate the power system, how electricity markets are structured and operated, and the need for significant levels of infrastructure including how we engage with people and local communities. EirGrid Group has the expertise, ambition and commitment to play its part and lead out on those elements within its remit but will require the leadership and support of others, including regulators, government, industry and the public, to deliver on this roadmap. Given the new sectoral emissions ceilings, the pace of the transition is critical, and it is important that decisions within the broader ecosystem support this. The complexity of the regulatory structure brings a challenging backdrop to this.

Realising our Offshore Opportunity

Significant progress has been made to effect our new role in enabling Ireland's vast offshore renewable resources as the offshore transmission system operator and owner. I welcome the enactment of the Maritime Area Planning Act 2021 in December 2021 which establishes EirGrid's role in legislation. We have made notable efforts this year to enhance our organisation capabilities in this area and to advocate for the enabling policy, funding and legislative requirements which we will need to deliver on this critical role for Ireland. This year has further emphasised the critical role Ireland's offshore wind resource can contribute to delivering on our low carbon future but also creating a pathway for our energy independence and the opportunity to export this resource, or value-added products derived from this resource, to the rest of Europe. Much of our focus in this financial year has been on ensuring that the developers of Phase 1 projects are ready to participate in the first Offshore Renewable Electricity Support Scheme (ORESS) through the development of functional specifications for the offshore transmission assets and the progression of grid connection assessments for these projects. We have also supported the Department in the development of the requirements for the first ORESS auction in advance of the auction being run in 2023.

> “We deliver infrastructure that will create a better and sustainable future for the generations that follow us”

Infrastructure delivery

We deliver infrastructure that creates value now, but more importantly will endure and create a better and sustainable future for the generations that follow us. We have made significant progress across a number of projects in this financial year. Major projects in North Connacht, in Kildare and Meath, in Laois and Kilkenny and in East Dublin have all made strong progress predicated on a transformed approach to community engagement and a positive response on the ground, for which we are very grateful.

In addition to this we continued to deliver for our customers throughout the year, including energisations for three significant demand customers, and the connection of five windfarms, one solar farm and seven battery projects to the system thus underpinning continued confidence and investment by these companies in Ireland's economy.

The Celtic Interconnector in particular has made great strides over the course of this year in terms of procurement, consenting and the required regulatory arrangements. This project, which is critical to Ireland's ambitions for decarbonisation and indeed security of supply, has subsequent to the end of this financial year, achieved financial close and contracts were signed in Paris in November 2022. The project is on target for its energisation in 2026.

We also launched our Powering Up Dublin programme in March 2022, outlining the Dublin transmission system upgrade programme that will be required to continue to support growth and economic development in the Dublin region. In support of this we launched the Dublin Infrastructure Forum in May 2022 to bring together organisations such as ESB Networks, Dublin Port, Gas Networks Ireland and Irish Water in relation to infrastructure in the Dublin region. Our intent is to execute this critical infrastructure upgrade in the most expeditious timeframe with the least impact on residents and commercial operators in Dublin.

We commenced our programme of Energy Citizen Roadshows across the country, delivering roadshows in Donegal, Sligo, Wicklow, Westmeath, Cork and Dublin. The roadshows engage local communities on our plan to future-proof the electricity grid and support communities in considering the role of energy and taking steps locally. I would like to thank those state agencies who have supported us in the delivery of these events, including SEAI, ESB Networks, local and regional development authorities and agencies and indeed members of the local communities for their enthusiastic engagement.

Northern Ireland

SONI Governance

The decision by the Utility Regulator in relation to SONI Governance, published in August this year, is deeply disappointing. The decision, we believe, will lead to increased costs and is therefore not in the long-term interests of Northern Ireland consumers. The need to have a fundamentally different governance structure with operationally separated management and resources and a newly appointed SONI Board in accordance with the licence conditions does not seem to afford any benefit to Northern Ireland consumers. The Boards of EirGrid plc and SONI Ltd have always sought to maximise the benefits for consumers on the island and SONI has at all times discharged its obligations as the TSO for Northern Ireland.

It is with regret that we will now move decisively and expeditiously towards the implementation phase as required by the new licence conditions.

Delivering the transformation of the electricity system

In Northern Ireland, a target of 80% renewable electricity has now been outlined in the Climate Change Act (Northern Ireland) 2022 in addition to the need to determine climate action plans and carbon budgets. The Northern Ireland Energy Strategy which was published in December 2021 again outlines that electricity will be central to delivery. SONI is now working on an iteration of *Shaping Our Electricity Future* to address this increased ambition.

Infrastructure delivery

We made significant progress on the Mid-Antrim Upgrade Project and have incorporated an enhanced stakeholder engagement approach having been awarded funding for same by the Utility Regulator.

SONI launched its ‘Energising Belfast’ project in October 2022. The £39.5million project, if approved, will modernise parts of the transmission grid in Greater Belfast to prepare it for growth and decarbonisation through the electrification of heat and transport.

A significant milestone for our secure transition

We achieved further significant progress in our capability to operate a decarbonised electricity system this year. Given our location, the nature of our renewable sources and relatively light interconnection, we have encountered and addressed challenges that our colleagues in Europe and beyond will not encounter for years to come.

A critical milestone was achieved this year in adopting 75% system non-synchronous penetration (SNSP), (mainly renewable generation), as our enduring policy, meaning 75% of our instantaneous electricity can come from low carbon renewable energy.

This is a world leading achievement and the culmination of years of dedication across the Group. I want to thank our staff and all those in industry who have worked with us to achieve it.

75%

of our instantaneous electricity can come from low carbon renewable energy.

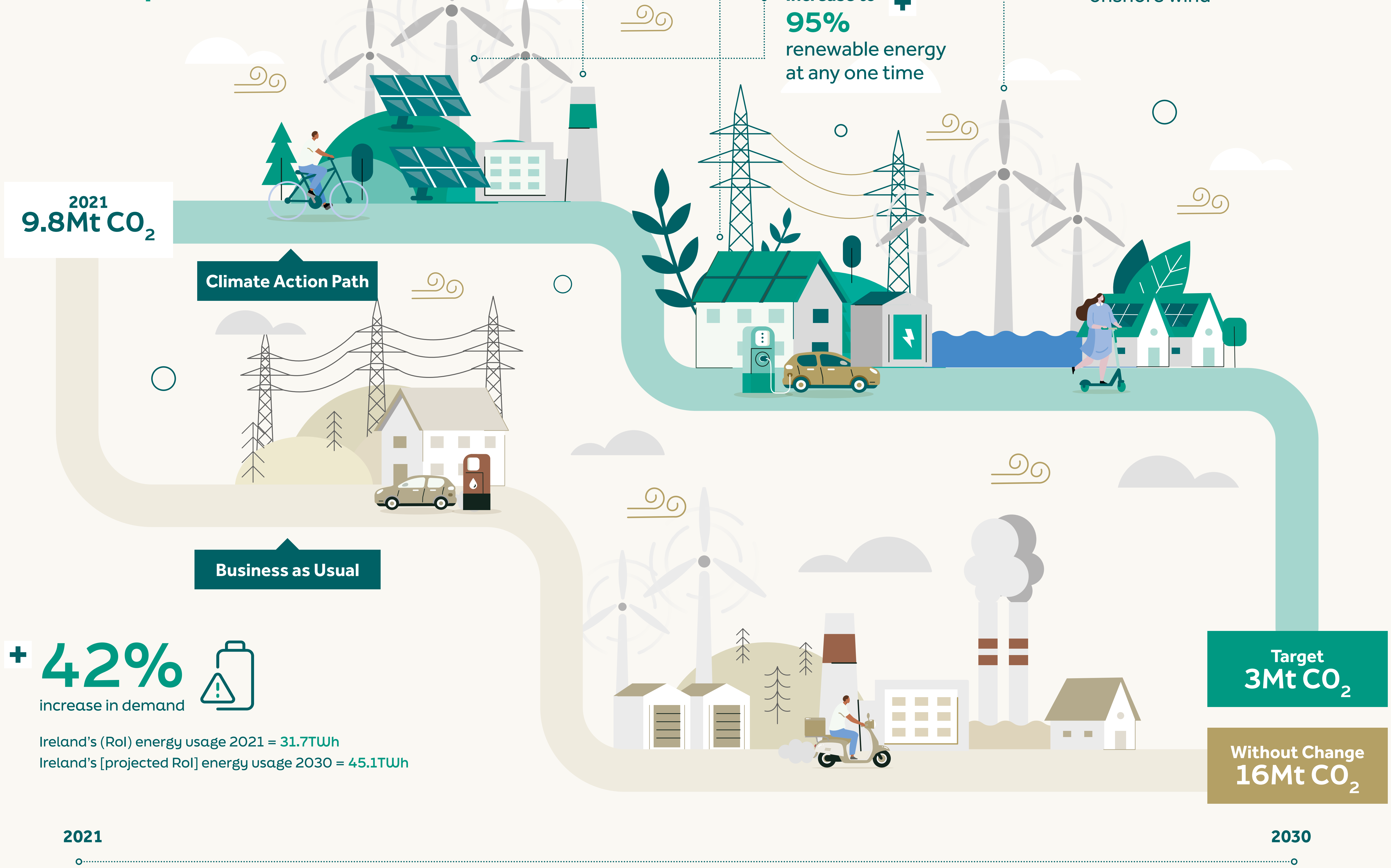
Conclusion

I would like to thank Brendan Tuohy, Chair of EirGrid plc, and the members of the EirGrid plc Board who have provided me and my Executive Team with continued and exceptional support as we continue to execute on our strategy and the delivery of substantial additional requirements such as the temporary emergency generation proposition. I would like to thank Minister for the Environment, Climate and Communications, Eamon Ryan TD, and Departmental officials, who have provided extraordinary support to us throughout the year. I would also like to thank the Northern Ireland Executive and the Department officials in Northern Ireland who have also supported SONI.

I would like to thank our people for their commitment and hard work throughout what has been an exceptionally challenging year for the Group. Our purpose and mission are fundamentally centred around the needs of the island of Ireland and consumers across it. In supporting the delivery of our strategy, our stakeholders contribute to transforming the power system for future generations, directly addressing climate change and delivering better outcomes for all.

Mark Foley,
Chief Executive, EirGrid Group

Leading the journey towards a low carbon future



Financial Review

"Increase in this year's profit is driven by cost savings from lower payments to wind generators and timing of regulatory allowance spend. Such cost savings will be returned to customers through lower revenue tariffs in the future which will reduce future profits."

Michael Behan,
Chief Financial Officer, EirGrid Group

Michael Behan
Chief Financial Officer, EirGrid Group

Revenues and profitability

Group revenue for the financial year 2021-22 was €861.6m, which was 17% 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.

The accounting profit before tax under IFRS for 2022 was €114.9m. This is up from €40.7m in 2021, as a result of the exceptionally low wind conditions resulting in lower payments to wind generators, and the timing of the spend of allowances, which meant associated costs were below the ex-ante (forecasted) regulatory revenue allowance, giving rise to a higher profit before tax for 2022. Excluding the impact of over and under recoveries on reported profit, management's estimate of the underlying profit for 2022 was €26.3m (2021: €22.1m).

EirGrid paid a dividend of €4.0m in August 2022 in respect of 2021.

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

Regulation

EirGrid Group consists of several licensed activities. EirGrid plc and SONI Ltd are the TSOs in Ireland and Northern Ireland respectively, and these activities in Ireland and Northern Ireland are regulated by the CRU and the 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 GB. In addition, EirGrid and SONI jointly act as the Single Electricity Market Operator (SEMO) for the SEM, which is regulated by the SEM Committee. This committee comprises CRU, 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 UR 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. The determinations for the TSO price controls in Ireland and Northern Ireland for the five years to 2025 were published in December 2020 and the licence modifications to implement these price controls have now been put in place. The SEMO price control for the three years to September 2024 was finalised in September 2021.

"Excluding the impact of over and under recoveries on reported profit, management's estimate of the underlying profit for 2022 was €26.3m."

Financing

The Group continues to be in a sound financial position and the Group's cash flows have proven to be resilient over the past number of years. A sharp focus has been maintained on the Group's available cash resources and adequate working facilities have been put in place to protect the Group's liquidity. The Group's largest borrowings relate to the EWIC, which have long repayment dates and are fully hedged against interest rate fluctuations.

Subsequent to the end of the financial year, the Celtic Interconnector project achieved financial investment decision in November 2022 and €800m of funding facilities were put in place with a number of EirGrid lenders, consisting of €600m term loans and €200m revolving credit facilities. €582m of the term loan has been hedged via interest rate swaps.

The priorities in the coming year will be to continue to manage liquidity effectively including in our new role as owner of offshore transmission assets over the coming years.

Michael Behan
Chief Financial Officer,
EirGrid Group

Financial Summary

	2022 (€ M)	2021 (€ M)
Revenue	861.6	737.4
Direct Costs	-566.1	-535.0
Other Operating Costs	-167.8	-145.2
Operating Profits	127.7	57.2
Finance Costs	-12.8	-16.5
Profit before tax	114.9	40.7
Underlying Profits	26.3	22.1

Business Review

Climate – a global challenge with national responses

Ireland

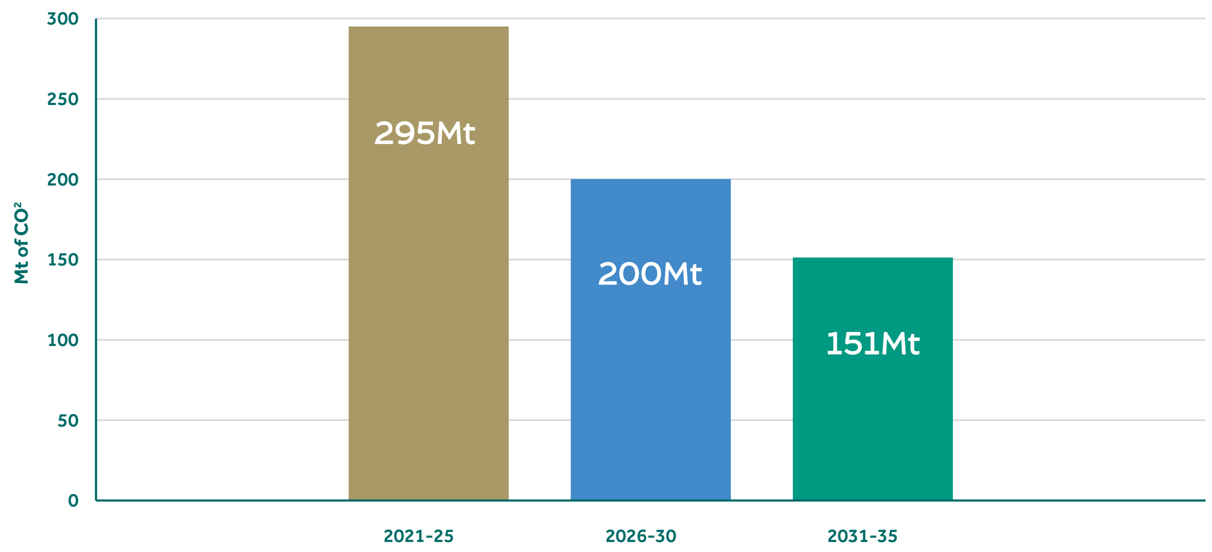
Over the course of this financial year, the Irish Government has continued to build on the legal construct and governance framework outlined in the Climate Action and Low Carbon Development (Amendment) Act 2021, with regards to Ireland's contribution.

Aligned with determining a pathway to a climate resilient, biodiversity rich and climate neutral economy by no later than the end of the year 2050, and Ireland's first milestone to achieve a 51% reduction in its greenhouse gas emissions by 2030 compared to 2018 levels, the Climate Change Advisory Group made recommendations to Government on the carbon budgets across three multi-annual budgetary periods, namely 2021 to 2025, 2026 to 2030 and 2031 to 2035.

In November 2021, the Irish Government published the Climate Action Plan 2021, which restated the commitment to the 51% reduction in emissions by 2030. In doing so it also increased the renewable electricity target in Ireland to 'up to 80%' renewable electricity by 2030.

Furthermore, Government approved the carbon budgets recommended by the Climate Change Advisory Council in May 2022 setting the trajectory for the economy for the coming decade to 2030 in particular, and a provisional budget for the first 5 years thereafter. This set an overall budget of 295Mt CO_2 equivalent for the period 2021-2025, a budget of 200Mt CO_2 equivalent for the period 2026-2030 and a provisional budget of 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



75%

reduction in greenhouse gas emissions from the electricity sector in Ireland by 2030 compared to 2018 levels

Up to

80%

renewable electricity by 2030 in Ireland and Northern Ireland

Following on from this the Government then determined how these economy wide budgets would be allocated across the various sectors of the economy through the sectoral emissions ceilings. The sectoral emissions ceilings were announced on 28 July 2022. This allocated a 75% reduction in greenhouse gas emissions to the electricity sector representing the highest contribution across any of the sectors.

The Environmental Protection Agency (EPA) has indicated that Ireland's economy wide emissions for 2021 increased by 4.7% overall relative to 2020, with the first increase in energy emissions since 2016 as activity began to re-establish post-pandemic.

Northern Ireland

In Northern Ireland, the Department for the Economy published the Northern Ireland Energy Strategy in December 2021. The first energy strategy update since 2010, the Northern Ireland Energy Strategy committed to achieving a 70% renewable electricity target by 2030, coupled with a long-term vision of net zero carbon and affordable energy.

The Northern Ireland Executive also consulted on a Green Growth Strategy for Northern Ireland to ensure climate action and environment responsibility is at the heart of all government policy making and we look forward to further engaging on the development of this strategy.

The Climate Change Act (Northern Ireland) 2022, received Royal Assent on the 6 June 2022 and set targets of a 48% reduction in net emissions by 2030 and 100% reduction in net emissions by 2050, relevant to 1990 for carbon dioxide, methane and nitrous oxide and 1995 for the other greenhouse gases. It also requires that the renewable electricity target for Northern Ireland is 80% by 2030. 2021 figures for Northern Ireland are not yet available from the Department of Agriculture, Environment and Rural Affairs but Northern Ireland economy wide emissions in 2020 were down 4% on 2019.

Policy Update - Electricity's key role in decarbonisation

Electricity is at the heart of climate efforts across the island. The development of climate and energy strategies and targets at both ends of the island have outlined that electricity will continue to play a critical role in achieving our climate ambitions.

The development in policies, strategies and legislation in both jurisdictions continued to reinforce the role envisaged for electricity in terms of decarbonising our electricity supplies and utilising this decarbonised supply of electricity to decarbonise other sectors through electrification.

Achieving this will require continued investment in the right technologies across the electricity system, including in renewable generation, conventional generation (including gas fired generation), electricity storage technologies and demand side flexibility to ensure we have the balanced portfolio of technologies to continue to operate a transformed power system in the years to come.

In addition, as outlined in our *Shaping Our Electricity Future* roadmap, we will need to continue to make progress on the investments and changes we outlined on the electricity networks, markets and system operations to ensure we can realise the outcomes sought for the electricity sector and the Irish Government and NI Executive's ambitions for decarbonisation.

> "Electricity continues to be a success story in the overall efforts to decarbonise our economy."

Ireland

The Irish Government now has a target of 80% renewable electricity by 2030, with significant decarbonisation of the electricity sector also envisaged, as outlined by the 75% reduction in emissions by 2030 allocated to the electricity sector by the Irish Government through the sectoral emissions ceilings. While much progress has been made to date in decarbonising our electricity supplies, the challenge of achieving the 2030 targets is clear.

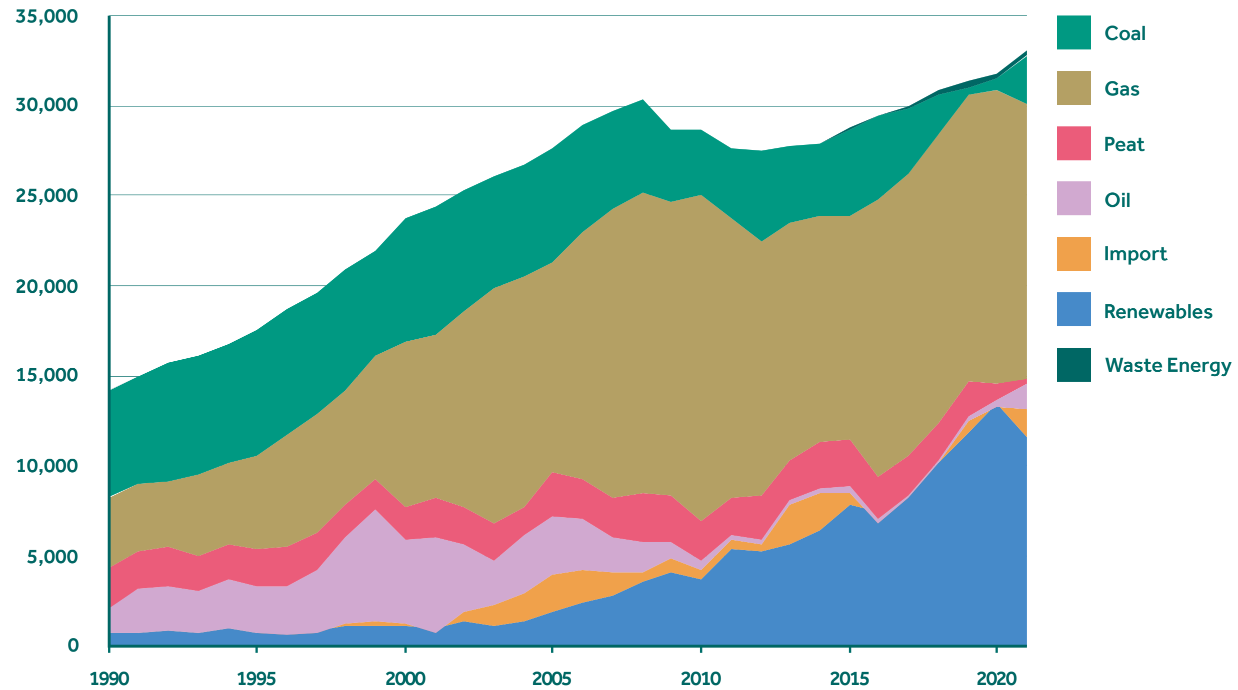
In 2021, for the first time since 2016, emissions related to the energy sector (of which electricity is the predominant component) increased, with a 17.6% increase relative to 2020, mainly due to an increase in the use of higher carbon-emitting generation such as coal and peat generation plant as a result of tight generation capacity margins.

In addition, wind generation levels were lower due to lower wind speeds in 2021, which further required the use of higher carbon-emitting generation.

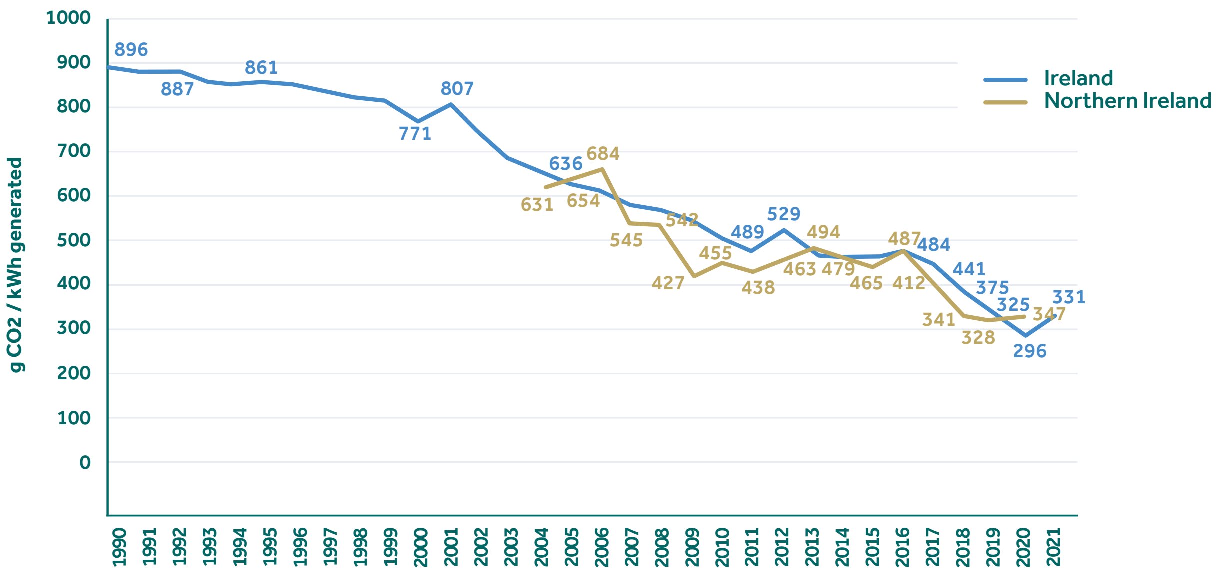
It is important to note that electricity continues to be a success story in the overall efforts to decarbonise our economy with the highest reduction in emissions, with 2021 emissions remaining at 9.8Mt which is 10% lower than they were in 1990 and 42% lower than their peak in 2001.

Compared to 2020, the emissions intensity of a unit of electricity in 2021 increased accordingly to 331 grams of carbon dioxide per unit of electricity generated versus 296 grams of carbon dioxide per unit of electricity generated in 2020. This is compared to 896 grams of carbon dioxide per unit of electricity generated in 1990.

Ireland's Historical Electricity Production by Fuel Type

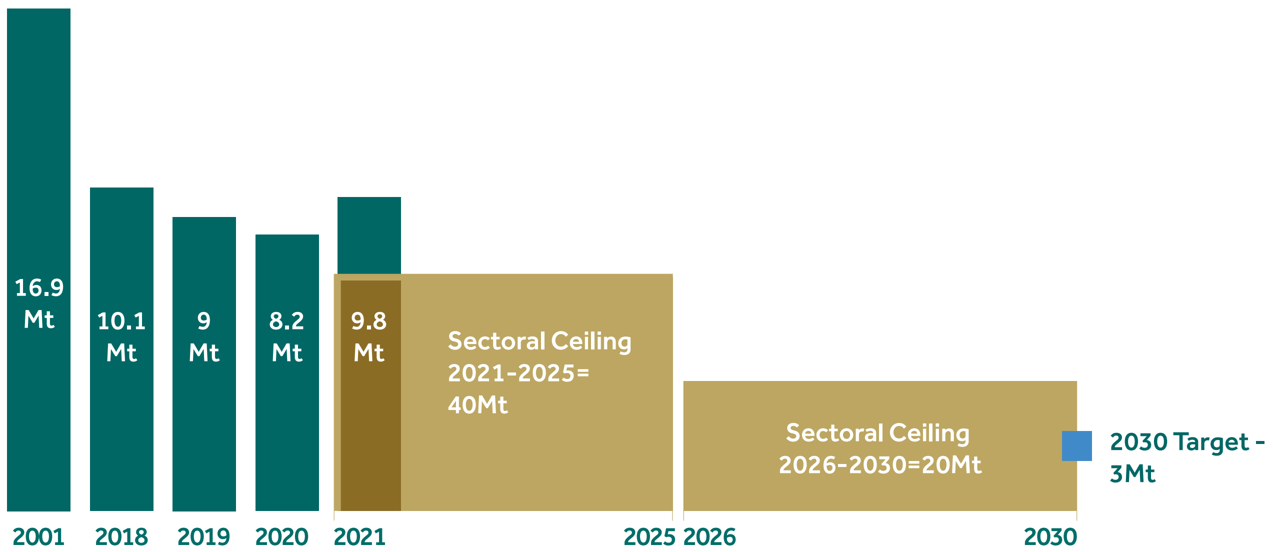


Ireland and Northern Ireland Emissions Intensity of Electricity Generation



Note:
*Northern Ireland data is only available from 2004

Ireland's Sectoral Emission Ceiling - Electricity



Northern Ireland

Northern Ireland also has a target of 80% renewable electricity by 2030. The latest published emissions inventories (for 2020), from the Department of Agriculture, Environment and Rural Affairs, show that the total emissions for Northern Ireland were 20.9MtCO_2e, down from 21.4MtCO_2e in 2019, of which 'Energy Supply' makes up 2.8Mt CO_2e (no change from 2019), representing approximately 14% of the overall emissions. The emissions associated with 'Energy Supply' has reduced by 46% from 1990 to 2020. We await the publication of the 2021 emissions data.

cigre Ireland

Influencing and contributing at a European and Global level

Established in 1921 in Paris, CIGRE is a global community committed to the collaborative development and sharing of power system expertise. The community features thousands of professionals from over 90 countries and 1250 member organisations, including some of the world's leading experts.

Over the last 100 years the work of CIGRE has contributed to many of the key technical cornerstones of the modern power system. Every year CIGRE celebrates individuals within its member base that have made a strong contribution.

We were delighted when one of our own engineers, Marta Val Escudero, was recognised with a prestigious Technical Council award for her outstanding contributions to the activities of Study Committee C4 (Power System Technical Performance).

Marta took on the role of Chair of the SC C4 this year and, for the next four years, she will shape the direction of global technical activities in the transition towards decarbonisation of Power Systems.

Ensuring the secure transition

System Operations

During the financial year we continued to successfully operate the electricity system and the market despite challenging circumstances. The year saw very tight operating margins on the electricity system and price shocks in the market due to the war in Ukraine and a rise in fuel prices (this is discussed further on pages 45 and 61).

In order to achieve the levels of SNSP that are required to achieve the 2030 targets, this year we have continued to make progress in transforming the way we operate the power system in addition to publishing a roadmap for the operational changes needed through Shaping Our Electricity Future.

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 system will be at times utilising fully variable and non-synchronised renewable sources of power. This is acutely applicable to the island of Ireland where we are lightly interconnected, which means we will have to address challenges that will not be seen for years to come in other heavily interconnected systems.

In addition, market design needs to be closer aligned to long-term renewables policy objectives across the island.

This year we outlined our recommendations for these changes in the *Shaping Our Electricity Future* Roadmap and have continued to advocate that these market changes are critical for ensuring investments by third party developers are appropriately targeted to provide solutions to the all-island system challenges at an affordable cost to the consumer. This must be done whilst implementing evolving UK and EU policy.

75% SNSP Achievement

We reached a significant milestone in this financial year when we successfully completed an 11-month trial of 75% SNSP on the system with over 232 hours operating above 70% SNSP. Operating at 75% SNSP has now become enduring policy.

Since 2011, EirGrid has increased the limit from 50% to 75% in a series of five steps. Work will now begin on increasing the figure to 95% by 2030 in order to achieve Government renewable energy targets. This will be achieved through the delivery of EirGrid's *Shaping Our Electricity Future* programme of work.

System Records

The all-island system peak demand for the year was 6785 MW and was recorded on the 8 December 2021 at 17:24. New wind records were recorded on 5 February 2022 of 3,619 MW in Ireland (5 February 2022 at 17:54), 1,060 MW in Northern Ireland (5 February 2022 at 13:12) and 4,610 MW on an all-island basis (5 February 2022 at 13:11).

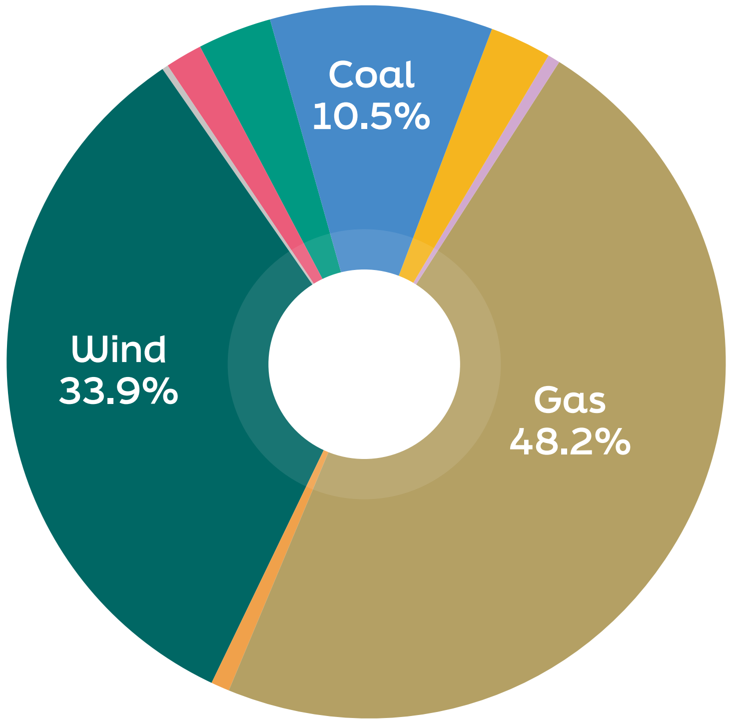
System Non-Synchronous Penetration (SNSP)

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 monitor 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.

All-Island Electricity Fuel Mix as Percentage of Demand - 12-Month Average Oct 2021 - Sep 2022:



- Coal 10.5%
- Oil 2.7%
- NR Peat 0.5%
- Gas 48.2%
- Other Non-Renewable 0.8%
- Net Imports -1.7%

Renewables

- Wind 33.9%
- Solar 0.3%
- Hydro 1.7%
- Other Renewable 3.2%

Total Renewables 39.0%

Data Source:

EirGrid and SONI metered data

Note:

Ireland's renewable percentage does not include certain small scale/micro generation.
These final figures will be published by SEAI within a few months after the end of the calendar year

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 security margin. This allows us to manage uncertainties. These include the variable output of wind generation, or the risk of conventional generators shutting down due to faults.

Alerts tend to be active for several hours over the peak demand period of the day, generally between 5.00pm and 7.00pm.

This is typically when generating sources reach their maximum production level. We resolve alerts by operating the power system in a more defensive 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 during an alert are described on the next page.

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 expert 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 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 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.
Blackout	A Blackout State 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 and the second level is a system emergency.

An additional fault during an alert could risk the supply needed to meet peak electricity demand. In a worst-case scenario, this would lead to the disconnection of electricity consumers.

Across the financial year 2021-22 we experienced nine occasions when there was a reduction in the margin between supply and demand below normal levels versus ten occasions in the financial year 2020-21.

There were eight alerts that were Ireland only alerts and one alert was an all-island alert. There were no Northern Ireland only alerts.
The majority of alerts were due to one or more of the following factors; conventional plant being unavailable, very low wind generation, outages of the EWIC interconnector and tight Great Britain margins.

All alerts this year have been successfully managed with no interruption to electricity consumers. We continue to monitor margins, 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.

Generation Capacity Statement

Each year, the TSOs (EirGrid and SONI) prepare an annual report that forecasts the likely electricity generation required to ensure that supply and demand are balanced over the next ten-year period, based on expected electricity supply and demand.

This report is called the Generation Capacity Statement (GCS). In accordance with the requirements for each TSO, EirGrid prepares a GCS for Ireland and SONI prepares a GCS for Northern Ireland. A joint paper is then developed into an overall All Island Generation Capacity Statement incorporating the GCS for Ireland and the GCS for Northern Ireland.

Ireland

The Generation Capacity Statement (GCS) for Ireland was published on 6 October 2022 and predicted a challenging outlook for Ireland with capacity deficits identified during the 10 years to 2031. In the short term, deficits will increase due to the deteriorating availability of power plants, resulting in their unavailability ahead of intended retirement dates.

In later years the deficits are expected to reduce as new capacity comes forward through the Single Electricity Market (SEM) capacity auctions.

Since last year's GCS, 365 MW of previously awarded capacity has been withdrawn and the developers have paid termination charges. This is in addition to the previous 266 MW which terminated.

This means that most new capacity that was expected to come online over the coming years has now withdrawn.

Furthermore, trends in the data centre sector show demand levels around 140 MW higher by 2030 than previous forecasts. There is very strong growth in this sector out to 2024, with continued growth towards the end of the decade.

Northern Ireland

SONI's All Island Generation Capacity Statement 2022-31, which was also published on 6 October 2022, forecasted a positive longer-term outlook for Northern Ireland's electricity generation with a surplus of generation from 2026 until 2031.

It also found that while there will be a largely stable demand for electricity over the coming years, there will be challenges over the years 2022-2025, particularly during winter periods. The GCS also predicted that Northern Ireland could continue to experience situations where the margin between demand and supply is tight due to retirement of existing thermal power plants and restrictions on running of other units.

"Electricity is at the heart of climate efforts across the island. The development of climate and energy strategies and targets at both ends of the island have outlined that electricity will continue to play a critical role in achieving our climate ambitions."

Securing our electricity supply

The transition to a decarbonised power system will require significant changes to the power system in the future. In order to achieve up to 80% renewable electricity in 2030, we will need to at times accommodate 95% of our demand on an instantaneous basis from non-synchronous sources such as wind.

The broader decarbonisation of our power system will also necessitate the introduction of new technologies and approaches to how we utilise demand response and how we procure and utilise system services from a range of low carbon sources. Through this transition, maintaining security of supply is critically important.

Ireland

In Ireland, under SI 60 of 2005, European Communities (Internal Market in Electricity) Regulations 2005, it is CRU's responsibility to protect security of supply. Where EirGrid is of the view that security of supply is threatened or likely to be threatened, it 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, EirGrid has warned of an increasing tightness between supply and demand in Ireland. A confluence of several factors has led to declining 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 plant with emission limits that exceed minimum standards, delayed new capacity and the termination of capacity awarded by the market.

More recently there are a number of additional factors that have had a substantial impact on security of supply concerns. Firstly, two large generators were forced off the system in 2021 causing short term issues in managing capacity. Whilst these units returned to service in late 2021, a separate circa 630MW of capacity that was scheduled to connect under the Capacity Remuneration Mechanism (CRM) withdrew.

The withdrawal of that capacity triggered the need to reassess system adequacy in Ireland and therefore the current situation is a result of insufficient capacity being secured through the CRM.

As a result, EirGrid issued correspondence to CRU on a number of occasions outlining the threat to security of supply and the measures required to be taken to address that threat.

In October 2021, CRU issued a direction under the European Communities Regulations to EirGrid to secure circa 300MW of Emergency Generation. This is known as TEG1 (Temporary Emergency Generation 1). In June 2022 CRU issued a further direction to EirGrid to secure circa 450MW of Emergency Generation (TEG2) and associated commencement work is now underway.

Under the CRU Electricity Security of Supply Programme, EirGrid is working closely with the CRU and 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.

Under the programme EirGrid are engaging with the operators of existing conventional units to increase the availability and reliability of the units as well as engaging our large customers on the implementation of mandatory demand control.

We have reviewed and enhanced our coordinated emergency communication plans and supported the delivery of the stakeholder plan for the Electricity Security of Supply Programme of Work through focused engagement with the relevant parties.

Northern Ireland

SONI managed challenging margins between supply and demand on a number of occasions during the financial year. These were largely due to unavailability of conventional plant, low wind periods and cold weather snaps. Whilst there were tight margins, there were no system alerts in Northern Ireland during this period.

SONI is actively engaging with the Department for the Economy, the Utility Regulator and other key stakeholders in order to manage challenges that are expected, particularly in winter periods over the next four years.

Rialtas na hÉireann
Government of Ireland

Energy Security Emergency Group

EirGrid is a member of the Energy Security Emergency Group (ESEG) which was established by the Department of the Environment, Climate and Communications to coordinate a response to the impact of the war in Ukraine on the energy system in Ireland.

The work of the group has included supporting the development of the National Energy Security Framework which the Irish Government published in April 2022 and its implementation including the testing of Ireland's emergency plans. It also identified regulatory and other measures to support consumers and businesses, to ensure security of supply, and to reduce dependence on imported fossil fuels.

The Group has also advised on a broader cross-Government response in these areas.

Delivering Ireland's 2030 Ambition

Shaping Our Electricity Future

The transition that the electricity sector is undertaking to facilitate the level of decarbonisation required to meet 2030 targets is enormous. The electricity system will carry more power than ever before and most of that power will come from renewable sources such as wind and solar. Coal and other fossil fuel-based generation will be phased out over the next number of years, with natural gas helping to fill any gaps while we make the changes needed.

In the past, all generators synchronised at the same frequency when connecting to the electricity grid. However, to achieve the 2030 renewable targets, we will need to be capable of operating the grid with almost 100% of sources that do not synchronise with the electricity system at certain points in time. We track this using a metric termed SNSP.

The drivers of high levels of SNSP are predominantly renewables such as wind and solar generation.

In addition, the capacity available from renewable generation at a point in time is variable and dependent on weather conditions. Maximising the use of renewables when they are available in abundance and reducing the need to turn them down during periods of reduced demand is central to our decarbonisation efforts.

Achieving the 2030 renewable electricity targets represents an unprecedented challenge across electricity transmission networks, power system operation and electricity markets.

"Achieving the 2030 renewable electricity targets represents an unprecedented challenge across electricity transmission networks, power system operation and electricity markets."

There was also a need to develop an integrated vision of the 2030 power system and electricity markets for Ireland and Northern Ireland.

Following an extensive 6-month consultation gathering views from the economy, society and industry, EirGrid launched the *Shaping Our Electricity Future* Roadmap in November 2021 at the 26th meeting of the COP26.

This included detailed actions that are required in order to deliver the 2030 targets and the roadmap will be a critical component of Ireland's response to climate change.

Since then EirGrid have been working on the delivery of those actions in conjunction with our stakeholders. We have also been considering the changes to Government Policy since the roadmap was developed. In Ireland the requirement changed from 70% of electricity from renewable sources by 2030 to 80%. Economy wide carbon budgets and sectoral emissions ceilings for the electricity sector were also introduced.

EirGrid commenced an update to *Shaping Our Electricity Future* to reflect these changes which is ongoing whilst the current roadmap is being progressed. This will build on the work done for the initial roadmap, taking into account the increase in renewable targets and the emission limits in Ireland.

As part of this we requested a call for inputs from the energy industry and academia in July 2022. This ran for a period of 6 weeks and we received 29 responses across Ireland and Northern Ireland.

We are now carrying out analysis using the updated targets, and inputs from industry and academia.

This analysis will show the emission pathway to 2030 and how the renewable targets can be met. The results will include updates to the multi-year plans for Networks, Engagement, Markets and Operations. The network reinforcements required to meet the targets in 2030 will be updated if needed. The *Shaping Our Electricity Future* v1.1 Roadmap will be published in the next financial year.

Renewables Grid Initiative

RGI Good Practice of the Year Award

In September 2022, we were awarded the prestigious Good Practice of the Year award from the Renewables Grid Initiative (RGI). A jury of experts selected EirGrid for the "Communication & Engagement" prize, one of three award categories.

The award recognises practices that enable grid developers and stakeholders to work closer together for mutual benefit. The award was presented by European Commissioner for Energy Kadri Simson.

The award recognises and reinforces our commitment and investment in stakeholder engagement and consultation.

5GW

of offshore wind generation is planned to be connected to the Irish electricity grid by 2030

Renewable Electricity Support Schemes

The development of renewable generation is supported through Government support schemes which are funded by electricity consumers. On behalf of the Government, EirGrid ran the first Renewable Electricity Support Scheme (RESS1) auction in 2021 and the second auction (RESS2) was completed in May 2022.
In order to facilitate these and future auctions, EirGrid worked with an expert partner in IT in the utility sector. We introduced a new best in class end-to-end IT solution to facilitate the qualification and auction processes for these and all future RESS auctions.

The RESS 2 auction included the implementation of a new system for RESS applicants to submit their registration and qualification information. 153 projects applied to participate in RESS2 with 130 being successful of which 80 projects were cleared in the auction. RESS 2 delivered more than 1.9GW of renewable generation across the transmission and distribution system, with an average weighted price of €98/MWh. 1.5GW of solar and over 400MW of onshore wind were successful in the RESS2 auction.

This year, EirGrid has continued to work with the DECC and CRU on the development of the first Offshore Renewable Electricity Support Scheme Auction (ORESS). The requirements and design of the auction were initiated during summer 2022 with the ORESS 1 qualification scheduled to open in January 2023. The auction itself is scheduled to take place in May 2023.

Offshore

We are planning for 5GW of offshore wind generation being connected to the Irish electricity grid by 2030. The first phase of delivery will be based off the east and west coasts of Ireland with further offshore generation opportunities on the south in the second phase. This is an ambitious goal and meeting these targets requires simultaneous development of various policy, legislative and regulatory workstreams.

Many of these are underway and EirGrid is working closely with DECC and CRU in supporting their development.

There has been significant progress made during the financial year to advance the development of offshore wind in Ireland.

In December 2021 the Marine Area Planning Bill was enacted which legislated for EirGrid's new role to develop and own the offshore electricity grid. As part of this role, EirGrid is playing a leading part in transitioning our electricity system to accommodate this magnitude of offshore wind onto our grid and into the electricity market.

EirGrid has established a specific offshore function with dedicated expertise. We also completed our Offshore Asset Readiness Roadmap to prepare for our asset ownership role and continued the implementation of our offshore engagement strategy. We provided position papers to the CRU in order to inform their consultations on offshore grid connections and conducted extensive industry engagement.

In May 2022 we received applications for 4.4GW of offshore wind and have issued key technical specifications and connection information to the phase 1 developers.

Whilst there is a particular focus on the successful delivery of the Phase 1 projects, we are also working hard to ensure that our actions and decisions support the transition to a plan-led approach for offshore grid delivery as provided for in the Government's policy statement on the Framework for Ireland's Offshore Electricity System.

EirGrid recognises 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 through our collaboration with our key stakeholders and industry, and through the work being undertaken in the organisation.

Infrastructure Delivery

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 project reached a significant milestone in February 2022 when the CRU published its decision on the Celtic Electricity Interconnector EirGrid Regulatory Framework. This important decision set out the regulatory framework to support the development of the Celtic Interconnector.

Over the year, the project team at EirGrid and RTE achieved considerable milestones on this vital project.

In May 2022, An Bord Pleanála granted approval for the Ireland onshore element of the Celtic Interconnector Project, subject to a number of conditions. The planning application included a full Environmental Impact Assessment (EIA) Report and Natura Impact Statement. The approval includes for the landfall at Claycastle Beach, south of Youghal, cable route, converter station and network connection and associated technologies. An Bord Pleanála ran a seven-week period of statutory consultation prior to the approval. The outcome of this consenting process was testimony to our considerable engagement with local communities and other stakeholders.

In August 2022 our application for a Foreshore Licence in Ireland, submitted in 2021, was granted by the Department of Housing, Planning and Local Government (Foreshore Unit), while our application to the UK Marine Management Organisation under the Marine and Coastal Access Act 2009, Part 4, for a marine licence to undertake the installation of that portion of the Celtic Interconnector within the UK Exclusive Economic Zone (EEZ) was granted in September 2022. Stakeholder, public and landowner engagement is a particularly significant part of the Celtic and this was ongoing throughout the year.

A Community Benefit Strategy was put in place with a total of €2.4m of community benefit funds made available for the project which will be allocated over the various phases of the project. There were a number of public information events held with the project team and four independently chaired community forum meetings took place.

Subsequent to the end of the financial year and following receipt of further necessary authorisations from the CRU, the Projects of Common Interest (PCI) Authority (An Bord Pleanála) issued its PCI Comprehensive Decision in October 2022. In addition, in a significant milestone for the project, EirGrid and RTE awarded the contracts for both the cable-laying activities and construction of the converter stations and agreements have been signed for €800m of financing to be provided by the European Investment Bank, Danske Bank, Barclays and BNP.

The Celtic Interconnector is due to begin the construction phase in 2023 and is expected to be completed in 2026.

The Celtic Interconnector will be approximately

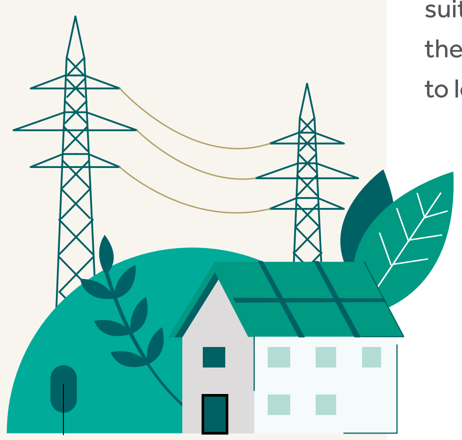
575km long

Will have a capacity of

700MW

Enough to power

450,000 Homes



North Connacht 110kV Project

The North Connacht project consists of a new 60km 110kV underground electricity cable circuit 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 110kV 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 current local electricity network cannot manage the expected flow of power, we need to improve the electricity network in the area. The new circuit 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.

Over the past year there have been significant milestones for this project.

In June 2022 EirGrid submitted a strategic infrastructure development planning application to An Bord Pleanála.

Prior to submission of the planning application, EirGrid sought and received a "Section 5" Statutory Declaration of Exempted Development from Roscommon County Council for the planned upgrade of the existing Flagford-Tonroe 110kV overhead line circuit. This achievement has significantly reduced the consenting complexity of the overall North Connacht project. To expedite the project programme, EirGrid also commenced ground investigation works along the underground cable route during the financial year.

Extensive engagement with stakeholders and the local community continued throughout this year which includes a community forum and a community benefit scheme for the project.

Powering Up Dublin

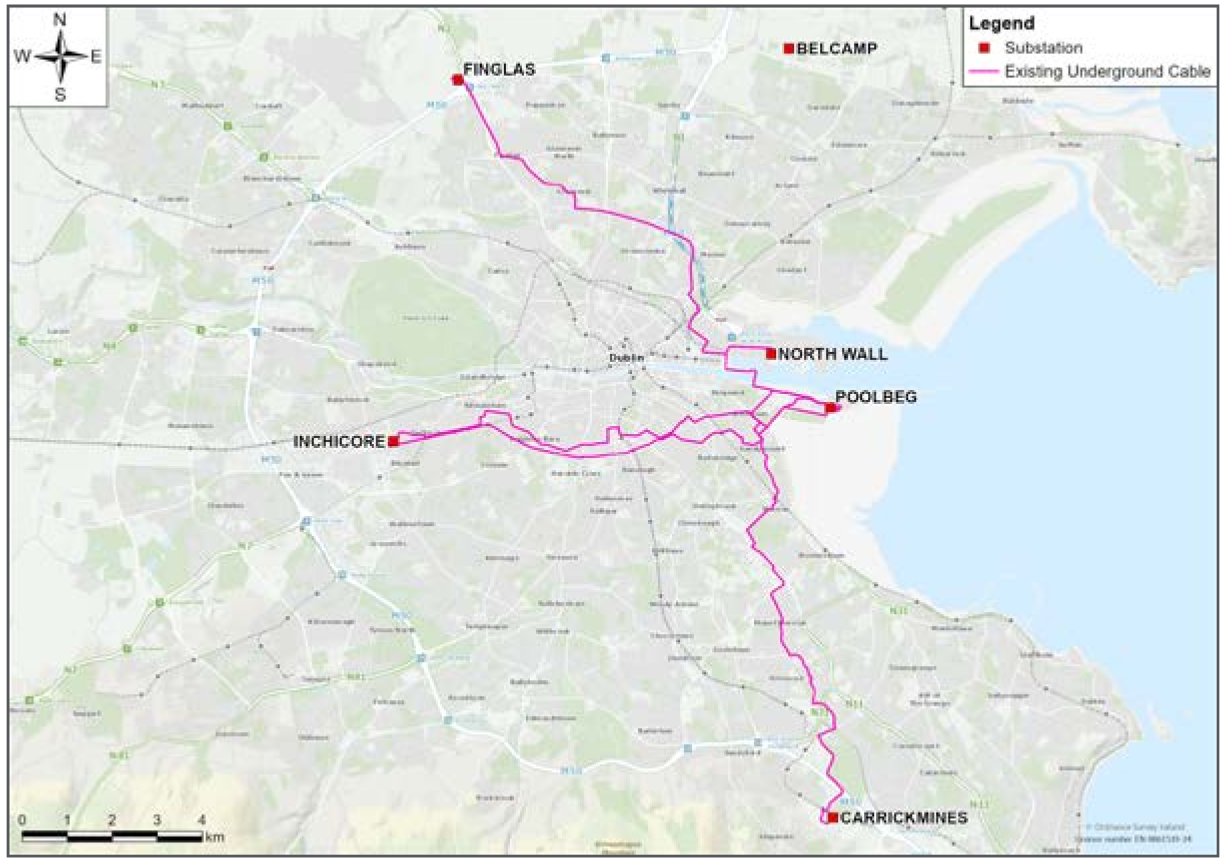
In March 2022, EirGrid formally launched the Dublin Programme which involves a major upgrade of the Dublin electricity grid, helping to facilitate Government renewable energy targets, replace aging infrastructure and meet growing demand in the city and county.

The project includes the replacement of circa 55km of cabling throughout the city as well as the expansion of existing substations and provision of new substations at key points to provide capacity.

A breakfast briefing was held on 9 March 2022 with Minister Eamon Ryan and a number of other important stakeholders to launch the programme.

As part of this event, the Dublin Infrastructure Forum was announced, with the inaugural meeting and launch of the forum occurring on 17 May.

This forum was attended by 35 representatives of state agencies and seeks to bring efficiencies and co-ordination to the delivery of infrastructure generally in the Dublin area.



Our studies to date have identified that underground cables linking the following substations need to be replaced: North Wall and Poolbeg; Finglas and North Wall; Poolbeg and Carrickmines; and two cables linking Inchicore and Poolbeg. Our studies also show a new underground cable connection linking Carrickmines and Inchicore substations is required.

Ahead of the launch, in-depth scoping and preparation exercises were undertaken to develop a masterplan as well as communications and engagement strategies for the programme.

The Powering Up Dublin Business Forum and Powering Up Dublin Community Forum were also established as part of the broader stakeholder engagement strategy and the 'Powering Up Dublin' campaign was commenced. Three webinars took place in May and June with the general public, community, business and industry stakeholders. In September, the strategic framework for planning and environment was published. This document presented the various projects of the programme, and EirGrid's planned strategic approach to their delivery, addressing matters such as planning and consenting, environment and biodiversity, and consultation and engagement.

The strategic framework was presented to the Dublin Infrastructure Forum, receiving an overwhelmingly positive response.

Kildare Meath Grid Upgrade

The Kildare-Meath Grid Upgrade will add a high-capacity underground electricity connection between Dunstown substation in County Kildare and Woodland substation in County Meath. The upgrade will help to transfer power to the east of the country more effectively and distribute it within the electricity network in Meath, Kildare and surrounding counties. The project is essential to enable further development of renewable energy generation. In March and April 2022, EirGrid held six public information days on the emerging best performing route option for the single 400kV underground cable.

This route was selected as the emerging best performing option in March 2022 following public consultation between August and November 2021 on a number of draft route options. In June 2022 we further refined the route following engagement with stakeholders and announced the best performing route.

To expedite the project programme, EirGrid also commenced ground investigation works along the underground cable route during the financial year. Stakeholder engagement continues while significant work has been conducted on the preparation of the planning application to An Bord Pleanála for the Kildare Meath project which we expect to lodge in 2023.

East Meath North Dublin Grid Upgrade

The East Meath North Dublin project is a proposed development to reinforce the network between East Meath and North Dublin. In 2022, the project entered the engagement and consultation phase, around the best performing technology option. A public awareness campaign commenced in May for 8 weeks across various traditional and digital media channels. In addition, there were engagement events at locations including Swords, Tyrrelstown, Kinsealy, St Margaret's, Batterstown, Dunboyne, and Kilbride. The best performing technology for the new circuit was confirmed as underground cable.

Since determining the underground cable circuit technology, four underground route options have been developed and published for a 12-week public consultation with communities, key stakeholders and landowners. The consultation and engagement strategy included a robust multi-media campaign across traditional and digital media, 11 public information events, three webinars, three focus groups and the establishment of a community forum.

The feedback from the consultation will form part of the multi criteria decision making process to identify the emerging best performing underground cable route. It will also assist in understanding the programme, project risks, ground investigations/technical surveys and the eventual final underground cable routing.

Laois Kilkenny

The Laois Kilkenny project involves the development of a new transmission line between the two counties. The proposed infrastructure will include a new 400/110kV substation situated to the south east of Portlaoise, a new 110/38kV substation at Ballyragget, County Kilkenny and a new 110kV line between these two new stations.

Over the last 12 months, there have been a number of developments in this project, and construction work has commenced on the Ballyragget and Coolnabacky substations. There was also significant landowner engagement on the route of the planned Ballyragget – Coolnabacky circuit. Over the year, 12 community organisations were awarded funding as part of the EirGrid Phase 1 Community Benefit Fund totalling €204,600.

> “Strengthening the grid, supports continued social and economic development, including attracting suitable industry and enabling the transition to low carbon.”

Delivering Northern Ireland's 2030 Ambition

Shaping Our Electricity Future

A *Shaping Our Electricity Future* Roadmap for Northern Ireland was launched by SONI in November 2021 detailing our approach to fundamentally change the grid to achieve Northern Ireland's clean energy ambitions, while maintaining an affordable and secure supply for consumers.

Shaping our Electricity Future will result in a significant number of grid development projects to transfer renewable electricity from the north and west to the east, including to the Greater Belfast area where there is most demand as well as the use of new technologies to limit the number of projects needed.

In December 2021, the Northern Ireland Executive launched the Northern Ireland Energy Strategy: The Path to Net Zero Energy and this increased the ambition of the Northern Ireland Executive to 70% renewable electricity by 2030.

This figure was subsequently revised further to 80%, through the Climate Change Act (Northern Ireland) 2022, which received Royal Assent on in June 2022, thereby aligning the ambitions across the two jurisdictions on the island.

SONI is reviewing the roadmap in order to inform a revised version of *Shaping Our Electricity Future* which will be published in the next financial year and will reflect these increased targets.

Offshore Wind

In Northern Ireland, the Northern Ireland Energy Strategy outlines a commitment to offshore wind forming part of the future renewable energy generation mix in Northern Ireland. SONI has actively supported the DfE in its action plan and is assisting in the development of the roadmap for offshore. SONI sits on the Offshore Steering Group and is represented in a number of other working groups.

SONI is also engaging with a wide range of stakeholders including potential developers and NIE Networks in its role as Transmission Asset Owner.

Infrastructure Projects

North South Interconnector

In October 2022, the NI Court of Appeal provided its judgement in relation to the appeal brought by the Department for Infrastructure in relation to the North South Interconnector. The judgement found that the Minister for Infrastructure acted lawfully by making the North South planning decision without recourse to the Stormont Executive Committee. This means the project now has planning consent in both jurisdictions.

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 110kV station in the Terrygowan area, a new 110kV circuit between the new Terrygowan station and the existing Rasharkin station and the upgrading of the existing Kells-Rasharkin circuit.

The Utility Regulator approved the project in February 2022 and following this, the project initiation phase commenced. The project schedule and scope of works were put in place and early stage engagement with the three council areas associated with the project was completed in September 2022. The environmental assessment and pre-construction works also commenced in September.

Energising Belfast

The Energising Belfast project will future-proof 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. SONI are responsible for design and securing planning consent and NIE Networks will lead on the construction phase of the project.

The project will deliver a new high-capacity underground cable in Belfast city centre, as well as a new transformer at Castlereagh substation.

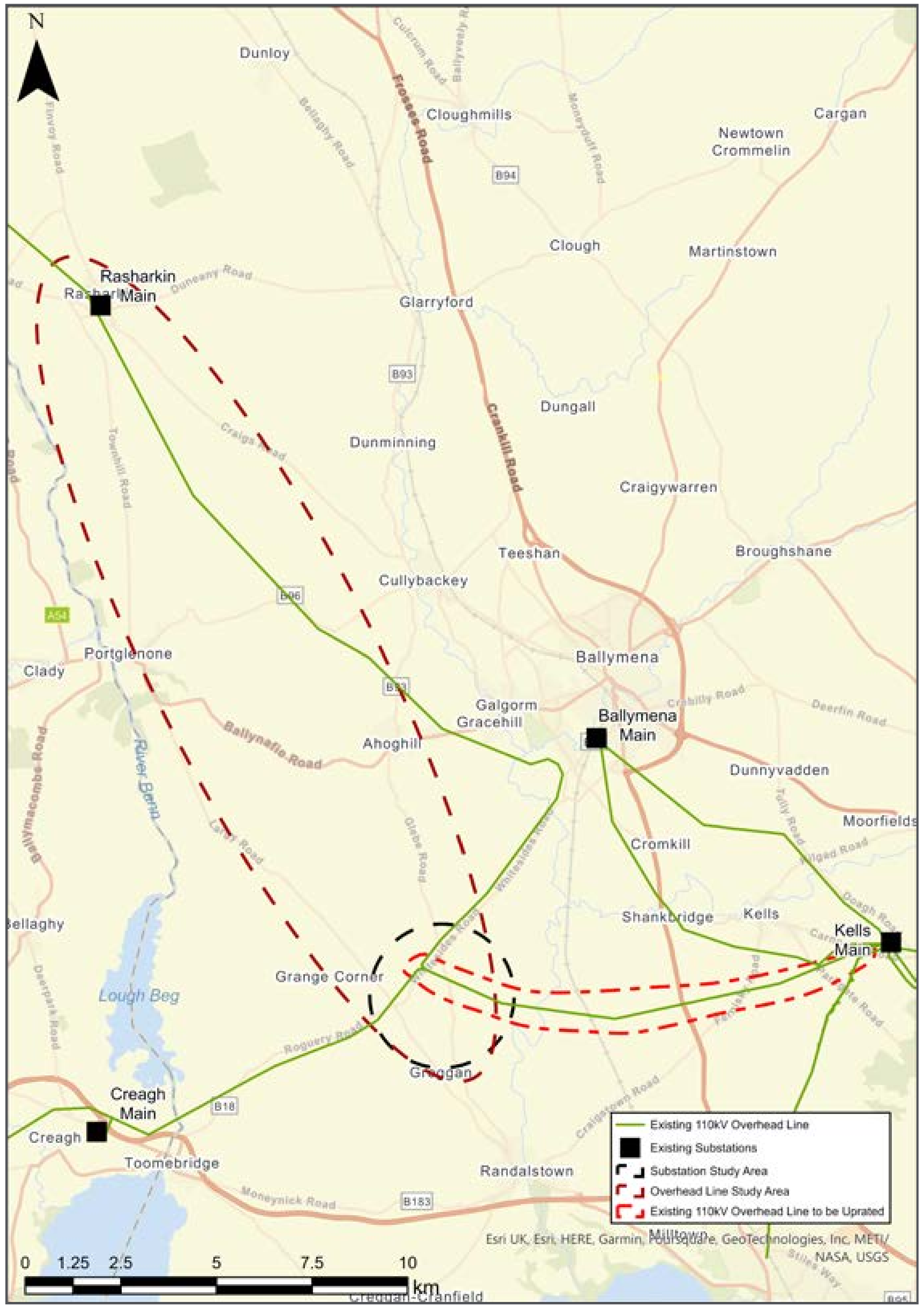
We're also assessing if it's possible to build new substations at or next to existing sites in the city, or at new sites close by. This will mean we can remove older overhead lines in the future and prepare the transmission system in the Greater Belfast area for future population and economic growth, as well as the electrification of heating and transport.

SONI secured funding for the project in the financial year and it was officially launched in October 2022.

Kells Cluster Project

A number of new renewable power projects in the greater Ballymena/Antrim area resulted in the need for the Kells Cluster Project. The project involves a cluster substation, providing these renewable generation projects with a connection to the grid. A significant milestone was reached in the financial year when planning consent was achieved for the Kells Cluster project.

The area map for the Mid-Antrim Upgrade project



Agivey Cluster Project

Wind farms in the Craiggore, Smulgedon, Evishagaran areas were designated for connection to the grid via a cluster substation. This has resulted in the need for the Agivey Cluster Project. The project comprises a new cluster substation and two new power lines connecting the station to the Brockaghboy – Rasharkin 110kV overhead line. The project was successfully was successfully energised in December 2021.

SONI Governance

On 30 August 2022, the Utility Regulator published its SONI Governance Licence Modification Decision to SONI's Transmission System Operator Licence concluding a process it commenced in 2019.

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 from the EirGrid Group in terms of employees, premises, IT and other systems, equipment, facilities, processes and assets. The Utility Regulator's decision, and its implications are very concerning. It is difficult to see how the decision by the Utility Regulator will ultimately protect the interests of or be to the benefit of Northern Ireland consumers. The licence modifications came into effect on 26 October 2022 and while we are disappointed with the outcome, these modifications will now be implemented.

SEM Operations

Day to day operations of the Single Electricity Market continued with all energy auctions completed successfully, imbalance prices calculated on a 5-minute basis and settlement functions operating within standard key performance indicators.

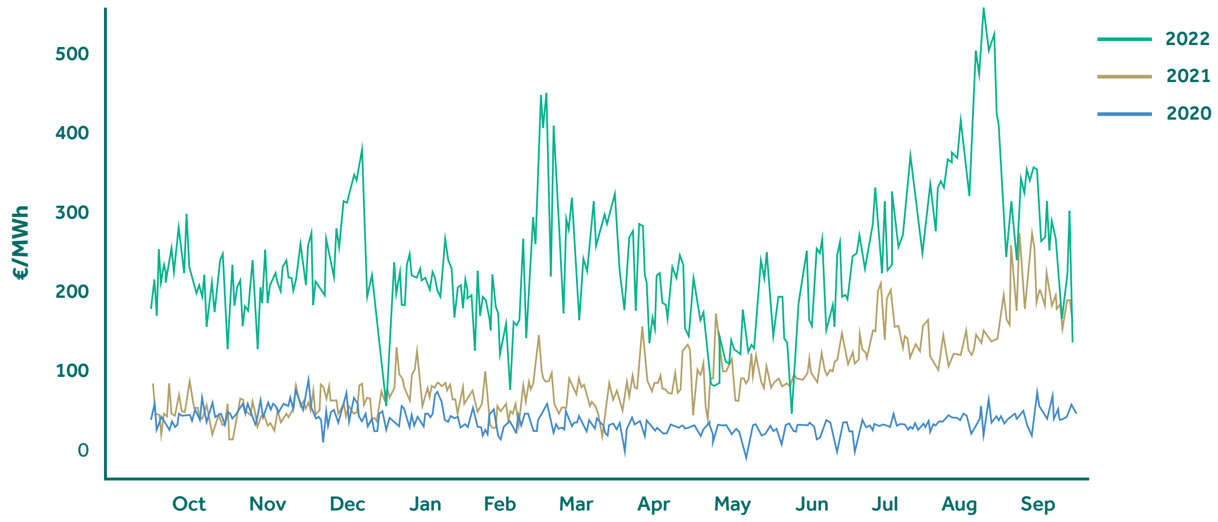
During the financial year 2022 the SEM registered 60 units in total including 7 demand side units, 4 solar units, 10 battery units and 13 wind units.

Global impacts on energy

EirGrid and SONI jointly operate the Single Electricity Market through the contractual joint venture Single Electricity Market Operator (SEMO). SEMO has no direct influence over electricity prices. Over the course of this financial year, the value of wholesale electricity trades increased significantly, as they did across Europe, in particular due to the war in Ukraine.

While gas prices had started to increase over winter 2021-22, further significant inflation and increased volatility has marked the period since the invasion of Ukraine by Russia. The unprecedented rise in gas price has effectively coupled gas and electricity prices in the Single Electricity Market, as gas fired generation now sets the marginal price. Wholesale electricity Day Ahead Market (DAM) prices averaged 235.71 €/MWh for the last 12 months compared to 92.4 €/MWh in the preceding 12 months. This is a 155% increase year on year and is highly correlated with gas price fluctuations.

SEM DAM Prices by Year



21% of the European Union's electricity generation in 2021 came from natural gas, with the EU importing 80% of its total gas needs. 2022 saw increased pressure on gas generation, with the low availability of generation from hydro, nuclear and wind across the EU. This had a knock-on effect on the SEM through significantly increased gas prices and interconnection pressures.

Continued investment in our renewable resource has and will continue to be an important component of ensuring our independence of energy supply. However, gas will continue to remain an important component of our generation portfolio for some time to come and hence gas security is a vital component of our overall energy security.

Responsible Business Report

Sustainability

Progressing on our sustainability journey

In 2021, in support of our primary goal: 'to lead the island's electricity sector on sustainability and decarbonisation', we developed our first Group Sustainability Strategy.

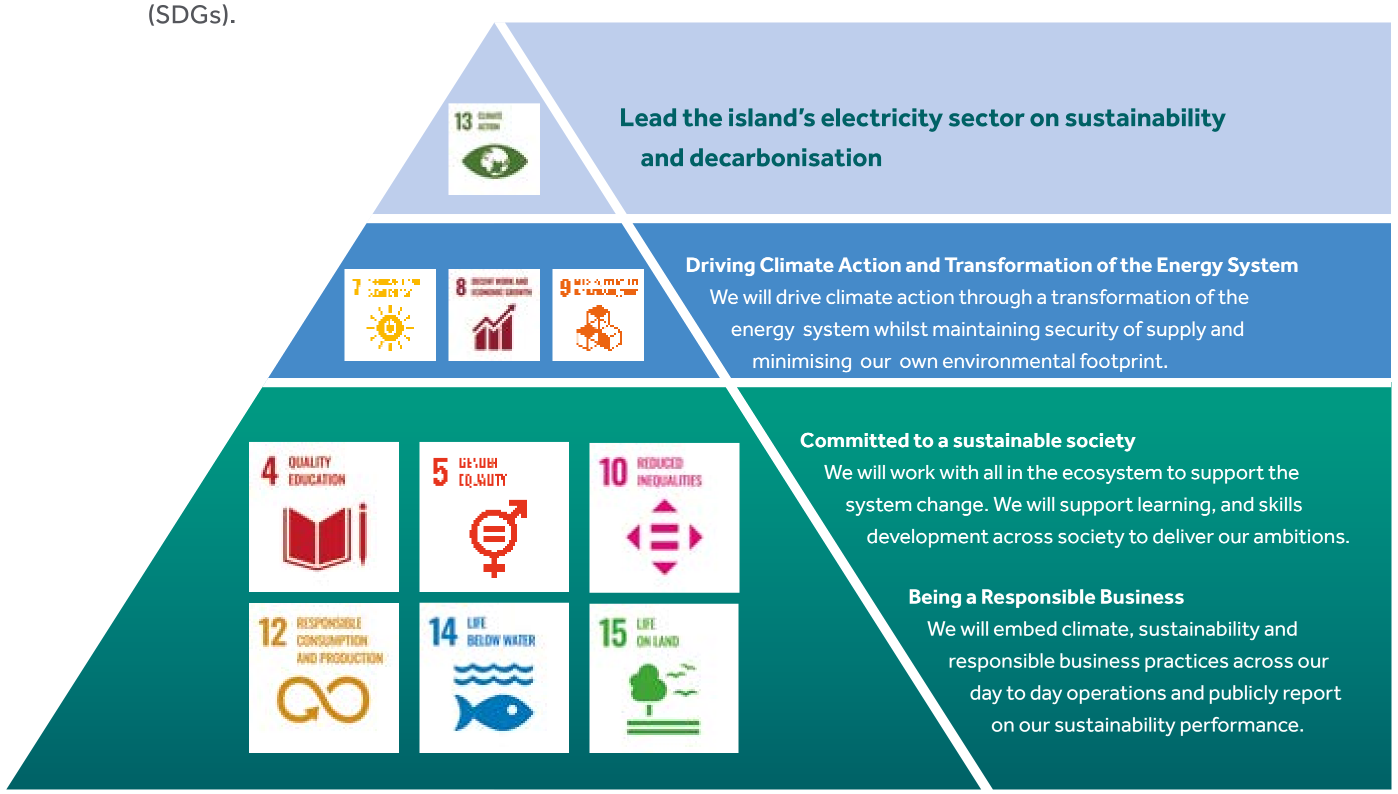
This strategy was developed following an extensive review and consultation process, involving a broad range of internal and external stakeholders and is structured around a key set of Sustainable Development Goals (SDGs).

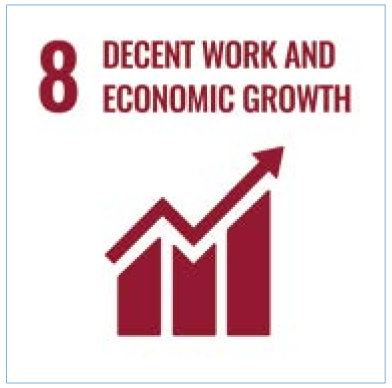
Over the last 12 months, our focus has been on embedding this strategy across the Group and we are proud of the progress and achievements registered over this period.

Our sustainability journey is guided by three key pillars:

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

The first pillar is focused on 'what we do' as a Group and our core contribution to the transformation of the power system and the overarching climate challenge. The other two pillars highlight that whilst achieving this outcome is critical, it's 'how we do it' that will determine the net benefit to society and ensure that sustainability is embedded into all our activities.





Driving Climate Action and Transformation of the Electricity System

EirGrid Group's most impactful contribution from a sustainability perspective is to drive climate action through the transformation of the electricity system and realise 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.

In this pillar we have committed to the actions and efforts that we will take to achieve this outcome, including the execution of our Group Strategy, the support of the Irish Government and Northern Ireland Executive's energy and climate policy, and in the near-term, this has crystallised respectively in the EirGrid and SONI *Shaping Our Electricity Future* roadmaps. This has put us on a pathway to achieving the 2030 targets, and in doing so, a trajectory to a climate neutral economy by 2050.

Within this pillar we have also committed to working with all players in the electricity system to address the emissions profile associated with the broader operation of the power systems (through dispatch balancing). We have calculated this as part of our 'Science Based Targets' work, as it is a crucial component to address in the period to 2030 and will require the efforts of all parties. This is outlined further in the Science Based Targets section.

We have determined a number of key metrics to reflect our progress in this area, including renewable electricity penetration, carbon intensity of electricity, System Non-Synchronous Penetration (SNSP), the level of renewable energy not utilised (dispatch down) and the scope 3 emissions footprint for dispatch balancing.

Committed to a Sustainable Society

Achieving our climate ambition will require a significant change across society and EirGrid Group has an important role to play in this transition. We have committed to working with all stakeholders to ensure that our business operations are conducted in a manner that supports efficient use of resources and that we manage the environmental impact of our activities in terms of our use of products, our interactions with the land, the water, communities and habitats.

Our endeavours under this pillar include:

Diversity and Inclusion

A diverse and inclusive organisation will achieve the best outcomes for our business, our customers, and society, enabling us to realise our purpose 'to transform the power system for future generations'. We have an exciting and ambitious strategy to enable us to do that.

We are building an increasingly diverse and vibrant organisation in terms of gender, nationality, educational background and sexual orientation.

We celebrate that our people come from different backgrounds, have different experiences, and different points of view. Our current figure of 30% females in leadership roles places us ahead of the wider industry in terms of representation, however we have significant opportunity for further change. Gender diversity is a primary area of focus right now. We believe in a culture where differences are embraced and where everyone is comfortable to bring their whole self to work.

Three elements inform our approach. The first is Education and Awareness. In 2022, we engaged our people across the group on the results of our first Group Diversity and Inclusion survey with facilitated discussion by our specialist partners. Based on the outcomes of this engagement, Diversity and Inclusion focus groups have been established to look initially at the themes of gender, race, disability, and LGBTQ+. Unconscious bias training has been rolled out on a mandatory basis to all employees. In the financial year 2023, externally facilitated Diversity and Inclusion focus groups will encourage discussion and engage with employees on the full range of initiatives.

The next element is Nurturing Diverse Talent. We actively encourage and support diversity at all levels, spotlighting diverse talent 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. In 2022 female representation among our intake of graduates increased to 36%.

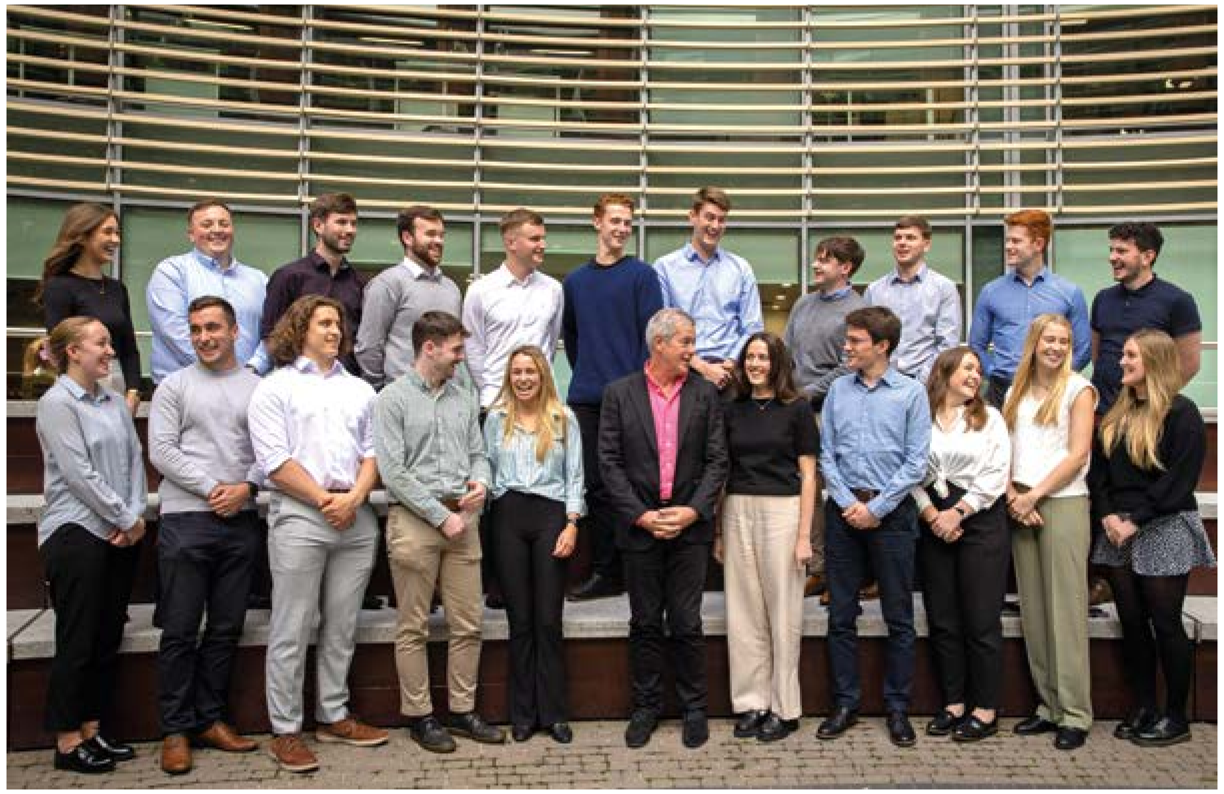
We provide a supportive environment for all our people to fulfil their potential and we are working hard to bring a broader spectrum of different abilities to our organisation.

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.

The third element is Building an Attractive and Inclusive Employer Brand with diverse selection panels. This year, we implemented our new hybrid working model which gives our people greater flexibility to bring balance to their work and personal lives.

Our progress on our committed actions towards social inclusion has been reported alongside that of Ireland's leading companies, in the first Business in the Community Ireland Elevate Social Inclusion Pledge report. We welcomed female STEM teachers in training to intern with us again and hosted our first "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.



Education and Skills for Our Staff

We value our people and we work hard to make sure we have the best learning and development opportunities supported by the right digital tools to enable our teams to deliver on our strategic ambitions. We are also building a strong pipeline of talented individuals for the future.
Our talent acquisition team have continued a significant recruitment drive in order to attract the best talent into the organisation from Ireland and abroad. We also emphasise the importance of learning and development across all levels of the organisation.

Our development framework (EirSkills) includes a range of modules focused on building our capability to perform and achieve outcomes that will not only meet but exceed our stakeholders' expectations, including those of customers, communities and regulators. In the financial year 2021-22 we put a particular emphasis on digital learning and launched our LinkedIn Learning portal, which allows us to build on that initiative by curating new, varied and up to date programmes relevant to each area of our business.

We believe in the importance of creating a great onboarding experience for new people joining our organisation from across the world and from a diverse range of disciplines. Our approach continued to create opportunities for networking, as well as learning about what it means to be part of an organisation with a powerful purpose and the role each individual can play in our success.

We have a blended approach to learning and development, with a focus on training programmes to upskill in specific areas, alongside multidisciplinary team events. This allows the tacit knowledge that exists within our experienced teams to be shared with new staff.

We also continued to provide education supports to people who want to gain new qualifications as they continue to grow their careers with our organisation, including post-graduate and masters programmes.

We have continued our successful Graduate Development Programme and a new group of 28 energised, ambitious graduates joined EirGrid Group in September 2022. This is one example of how we support new staff to make the transition from success as a student to being effective in a corporate environment.

We do this through a six-week onboarding programme and we can see the return on that early investment as they contribute to their teams.

Societal Awareness and Education

We continued to develop and implement ambitious new practice as part of our Public Engagement Strategy and the *Shaping Our Electricity Future* engagement roadmap. Engagement is at the heart of what we do in EirGrid, we engage for better outcomes for all and we recognise the value of creating a dialogue with the wider society.

Our intention is to engage a broad range of stakeholders in in-depth, meaningful discussions about the future and the role of the grid.

Energy Citizens Roadshows

In May 2022, EirGrid embarked on a series of Energy Citizens Roadshow events aimed at informing local communities on how the organisation plans to future-proof the electricity grid, as well as providing information on microgeneration, home retrofitting, energy upgrades and regional energy development issues.

These roadshows were held in collaboration with our national partners Sustainable Energy Authority of Ireland (SEAI) and ESB Networks, as well as regional partners such as Western Development Commission, Wicklow County Council, Donegal Public Participation Network (PPN), Sligo PPN, Westmeath PPN and numerous exhibitors.
Six roadshows were held between May and September (Letterkenny, Donegal Town, Sligo Town, Arklow, Wicklow Town and Mullingar).

Subsequent to the end of the financial year, an additional seven roadshows were held in October and November. Over 500 members of the public, community organisations, business associations and the farming community got actively involved in this discussion.

These roadshows have helped enhance our understanding of community's attitudes towards hosting grid infrastructure and their ambitions to play their part in the climate transition – down to the energy they use every day. This helped us gain a deeper knowledge of their priorities and perspectives. We will continue to roll out these events in 2023.

378

young people participating

29 projects

selected for the EirGrid Climate Action and Energy Award category

Partnerships for a Sustainable Society

Young Social Innovators

In February 2022, we launched a partnership with 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.

This new award recognises young people's efforts to innovate efforts around climate action and energy to create a more sustainable world. In 2022, there were 29 projects selected for the Climate Action and Energy Award category with 378 young people participating.

The inaugural award was presented to Commotion in the Ocean from Abbey Vocational School in Donegal Town. Commotion in the Ocean brings awareness on how people can reduce their carbon footprint and reduce the amount of pollution that is entering into our seas and oceans, damaging marine life.

We recognise that it is incredibly important to listen to and involve young people who are the driving force behind climate action efforts.

In this partnership, we are learning a lot from young people across the island of Ireland and we are challenged and inspired by their innovative ideas. We will continue to enhance this partnership further in 2023.

Who are YSI?

Young Social Innovators empowers and supports young people to develop and implement innovative ideas to bring about positive social change for the benefit of people, communities and the environment. Over the past 20 years, some 150,000 teenagers have taken part in YSI's social innovation programmes in post primary schools nationally.

SciFest Sponsorship

In 2021, we commenced our partnership with SciFest on the SciFest@School programme. The 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.

The EirGrid 'Climate and Delivering a Cleaner Energy Future' award is presented to the secondary school students who design a creative, innovative approach to utilising energy from clean resources.

This year, EirGrid expanded the partnership and the award to include SciFest@College and the SciFest National Final for the next three years.

Friends of the Earth Ireland and the Renewables Grid Initiative

In December 2021, we launched a joint project to engage communities and groups around the country on Ireland's energy transition with Friends of the Earth Ireland and the Renewable Grid Initiative.

The first dialogue was held in June 2022 with a focus on energy poverty.

This partnership facilitates an opportunity to support open and honest conversations with stakeholders about Ireland's energy future.

Supporting Local Communities

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. In the financial year 2021-22, we awarded €804,600 to community projects over a total of 48 community projects.

See the next page for the detail of activity in this area across our transmission projects.

Clashavoon Dunmanway

In December 2021, EirGrid awarded €600,000 to community organisations along the Clashavoon Dunmanway 110kV electricity line. A total of 36 projects from Dunmanway, Aghinagh, Carrigadrohid, Kilmurry, Rusheen, Macroom, Tirelton, Kilmichael and Coppeen West were successful in the application process.

The successful projects include the development of community and sports facilities, funding for youth facilities along with heritage, older persons and enterprise initiatives.

Laois Kilkenny

In April 2022, EirGrid awarded €204,600 to community organisations along the Ballyragget to Coolnabacky 110kV electricity line.

A total of 12 projects from successful groups in Spink, Ballyroan and Ballinakill in Laois, and Ballyragget and Ballyouskill in Kilkenny were successful in the application process.

The successful projects include the refurbishments of community halls, enhancement of existing community facilities, funding for outdoor and sporting equipment and the funding of youth supports for a music festival.

Kilpadogue-Moyvane-Knockanure

In September 2022, we formally closed out the Kilpadogue-Moyvane-Knockanure Community Sponsorship Fund with a Community Appreciation Day hosted in partnership with Moyvane Community Sports Hall.

Celtic Interconnector

In 2022, we commenced the development of a community benefit strategy in partnership with the Celtic Interconnector Community Forum and €2.4 million of community funding was announced in June 2022 for the project.

Clashavoon Dunmanway Community Benefit Fund: Macroom Senior Citizens

Macroom Senior Citizens is a community-based voluntary organisation providing services in educational programmes and housing and social aspects of life for the elderly of Macroom and the Lee Valley area. They currently provide 320 meals a week with their Meals on Wheels programme, servicing the local community centre and local home delivery.

Their service has become very busy and only for the funding received from EirGrid to purchase an electric van they would not be able to sustain the service due to the rise in fuel costs.

Pat O'Connell, Chair of the service said that "Our new electric van with the EirGrid branding has increased public awareness about our Meals on Wheels service.

We are most grateful for the funding for the van for the delivery of meals to all senior citizens in the Macroom and Lee Valley area while keeping the environment green and lowering our carbon footprint simultaneously!"

Clashavoon Dunmanway Community Benefit Fund: Carrigadrohid Community Association

The Carrigadrohid Community Association aims to create a safe community hub in their area and a place for families to meet socially with an opportunity to stay active. As part of this they received €33,000 from EirGrid to fund the development of a new playground through initial design and planning stages. This is a much-needed facility for an expanding community with a young population.

The project is supported by the local County Council, the school Bord of Management and parish priest.

This project is a phased joint venture, which will unlock multi-agency funding, and the funding from the EirGrid Community Fund will serve as seed funding for the purchase of the land for their project, whilst unlocking other funding streams to further develop this project. Once the construction is completed, Cork County Council will maintain and operate the playground and carpark.

Grainne Dunlea, Committee member of Carrigadrohid Community Association said, "this funding will make a huge difference to the community, we currently don't have a safe area for children to play in outside the traditional GAA playing fields. The playground will provide a safe environment near the school and in turn the school can benefit. The community benefit fund is an essential cog in the wheel to getting this project off the ground"

Laois Kilkenny Reinforcement Project: Ballinakill Community Development Association

The Ballinakill Community Development Association received €40,500 from EirGrid to support the Ballinakill Amenity Park Development Project.

The main features of the project are fencing a playground area, solar panels for an outdoor swimming pool, a shaded amenity area adjacent to the playground and groundworks and fencing around the poolside area.

Upon completion, this project will serve as an example of how local community groups can use renewable energy. Their utility bills and running costs will be reduced due to the solar panel's installation, this will free up funding for other elements of their community development plan.

The groups have said that they want to promote sustainability and "take great pride in using an 'air to water' heating system for the pool and the solar panels will be a huge addition.

Supporting our Customers for a Sustainable Future

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 2021-22, 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 2022, a survey was issued to 77 customers to ask for feedback on their experience of engaging with EirGrid during 2021. The survey results are being utilised to inform and enhance our stakeholder engagement and drive excellence in customer service across various teams within EirGrid
- Throughout the financial year we hosted 68 customer clinics with potential customers to discuss future generation and demand connections with our subject matter experts in their consideration of future projects ahead of submission of connection applications
- 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 continued with offshore customers as the momentum increases in this sector towards project delivery. Three half-day offshore engagement workshops were held through 2021-22 along with approximately 12 shorter technical workshops with Phase 1 offshore developers

Customer Energisations

In the financial year 2021-22, a record number of transmission connected generation and demand projects were energised in Ireland. Three onshore wind farm projects were energised along with one solar farm. These renewable generation projects have a combined capacity of 367MW. Five Battery Energy Storage System (BESS) projects were connected with a combined capacity of 174MW. In addition to this, three large demand customers were energised.

In Northern Ireland, two BESS projects were connected at transmission level with a combined capacity of 100MW. The Agivey Cluster project allowed for the connection of 70MW of distribution connected onshore wind.

Measuring Our Effectiveness

When we assess the effectiveness of our engagement, we consider whether we have successfully provided information that is clear and easy to understand in plain English; received relevant feedback from a range of stakeholders for consideration; identified insights, learnings and opportunities from feedback and ensured our stakeholders' perspectives contributed to and were considered in decision-making. We also consider if we have provided transparency around decision-making and achieved the identified objective and benefits that the engagement was designed to deliver.

Each year, EirGrid produces and publishes a review of our stakeholder engagement.

This year we published a review of our performance in 2021 and our plan for 2022. This covered industry (including generators), civic society and the public. Both EirGrid documents were subject to public consultation and gave our stakeholders the opportunity to provide feedback on our work and make suggestions as to how we might enhance our engagement with them.

Biodiversity

In 2019, the Irish Government declared a climate and biodiversity emergency. EirGrid Group are committed to monitoring and improving the effectiveness of our biodiversity actions, in response to our obligations.

We already avoid or reduce impacts on biodiversity when developing electricity transmission projects.

In response to the twinned biodiversity and climate crises, we are aiming higher to restore nature.

In 2021-22, we saw significant success at our EWIC (East West Interconnector) Biodiversity Project. This included successful fledging of blue tit chicks from our bird nest box, the natural establishment of a wetland area containing 22 native species (including one uncommon grass species), and new native woodland plants appearing since ceasing herbicide use.

In 2021-22, we established a new requirement for our consultants to implement Nature Inclusive Design (NID) proposals across our projects, in collaboration with our in-house Ecologist, ESB and nature conservation bodies where appropriate.

Case studies of some current restoration initiatives are available on our website. For example, at Trien 110kV substation in Co. Kerry, EirGrid and ESB have jointly developed a plan to use 'green hay' to convert an area of former hardstanding to species rich semi-improved grassland. In all cases, restoration projects are informed by 'Before and After' monitoring surveys, to measure success, and take remedial action if required.

On Overhead Line (OHL) uprate projects, we have committed to the retrofitting of existing lines with bird flight diverters, to reduce bird strike. In 2021-22 alone, we have surveyed nearly 400 km of OHL, and identified 7 km where diverters will be installed at potential high-risk locations along key migratory routes, and wetland areas.

On Underground Cable (UGC) Projects, we are exploring planting of shallow-rooted native shrubs over certain off-road cable routes, to compensate and in some cases enhance existing hedgerows. At passing bays, where road boundaries are temporarily removed to allow traffic flow during in-road cable laying, we are building back better, by planting locally sourced, native species rich hedges and trees (five woody species per 30 m section). In 2021-22, this was committed for the North Connacht 110kV project which spans 59 km.

As we prepare to connect offshore renewable energy, we are engaging with renewable energy developers and TSOs in other jurisdictions, to establish a standard for marine NID on offshore marine transmission infrastructure, such as artificial reef 'cubes', fish hotels, and cable protection materials which encourage growth of oyster and other marine flora and fauna.

Health, Safety & Environment

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

EirGrid operates a Health, Safety & 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 enables us to consider various risks associated with our activities, to staff 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, thereby ensuring that preventative & 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 staff members 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.

Being a Responsible Business

In order to ensure that our business activity is conducted in a sustainable manner we have committed to further embed climate, sustainability and responsible business practices across our day-to-day operations and publicly report on our sustainability performance.

Given that climate and energy policy is at the heart of the EirGrid Group Strategy, we have established good governance structures with a focus on climate and sustainability.

We have developed and adopted key policies for the business including energy and environmental policies for the Group. We have also achieved external validation for our efforts, including through the Business Working Responsibly (BWR) Mark in Ireland and the CORE accreditation in Northern Ireland.

We have taken a leadership role in organisations such as Business in the Community. However, under our sustainability strategy we will go further with some significant activities undertaken this year and over subsequent years.

As part of the Science Based Targets carbon footprint baselining and assessment exercise undertaken in 2021, we developed an implementation roadmap to guide us in achieving our climate-related targets. We have identified a number of intervention categories which provide us with direction and clarity of progress against our validated targets.

Our current and planned activities under this pillar are as follows:

Science Based Targets

In 2021, the Group undertook a carbon footprint assessment across our business to assist with setting emissions reduction targets in line with the targets outlined in the Paris Agreement (called Science Based Targets). We concluded an extensive greenhouse gas (GHG) foot printing exercise to understand our emissions profile and validated our targets with the Science Based Targets initiative in March 2022, making EirGrid the first public body in Ireland to achieve validated science based targets.

In calculating our emissions, we considered all business operations, including emissions from areas such as energy usage, purchased goods and services, and employee commuting and business travel.

In addition to our own operations, we include emissions that exist on the system as a result of dispatch balancing, in other words the redispatch of generation to manage the system. This redispatch is a result of many factors on the system, including the carbon intensity of the generation and technology portfolio, the electricity network and the operational and market rules. For these scope 3 emissions, EirGrid Group's role is one of influence, support and cohesion rather than direct control over these changes. These are complex and inter-related areas.

There is significant uncertainty around how and where demand will change and this results in a number of different ways in which the generation, network systems and the system and market operation could change in the future.

Our calculation and forecasting for this element utilised modelling based on scenarios which were selected considering feedback themes from the *Shaping Our Electricity Future* consultation.

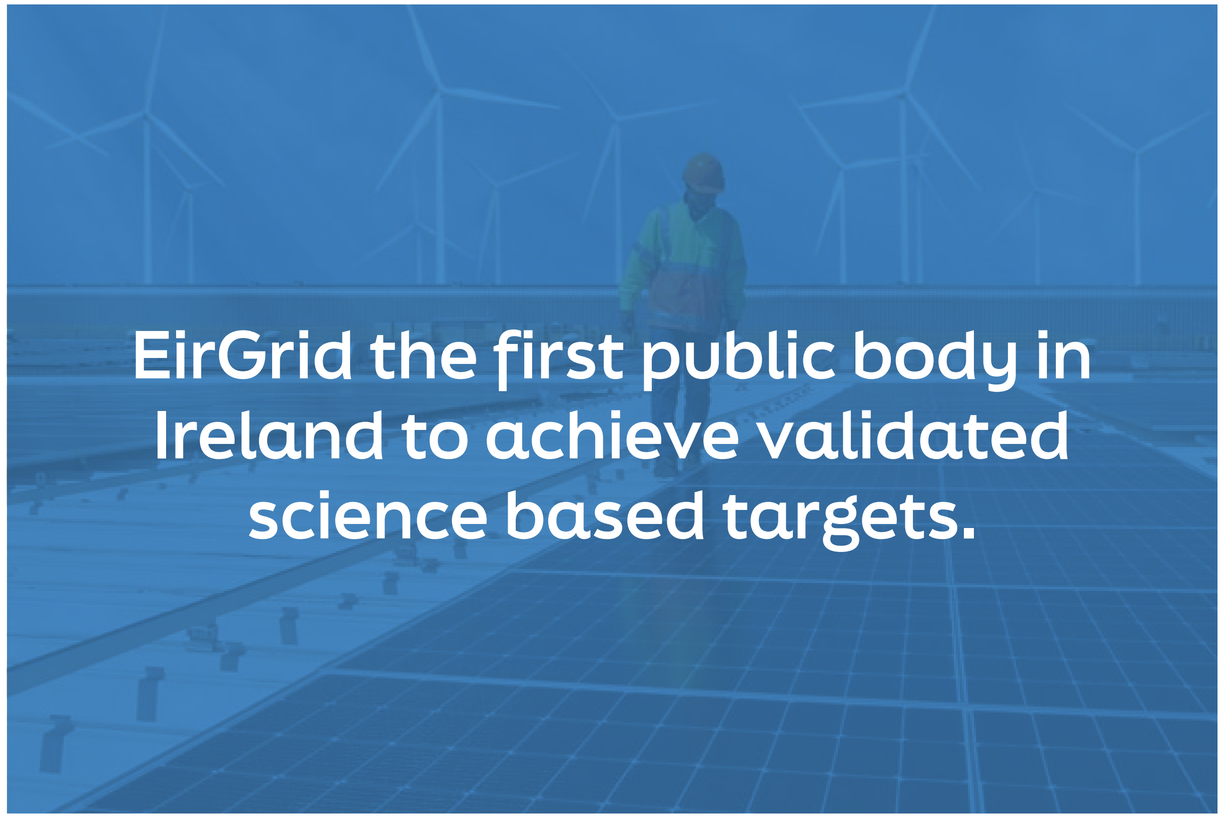
The 2030 demand and generation scenarios were selected considering feedback from this consultation.

As this element of the footprint is also aligned with the electricity demand for the year in question, we utilised an intensity figure relating the emissions generated to the level of demand. For all other scopes we have utilised an absolute reduction target.

In line with our targets we have continued to identify opportunities to reduce our emissions impact and to build our data driven approach to making meaningful interventions in the emissions footprint for the Group.

In this financial year this has included introducing energy efficiency projects, undertaking a Group-wide survey of employee commuting patterns and an assessment of our approach on procurement.

We will continue to measure and report on our emissions performance in accordance with our requirements as a validated body under the Science Based Targets initiative.



What are Science Based Targets?

Science based targets provide a clearly-defined pathway for organisations 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 – limiting global warming to well-below 2°C above pre-industrial levels and pursuing efforts to limit warming to 1.5°C.

Under the GHG Protocol, emissions are divided into direct (scope 1) and indirect (scope 2/3) emissions. Direct emissions are those originating from sources owned or controlled by the reporting entity. Indirect emissions are generated as a result of the reporting entity's activities but occur at sources owned or controlled by another entity.

- **Scope 1**
  refers to direct emissions from owned or controlled sources;
- **Scope 2**
  relates to emissions from purchased electricity, heating and cooling; and
- **Scope 3**
  refers to indirect emissions upstream and downstream across the supply chain, and activities such as employee commuting and business travel.

Validated Science Based Targets

1.

EirGrid Group commits to reduce absolute scope 1 and 2 GHG emissions

50% by 2030

from a 2019 base year.

2.

EirGrid Group also commits to reduce scope 3 GHG emissions from dispatch balancing services by

35% per MWh

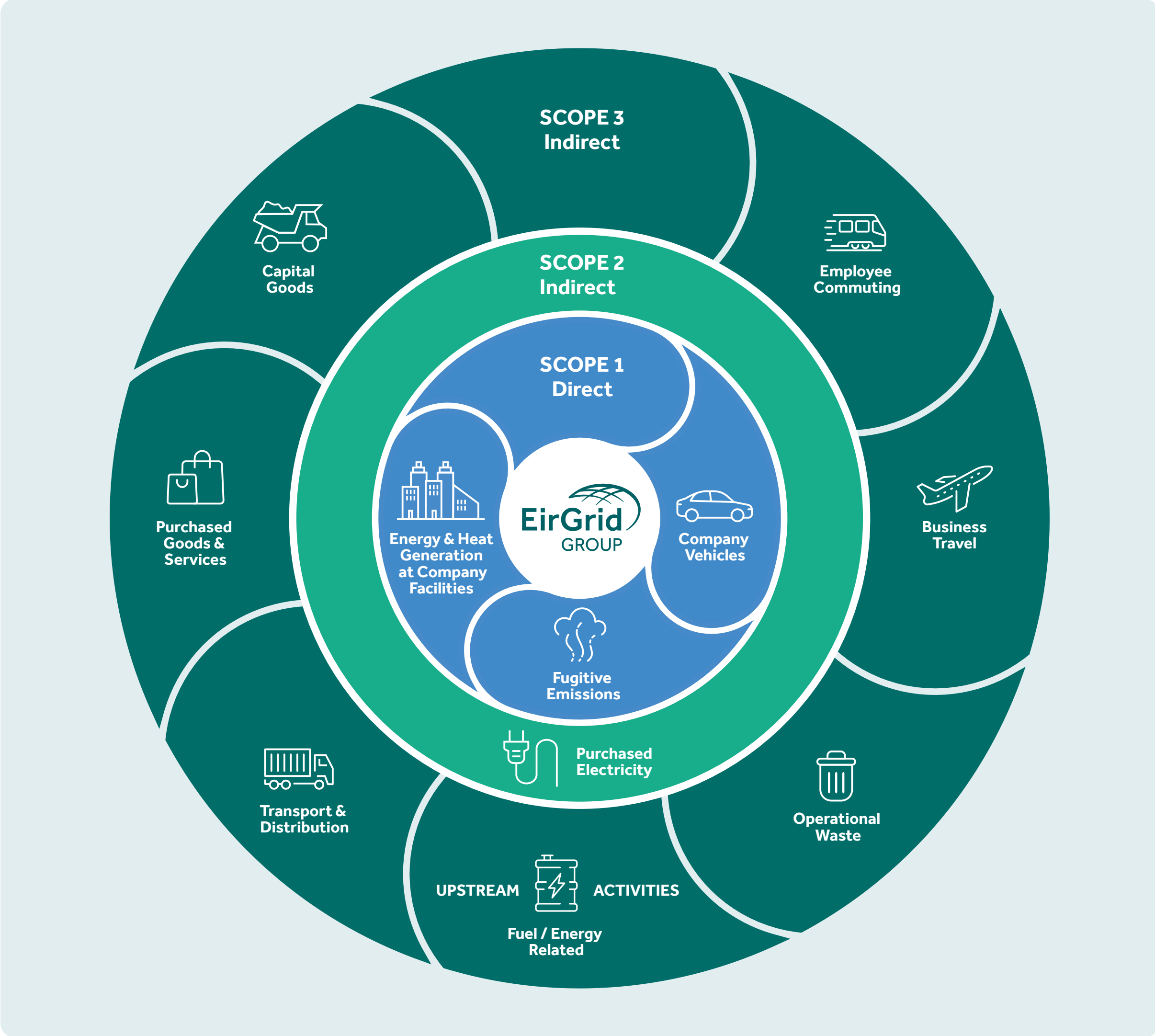
of overall system demand within the same timeframe.

3.

EirGrid Group further commits to reduce all other absolute scope 3 GHG emissions

30% by 2030

from a 2019 base year.



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 reflected this in our Commercial Management Strategy and will carry out a sustainability audit of our top tier suppliers in our next financial year.

In 2021-22, EirGrid Group updated our Modern Slavery and Human Trafficking Statement, which sets out the steps taken to combat modern slavery in our business and supply chains.

Sustainability Reporting/Disclosures

We have committed to annually reporting on our performance against each of the three pillars of our sustainability strategy, including performance against our science based targets. EirGrid will report under the new climate action framework for the commercial semi-state body sector from 2023 and under the new Corporate Sustainability Reporting Directive (CSRD) from 2026.

Three Pillars: Actions in 2021-22

Climate

Publication of the Shaping our Electricity Future roadmap

The development of the EirGrid and SONI *Shaping Our Electricity Future* roadmaps has put us on a pathway to achieving the 2030 targets, and in doing so, a trajectory to a climate neutral economy by 2050.

Achievement of 75% SNSP

The achievement of 75% SNSP is a major milestone in delivering the operational changes we need to operate a power system with almost 100% renewable electricity in 2030.

External Leadership

Business in the Community Ireland (BITCI): Our Chief Executive, Mark Foley, has continued to co-chair the Low Carbon working group.

This working group has been the key driver in the Low Carbon Pledge, to which EirGrid is a signatory company. The Pledge asks companies to commit to setting science based targets by 2024.

Business in the Community Northern Ireland (BITCNI): SONI is a Climate Champion for the Business Action on Climate Campaign and sits on the steering group responsible for developing the Climate Action Pledge. The Pledge is 'a public commitment by an organisation to reduce its absolute scope 1 and scope 2 GHG emissions by either 30% or 50% by 2030; and to work towards measuring and reporting scope 3 GHG emissions.'

Sustainable Society

Volunteering

Building on the success of our existing volunteering partnership with Ellenfield Community College (previously named Margaret Aylward Community College) in Whitehall, Dublin, we concluded our first two-year student mentoring programme with Leaving Certificate students through the BITCI Business Action on Education Programme. The EirGrid Graduate Development Programme participants provided virtual group mentoring sessions on various academic and life-skill topics. The sessions provided a great opportunity for the students to engage with an adult from outside of their direct circle to provide a new perspective on queries they may have, and a development opportunity for our graduates to learn new coaching and mentoring skills. We have renewed our support of this mentoring programme for the 2022-2024 Leaving Certificate cycle.

Partnerships for a Sustainable Society

In line with our focus on education, we continued our support of the DCU Access Programme to make 'education attainable to young people from socio-economically disadvantaged backgrounds'. As part of our support, a student from the DCU Access Programme participated in an internship in EirGrid over the summer of 2022 through the 'Access to Work' programme.

This year, EirGrid partnered with UCC on the Sustainable Futures project to support enterprise-led curriculum development for a suite of sustainability-focused educational programmes.

In 2021-22, EirGrid launched a partnership with non-profit organisation, Young Social Innovators (YSI). This collaboration will see EirGrid become the new Climate Action and Energy partner with YSI for a three-year period. YSI empowers and supports young people to develop and implement innovative ideas to bring about positive social change for the benefit of people, communities and the environment.

We commenced our partnership with SciFest this year. This involved a secondary school education programme promoting 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. The EirGrid 'Climate and Delivering a Cleaner Energy Future' award is presented to students who design a creative, innovative approach to utilising energy from clean resources.

> "The sessions provided a great opportunity for the students to engage with an adult from outside of their direct circle to provide a new perspective on queries they may have."

Over 1,800 students took part in the 2021/2022 SciFest STEM Fair programme, with 25 projects awarded the EirGrid Delivering a Cleaner Energy Future award.

Employee Engagement

In 2021-22, EirGrid partnered with the National Transport Authority's Transport for Ireland (TFI) Smarter Travel for Workplaces, a national voluntary programme to promote sustainable commuting to work.

In support of this, we ran an employee commuting survey for EirGrid Group employees to understand our current commuting patterns and the potential to move to more sustainable alternatives. The results of this survey informed our science based targets annual carbon footprint assessment.

Responsible Business

External Recognition

EirGrid Group recertified to the Business Working Responsibly (BWR) Mark in 2021-22. BWR is the leading independently audited standard for CSR and sustainability in Ireland and is based on ISO 26000.

EirGrid won the Renewables Grid Initiative (RGI) 'Good Practice of the Year' award in the Communication and Engagement Category, for our stakeholder consultation around the *Shaping Our Electricity Future* roadmap.

SONI received further recognition for *Shaping Our Electricity Future* by being shortlisted for the inaugural Climate Action Award in the BITCNI Responsible Business Awards (NI) 2022.

SONI received a silver rating for participation in the BITCNI Northern Ireland Environmental Benchmarking Survey 2022.

> "BWR is the leading independently audited standard for CSR and sustainability in Ireland and is based on ISO 26000."

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 and Reform (“the Code”) and also has regard to the principles of the UK Corporate Governance Code and with 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 a report is issued annually to the Minister for the Environment, Climate and Communications in this regard.

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.

Training is 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 2021-22. In addition, Board members are given the opportunity to undertake Institute of Public Administration (IPA) and Governance Forum 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. An external evaluation conducted by Board Excellence concluded during the year. The overall assessment was positive and Board Excellence were highly impressed by EirGrid plc Board members' deep commitment to the sustainable success of the organisation, the standard of corporate governance and the commitment displayed by the Board in leading on culture, ethics and values.

Board and Committee Changes

There were a number of changes on the Board during the year:

- Lynne Crowther, Eileen Maher and John Trethowan left the Board upon the expiration of their terms of appointment;
- Theresa Donaldson and Shane Brennan (staff representative director) were re-appointed to the Board for three year terms; and
- Rosa M. Sanz García was appointed to the Board for a five-year term.

At the end of the financial year there were three vacancies on the Board.

Subsequent to the end of the financial year, James Nyhan was appointed to the Board and the Public Appointments Service commenced the process of seeking candidates for the remaining Board vacancies.

As a consequence of the changes to Board membership during the year, the membership of Board Committees also required change.

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 not convened as execution of this roadmap was incorporated into core business planning and reporting processes.

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, post the pandemic, the Board was pleased that it could recommence its engagement with staff and return to physical meetings of the Board itself.

Stakeholders

Stakeholder engagement is a key tenet of EirGrid and its strategy delivery. 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.

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 Group

Board of the EirGrid Group

Brendan Tuohy

Chairperson

Brendan Tuohy was appointed Chair of the EirGrid Board in November 2019. 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 and Trinity College. He is a Chartered Engineer and Fellow of the Institution of Engineers of Ireland. 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); and Chairperson of the Quality Council of the Kerry Education and Training Board.

Dr Theresa Donaldson

Deputy Chairperson
& Board Member

Dr Theresa Donaldson 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 and the NI Health and Social Care Board. She is a member of the LCJ Solicitors' Disciplinary Panel and a Board member of the Centre for Effective Services and NI Appeals Committee for BBC Children in Need. 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 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 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 joined 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 term in July 2020. Michael has extensive experience over 35 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 Bachelor's Degree in Civil Engineering from the University of Galway, a Master's 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.

Rosa M. Sanz García

Board Member

Rosa M. Sanz García joined the EirGrid plc Board in May 2022. 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 is also a member of the Future Trends Fundación Innovación Bankinter and Chairperson of Club Board Alumni ESADE Business School.

Executive Team

Mark Foley

Chief Executive

See biography on page 93

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.

Rodney also held a number of other positions in EirGrid including European Market Integration Manager; Manager of the East West Interconnector Business Readiness Project, and Ancillary Services Manager.

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

Liam Ryan is the Chief Innovation and Planning Officer of EirGrid Group, Vice Chair of the Board of ENTSO-E ,The European Network of Transmission System Operators for Electricity, and Chair of the Resources committee of ENTSO-E, with over 25 years of engineering and transformative leadership. Prior to these current appointments, Liam was Interim Director of Operations Planning & Innovation and Interim Director of Grid Development & Interconnection, he also held a number of senior leadership positions in EirGrid across the infrastructure, market and operations portfolios.

Before joining EirGrid, Liam held a number of senior leadership roles in Hewlett Packard's manufacturing and innovation departments and before that worked as a change management consultant.

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.

Siobhán 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 Security.

Prior to EirGrid, Siobhán held senior leadership positions in the Banking and Telecoms industries.

Siobhán holds a BSc in Computer Science from Trinity College Dublin and a Masters in Organisational Behaviour from the University of London. She is a Chartered Fellow of the Institute of Personnel Development.

Alan Campbell

Managing Director, SONI

Alan Campbell was appointed as Managing Director of SONI in June 2021, following 9 months in the role in an interim capacity. Alan was appointed to the SONI Board in December 2020. He joined SONI in July 2017,as Head of Grid Infrastructure Projects and Connections, from ESB where he was responsible for managing its 400MW Coolkeeragh Power Station in the North West. Alan graduated from Queen's University Belfast with a First Class Honours degree in Mechanical Engineering and began his career at AstraZeneca in England before joining ESB. Alan has more than 20 years' experience working in the energy industry.

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. One Board member is a staff representative 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 page 92 and 93.

The Board has led the development of EirGrid's 2020-2025 Group Strategy "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 between EirGrid, the Government and the Commission for Regulation of Utilities on a range of matters including security of supply matters and our *Shaping Our Electricity Future* roadmap.

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 2021-22 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 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 15 occasions during the financial year 2021-22. 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 2021-22 included the final document for *Shaping Our Electricity Future* in advance of its launch, and its implementation thereafter as well as the development of the roadmap for delivery of our new offshore remit and the development of requirements for Phase 1 offshore projects.

Under 'Lead the Island's electricity sector on sustainability and decarbonisation', the Board approved and oversaw the 2021-22 business plan and budget. Key aspects considered were progress of the Celtic Interconnector project, the implementation of the Sustainability Strategy including Science Based Targets as well as consideration of Government carbon budgets and sectoral emissions ceilings.

Under 'Operate, develop and enhance the All-Island grid and market', the Board provided oversight and consideration of security of supply workstreams, our approach to procurement 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 the Staff Representative Director as both are also employees.

Attendance at Meetings in 2021-22

The table below summarises the attendance of Directors at Board meetings which they were eligible to attend during the year ended 30 September 2022.

Board Meetings Participation

	Eligible to Attend	Attended
Brendan Tuohy (Chair)	15	15
Theresa Donaldson (Deputy Chair)	15	12
Mark Foley	15	15
Shane Brennan	15	15
Tom Coughlan	15	12
Lynne Crowther *	8	6
Michael Hand	15	14
Eileen Maher *	11	11
Rosa M. Sanz García **	3	3
John Trethowan *	11	11

Notes:

* Term expired on 1 June 22

** Term commenced on 23 May 22

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

Board Committee Participation

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 and the Innovation Committee. Due to the changes to Board membership during the year, the membership of Board Committees also required change.

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 not convened during the year.

The table below denotes the Board Committees that were in place during 2021-22 and the members' participation.

Board Committee Participation	Audit and Risk Committee	Remuneration Committee	Grid Infrastructure Projects Committee
Brendan Tuohy (Chair)	●	● (C)	
Theresa Donaldson (Deputy Chair)		●	
Mark Foley			
Shane Brennan			●
Tom Coughlan			●
Lynne Crowther *			●
Michael Hand***	●	●	● (C)
Eileen Maher *	●		
Rosa M. Sanz García **	●		
John Trethowan *	● (C)		
Ivan Schuster***	● (C)		

Notes:

(C) Chair of Committee

● Member of committee

*Eileen Maher, John Trethowan and Lynne Crowther's term expired on 1 June 2022

**Rosa M. Sanz García was appointed by the EirGrid plc Board to the Audit and Risk Committee on 20 July 2022

***Ivan Schuster was co-opted by the EirGrid plc Board as Chair and member of the Audit and Risk Committee on 17 August 2022. Mr Schuster is not a Director of EirGrid plc

****Michael Hand was appointed by the EirGrid plc Board to the Remuneration Committee on 15 December 2021

- Members of the Audit and Risk Committee at the date of signing of the financial statements were Ivan Schuster (Chair), 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.

3. Composition, Succession and Evaluation

Board Appointments

Board appointments are a matter for the Government, including the appointment of the staff representative board member. Whilst EirGrid therefore 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 92 and 93.

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 2020 Annex to the Code 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 Board for each member.

Board Members Length of Tenure as at 30 September 2022

Name	Length of Tenure
Brendan Tuohy (Chair)	2 years 10 months
Mark Foley (Chief Executive)	4 years 3 months
Michael Hand	7 years 2 months
Rosa M. Sans Garcia	0 years 4 months
Shane Brennan	5 years 9 months
Theresa Donaldson	5 years 3 months
Tom Coughlan	4 years 2 months

Gender Balance

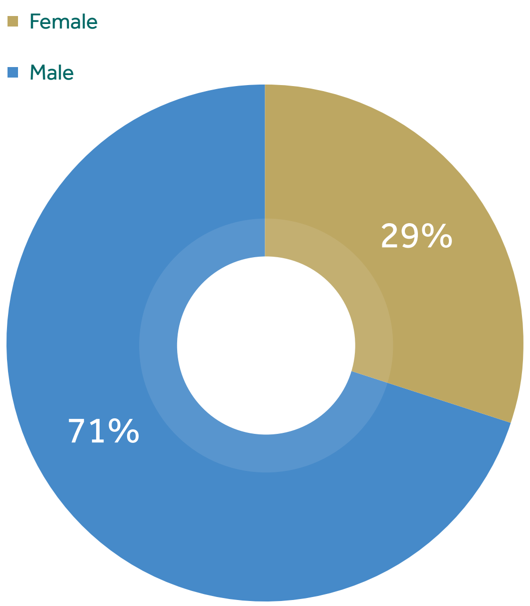
Appointments to the Board of EirGrid plc are made by Government (except in respect of the Chief Executive who is an ex-officio Board member). The Code of Practice for the Governance of State Bodies 2020 Annex set a minimum target of 40% representation of each gender in the membership of state boards.

As at 30 September 2022, the Board had two (29%) female and five (71%) male members, with three positions vacant.

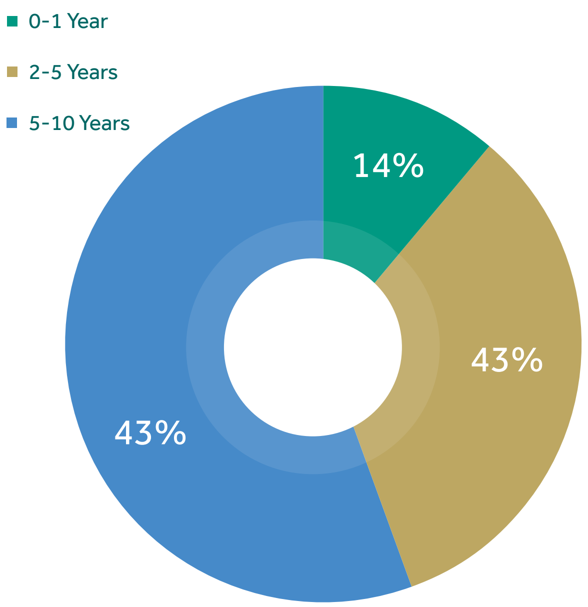
The following measures have been put in place or are planned to address and improve gender balance on this Board:

- In the context of the EirGrid plc Board vacancies, 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 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)



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. EirGrid'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 consideration. Training sessions also took place during the year on corporate governance topics, such as; directors' duties and financial reporting and refresher training on specific subjects that are of relevance to the EirGrid plc Board; such as the Single Electricity Market.

EirGrid is a member of the Institute of Public Administration (IPA) and the Governance Forum. Board members are given the opportunity to undertake IPA and Governance Forum 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. An external evaluation conducted by Board Excellence concluded during the year. The overall assessment is that the EirGrid plc Board is positioned as an effective board by reference to the benchmarks used. Board Excellence was highly impressed by EirGrid plc Board members' deep commitment to the sustainable success of the organisation, the standard of corporate governance and the commitment displayed by the Board in leading on culture, ethics and values.

The evaluation noted that whilst there is a strong mix of expertise and skillset on the Board, this could be strengthened but was cognisant that as a state company, directors are appointed by the Minister following a Public Appointment Service run process.

Board Committees in 2021-22

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 the standing committees were the Audit and Risk Committee, the Remuneration Committee and the Grid Infrastructure Projects 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 below:

Audit and Risk Committee Meetings

Member	Length of Committee Membership	Eligible to attend	Attended
John Trethowan (Chair) *	2 years and 3 months	4	4
Brendan Tuohy	2 years and 6 months	5	4
Eileen Maher *	2 years and 3 months	4	4
Ivan Schuster ***	1 month	1	1
Michael Hand	2 years and 6 months	5	4
Rosa M. Sanz García **	2 months	1	1

Notes:

* Term expired on 1 June 22.
** Term commenced on the EirGrid plc Board on the 23 May 22, appointed as member of the Audit and Risk Committee on 20 July 22.
*** Co-opted by the EirGrid plc Board as Chair and member of the Audit and Risk Committee on 17 August 2022.
The Audit and Risk Committee was established in March 2020 following the "merger" of the former Audit Committee and the former Risk Committee. The length of service stated does not reflect the length of service of members on these previous committees

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

The matters considered by the Audit and Risk Committee in 2021-22 included the following:

Audit and Risk Committee Matters Considered in 2021-22
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 management's 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, including external audit's management letter of representation;
Assurances relating to the management of risk and corporate governance requirements for the organisation;
Reviewed anti-fraud policies, protected disclosure processes
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 within a range determined by the Minister for Public Expenditure 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 five meetings during 2021-22. The members of the Committee, length of service and the number of meetings attended are set out on the next page:

Remuneration Committee Meetings

Member	Length of Committee Membership	Eligible to attend	Attended
Brendan Tuohy (Chair)	2 years and 10 months	5	5
Michael Hand *	9 months	3	2
Theresa Donaldson	4 years and 2 months	5	5

Notes:

*Appointed by the EirGrid plc Board to the Remuneration Committee on 15 December 2021

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

The matters considered by the Remuneration Committee in 2021-22 included the following:

Remuneration Committee Matters Considered in 2021-22
Oversight of implementation of the Diversity and Inclusion Strategy
Agreed Chief Executive's performance targets for 2021-22 and reviewed performance against the agreed 2020-21 targets
Reviewed and agreed Executive Team remuneration with the Chief Executive
Reviewed succession planning and leadership development
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.

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 2021-22. The members of the committee, length of service and the number of meetings attended are set out below:

Grid Infrastructure Projects Committee Meetings

Member	Length of Committee Membership	Eligible to attend	Attended
Michael Hand (Chair)	6 years and 11 months	4	3
Lynne Crowther *	4 years and 2 months	2	2
Shane Brennan	2 years and 6 months	4	4
Tom Coughlan	4 years and 2 months	4	4

Notes:

*Term expired on 1 June 2022

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.

The matters considered by the Grid Infrastructure Projects Committee in 2021-22 included:

Grid Infrastructure Projects Committee Matters Considered in 2021-22
Approved network capital expenditure in line with the Schedule of Matters Reserved for the Board
Ongoing briefing on key grid development issues including performance monitoring and status of key projects
Received briefings on key initiatives throughout the year e.g. • Public Engagement Roadmap • Framework for Grid Development • Asset Management
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.

Innovation Committee

The Innovation Committee's function is to assist the Board in fulfilling its oversight responsibilities relating to the plan for the delivery of the Group's strategic ambition of transforming the power system for future generations (Shaping Our Electricity Future).

For the year 2021-22, the Committee was not convened as *Shaping Our Electricity Future* had been published, and the business was focused on implementation and execution of the outputs. Members of the Innovation Committee at the date of signing of the financial statements were Rosa M. Sanz García (Chair), Shane Brennan and Brendan Tuohy.

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 pages 131- 132.

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;
- An internal audit function which reviews critical systems and controls and reports independently to the Audit & Risk Committee;

- An Audit & 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; and
  - Assists the Board in fulfilling its oversight role regarding risk management; and
  - 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 below

Employee benefits bands:	Year to 30 Sep 2022 Number	Year to 30 Sep 2021 Number
€50,000 - €75,000	196	201
€75,001 - €100,000	93	95
€100,001 - €125,000	65	63
€125,001 - €150,000	23	17
€150,000 + *	20	16
Total	**397**	**392**

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 the Environment, Climate and Communications.

During the year the Group incurred travel costs in Ireland and Northern Ireland of €0.4m (2021: €0.2 m) and overseas travel costs of €0.1m (2021: €0.01m). Settlement and related legal costs for the year were €nil (2021: €nil). Staff Welfare costs were €0.1m, of which external relations were €0.001m (2021: €0.1m, of which external relations were €0.001m).

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

	Note	30 Sep 2022 €'000	30 Sep 2021 €'000
Electricity market services	(i)	2,715	1,103
Legal services and advice		4,156	2,692
Transmission network project services	(ii)	10,983	9,739
It systems support	(iii)	842	505
Corporate finance advice		780	374
Organisational & actuarial advice		516	344
Regulatory advisory services		-	301
Other		4,010	2,831
Total		**23,912**	**17,889**
Costs charged to income statement		12,454	9,091
Costs capitalised		11,458	8,798
Total		**23,912**	**17,889**

Notes:

(i): Electricity market services include costs of enhancing the all-island electricity market arrangements known as SEM.
(ii): transmission network project services represents the specialist costs of bringing network projects from initial concept through to the granting of planning permission.
(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, 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.

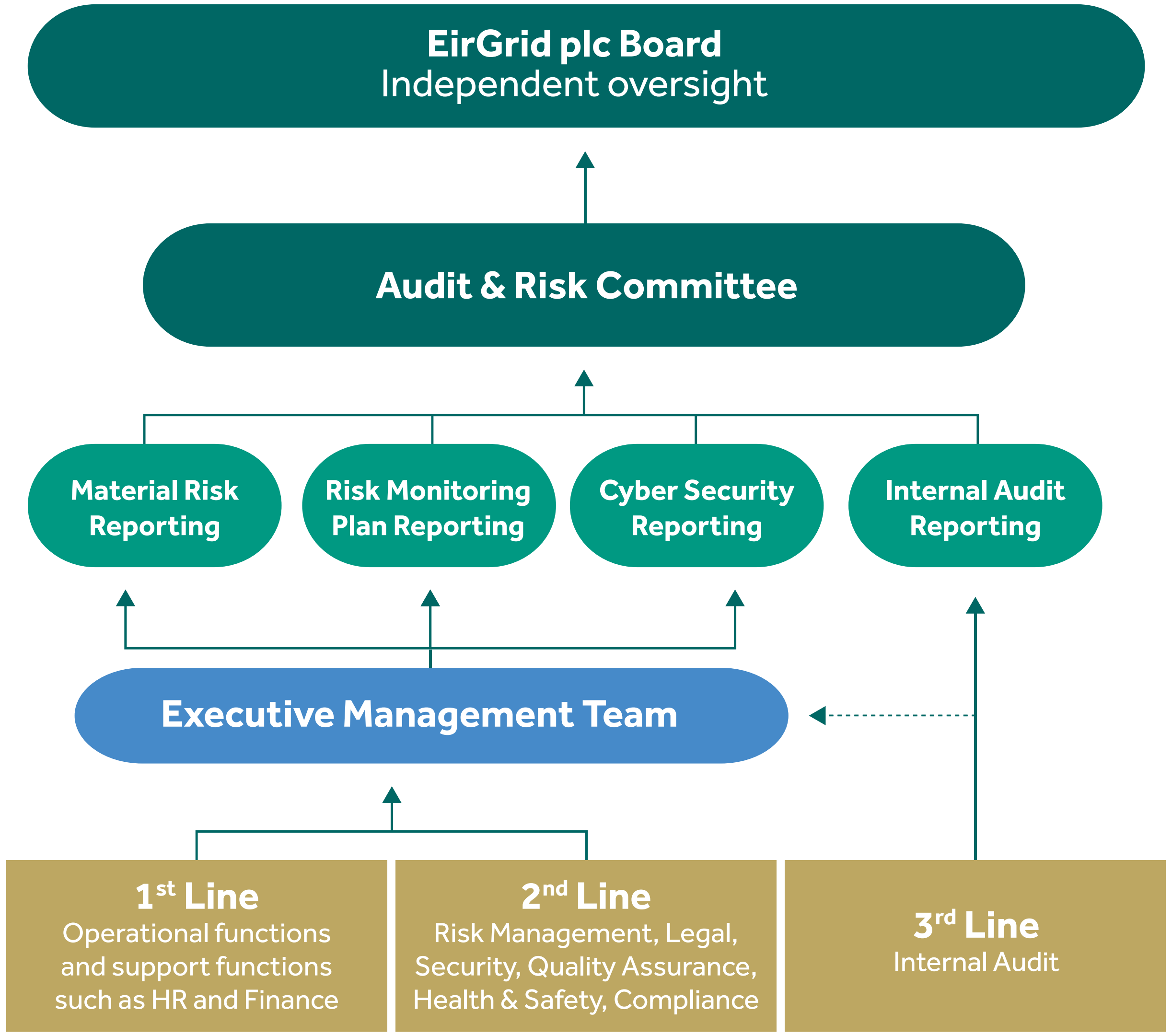
The Board is responsible for setting the Group's risk appetite and ensuring that appropriate risk management and internal control systems, designed to identify, manage and mitigate material risks to the achievement of the Group's strategic and business objectives, are in place.

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

The Group has established a Group Risk Management Framework which is aligned to the three lines of defence model and embedded within the organisation's governance structure as presented below:



The Risk Management Framework enables risks facing the Group to be identified and assessed to ensure that appropriate and effective responses are made in managing such risks.

The Risk Management Framework specifies high-level, minimum requirements and processes for risk management across all risk types.

The requirements are implemented through the risk policies and procedures that govern the management of individual risk types and/or risk management processes.

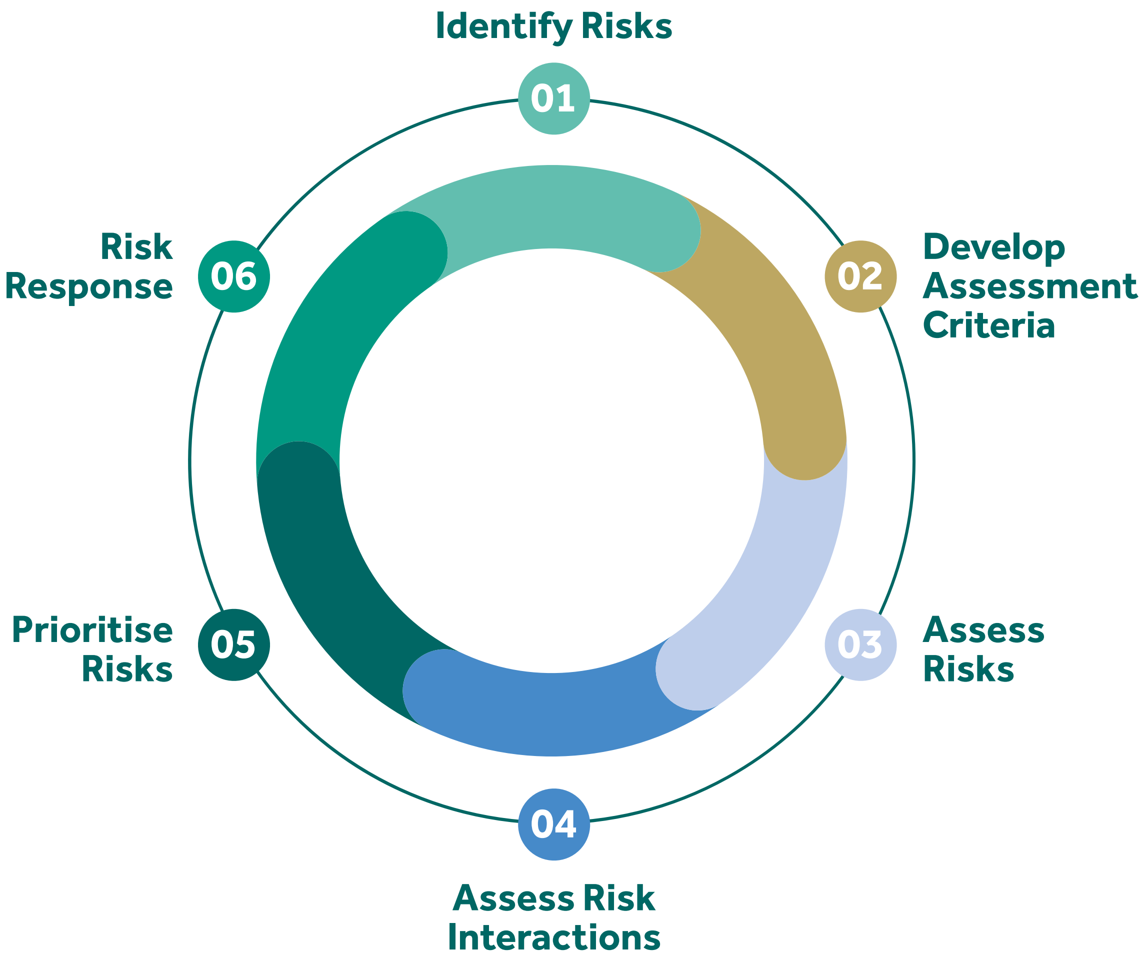
The roles, responsibilities and reporting structures defined within the Risk Management Framework are presented on the next page.

Line of Defence	Roles & 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 and trending risks on a monthly basis which provides the current status of the Group's material risks against conformance with risk appetite and is alerted to any material risks that have reached or breached their limits during the period.
Audit & 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 on a quarterly basis. • Receives an update, on a quarterly basis, 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 and receives reports issued by the head of internal audit and monitors the status of implementation of management actions on a quarterly basis.
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.

Line of Defence	Roles & Responsibilities
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 & 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 and physical 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, 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 & 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 Group-wide approach which enables a consistent and structured approach to risk identification, assessment, prioritisation, response, reporting and escalation.



Identify Risks

The risk identification process is embedded throughout the organisation and requires all Directorates, 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 & Compliance function.

Develop Assessment Criteria

Risks (or risk events) are assessed in terms of impact (along operational, financial, regulatory/ reputational and strategic perspectives) and likelihood. These criteria are periodically reviewed and updated to ensure they accurately reflect the risk profile and appetite of the Group.

Assess Risks

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 Audit & Risk Committee quarterly.

Assess Risk Interactions

The risks identified and managed by EirGrid do not exist in isolation and are often related to one another. This relationship can be positive or negative in nature and a risk can affect the impact and/or likelihood of another risk arising. These interactions could result in more extreme outcomes to the Group's operations and/or financial position. Therefore, EirGrid also takes a more holistic view of risks using techniques such as risk interaction analyses. Consideration is also given to the interactions between risks as part of the risk assessment, both in terms of impact and likelihood.

Prioritise Risks

Risk prioritisation is the process of determining risk management priorities by assessing the materiality of risks and the level of risk against pre-determined target risk levels and tolerance thresholds.

The materiality of risks is assessed across financial, operational (including health & safety), regulatory/ reputational and strategic perspectives, to capture all relevant impacts to the Group and accurately assess risks. Risks that have an impact on the strategic objectives and goals of the Group are prioritised and managed closely to ensure appropriate risk mitigations and responses are developed and monitored.

Risk 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.

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 greater 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 to either 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.

Risk Monitoring Plan

The Governance, Risk & 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 1st Line of Defence, their processes and their controls. The Risk Monitoring Plan is reviewed and approved by the Audit & 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.

Principal Risks & 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 & Mitigation Measures
Power System & Market Operations	The Group is responsible for the secure operation of the transmission systems in Ireland and Northern Ireland. System interruptions can pose a risk to essential services which rely on the secure operation of the transmission systems. See pages 44 and 45 of Business Review – Securing Our Electricity Supply. The Group is also responsible for the operation of the all-island Single Electricity Market, interruption to which could pose a risk to delay in the timely settlement of the market. A complete programme is in place to discharge these responsibilities and includes: • Back-up sites for the control centres in Dublin and Belfast, which are 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; • Transmission System Security and Planning Standards, supported by a Transmission Interface Arrangement with Northern Ireland Electricity Networks ('NIE Networks') as the Transmission Asset Owner in Northern Ireland; and • Support of the pre-construction phase of the development of the network in Ireland and Northern Ireland by a fully functioning Program Management Office, which has effective and appropriate policies, processes and controls.
Cyber Security	EirGrid recognises Cyber Security as a material risk. We 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 & 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 bodies in Ireland and Northern Ireland on this topic, including activities relating to compliance with the EU Network and Information Systems (NIS) Directive. The Board maintains oversight of Cyber Security related initiatives/mitigations on an ongoing basis, which includes a regular review of our Cyber Security Strategy and the related Cyber Investment Programme along with an insight into the overall threat landscape.

Principal Risk	Context & Mitigation Measures
Financial	The main financial risks faced by the Group relate to liquidity risk, market risk (specifically foreign exchange rate risk, interest rate risk and cash flow risk) and credit risk. Policies to protect the Group from these risks are regularly reviewed, revised and approved by the Board as appropriate. The Group's principal financial risk is that there is inadequate liquidity in the event of a significant regulatory under-recovery. EirGrid Group is a regulated entity with regulated tariffs set in advance and as a result can be subject to under recoveries of the required revenues. Any such under recoveries must be funded by EirGrid until such time as the regulated tariffs are uplifted in a subsequent tariff period. The Board seeks to ensure that adequate banking lines are in place to enable it to fund such a requirement, pending recovery in a subsequent regulatory pricing period. As a regulated business operating in Ireland and Northern Ireland, the Transmission System Operator activities do not involve any significant pricing risks. The Group derives approximately 18% of its revenues from the UK and hence has an exposure to Euro/Sterling currency fluctuations. This risk 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 UK operations using Sterling borrowings. The Group funds some of its operations using borrowings. The Group seeks to minimise the effects of the interest rate risks arising from its operational and financial activity by using derivative financial instruments to hedge risk exposures. The Group has entered into interest rate derivatives to fix interest rates on its EWIC related debt. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. The Group discharges its Market Operator obligations through contractual joint ventures between EirGrid plc and SONI Ltd. Namely, SEMOpx for the day ahead and intraday markets, and SEMO for the balancing market. For the day ahead and intraday markets, 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.

Principal Risk	Context & Mitigation Measures
Financial (Continued)	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. Appropriate arrangements are also in place to effectively manage the Group's credit risk arising from its Transmission System Operator activities. Credit risk refers to the risk that a 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 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. The Group's policy and practice is to settle invoices promptly according to terms and conditions agreed with suppliers.
Regulatory Environment	EirGrid operates in a regulated environment. Regulatory policy changes could materially affect how we operate and our financial performance. We have a dedicated Regulatory team in place and seek to engage constructively and pro-actively at all times with the Regulatory Authorities.
Network Development	EirGrid and SONI have the responsibility to put in place the grid infrastructure required to support the development of Ireland's and Northern Ireland's economies respectively. 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 an inherent risk of delay and consequential increase in cost associated with complex network projects of this nature.

Principal Risk	Context & Mitigation Measures
Network Development (Continued)	To manage this, EirGrid publishes guidance on network development and has a robust project assessment framework in place. EirGrid continually assesses its processes and procedures to ensure that they are in line with best practice and appropriate for the business and meets the needs of the public and those communities we engage with.
Pensions	The Group operates two defined benefit pension plans for qualifying employees called the 'EirGrid Fund' and the 'SONI Pension Scheme'. Risks to the cost of providing such schemes include changes in interest rates, level of return on pension assets, changes in life expectancies and changes in price and salary inflation. The current IAS19 Employee Benefits surplus included in the financial statements at 30 September 2022, before deferred tax, is €13.4m (2021: €42.6m deficit). The EirGrid Fund surplus is €13.4m (2021: €39.8m deficit) and the SONI pension scheme surplus is €nil as an asset ceiling has been applied under IFRS rules (2021: €2.8m deficit). The Group also operates approved defined contribution schemes for employees of EirGrid plc and SONI Limited.
Brexit	The Ireland/Northern Ireland Protocol to the Withdrawal Agreement has provided the basis for the continued operation of the Single Electricity Market and trade of wholesale electricity across the island of Ireland. Since 1 January 2021 new SEM-GB trading arrangements for the Day-Ahead market are to be established, agreed and implemented in accordance with the framework of the of the Trade and Cooperation Agreement (TCA). In addition, under the terms of the TCA a new Co-operation Framework between UK TSOs and ENTSO-E will also be established. The directors are confident that enduring arrangements can be put in place to reduce any efficiency loss in cross border trading.
East-West Interconnec-tor	The Group 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	In the context of climate change and the need to decarbonise the electricity supply, EirGrid is playing a key role in connecting high levels of renewable energy and in developing the electricity grid to connect renewable sources, in line with EU and Government targets. EirGrid is developing the transmission system with due regard for the environment through sound environmental practices and full compliance with its environmental obligations.

Principal Risk	Context & Mitigation Measures
Health, Safety & Environment	EirGrid is committed to achieving and maintaining the highest standards of Health, Safety and Welfare for all of its staff and for any other persons who may be affected by our activities, and to the protection of the environment. EirGrid operates a Health, Safety & 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 & 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. The Group Health, Safety & Environmental Committee, which is made up of staff members from across the business, is responsible for evaluating and proposing suitable environmental objectives to the Executive Team. See page 78 in the Responsible Business Report.
Covid-19	The Covid-19 pandemic and any new variants and viruses in the future, could have a significant impact on the delivery of the multi-year Strategy Execution Programme, our employees, stakeholders and business operations.

5. Remuneration

The Financial Statements include €101,663 (2021: €122,000) 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 and Reform and the revised arrangements for payment of board fees to public sector employees under the Minister for Public Expenditure 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 (2021: €21,600 per annum). Directors' fees were €12,600 each per annum during the year (2021: €12,600 each per annum).

Name	Total Fees (€)
Brendan Tuohy (Chair)	21,600
Shane Brennan	12,600
Tom Coughlan	12,600
Lynne Crowther [Term expired 01/06/22]	8,400
Theresa Donaldson	12,600
Michael Hand	12,600
Eileen Maher [Term expired 01/06/22]	8,400
John Trethowan [Term expired 01/06/22]	8,400
Rosa M Sanz Garcia [Term commenced 23/05/22]	4,463
Total	**101,663**

The Executive Board member during the year was the Chief Executive, Mark Foley. The Chief Executive's remuneration is set within a range determined by the Minister for Public Expenditure 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	Annual Bonus	Taxable Benefits	Pension contributions paid (all defined benefit)	Director's Fees	Total
	€'000	€'000	€'000	€'000	€'000	€'000
Mark Foley	200	-	13	60	-	273
Total 30 Sep 22	**200**	**-**	**13**	**60**	**-**	**273**

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 2022. The Group comprises of the Parent Company and its subsidiaries disclosed in note 30 (e).

Principal Activities

In Ireland, we have continued to operate, ensure the maintenance of and develop the power system efficiently and effectively in accordance with the requirements of our licence as Transmission System Operator for Ireland, issued by 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 respectively. Through Celtic Interconnector DAC which is a joint venture with the French TSO 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 has continued to plan and operate the transmission system in Northern Ireland in accordance with its licence as TSO issued by the Utility Regulator for Northern Ireland. 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 NI. 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 147 and the related notes on page 151.

The current period being reported on is the financial year ended 30 September 2022. The comparative figures are for the financial year ended 30 September 2021.

Commentaries on performance during the financial year ended 30 September 2022, 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 page 121-126. 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 (2021: €4,000,000) for the financial year ended 30 September 2022.

Directors' and Secretary's Interest In Shares

The Directors and Secretary who held office between 1 October 2021 and 30 September 2022 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 and Reform, or on their behalf.
At the balance sheet date 30 September 2022, 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 and Reform.

Political Donations

The Group does not make political donations.

Going Concern

The Directors have a reasonable expectation that the Company, and the Group as a whole, have adequate resources to continue in operational existence for the foreseeable future. The Group undertakes continuous reviews of the Group's liquidity to ensure they have adequate funding in place and the Group's cashflow projections have been stress tested to include downside risk. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

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 4.

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: 14 December 2022

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.

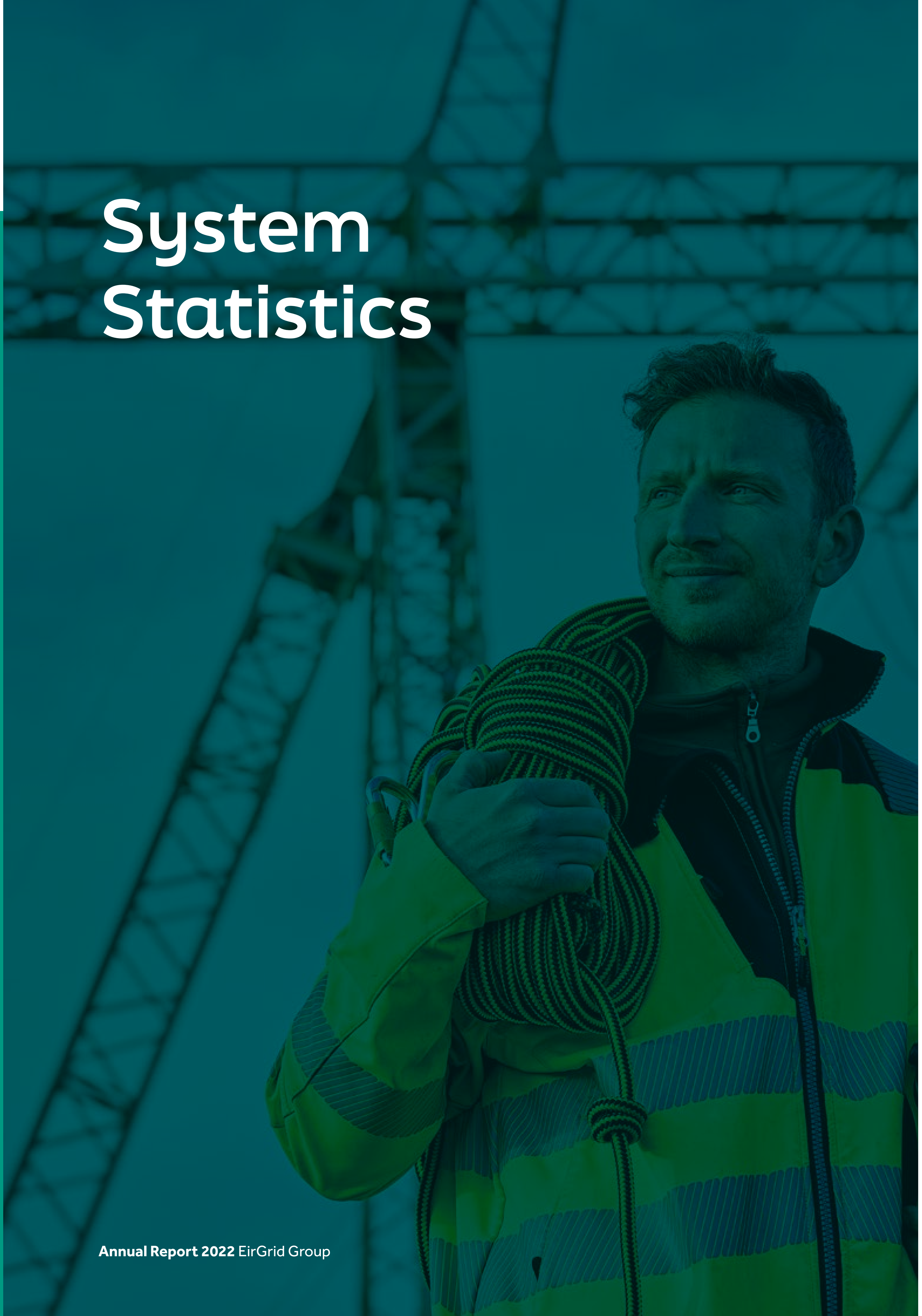
They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's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

Approved by the Board and signed on their behalf:

Brendan Tuohy,
Chairperson, EirGrid Group

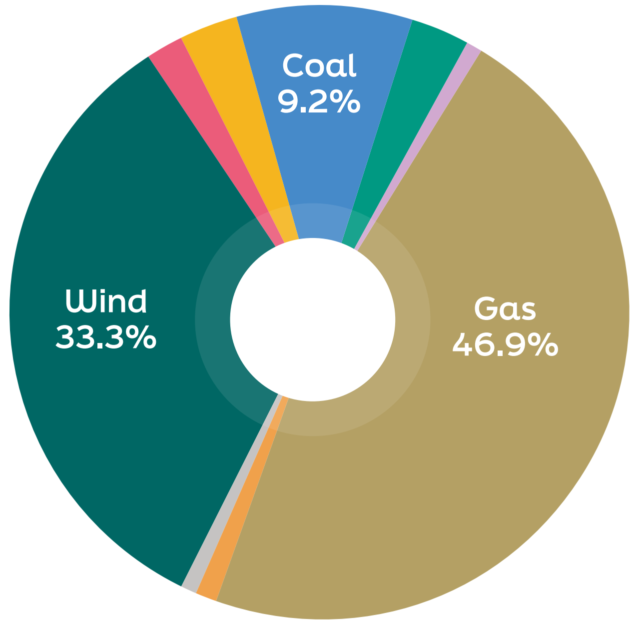
Mark Foley,
Chief Executive, EirGrid Group

Date: 14 December 2022



System Statistics

Ireland Electricity Fuel Mix as Percentage of Demand - 12-Month Average Oct 2021 - Sep 2022:



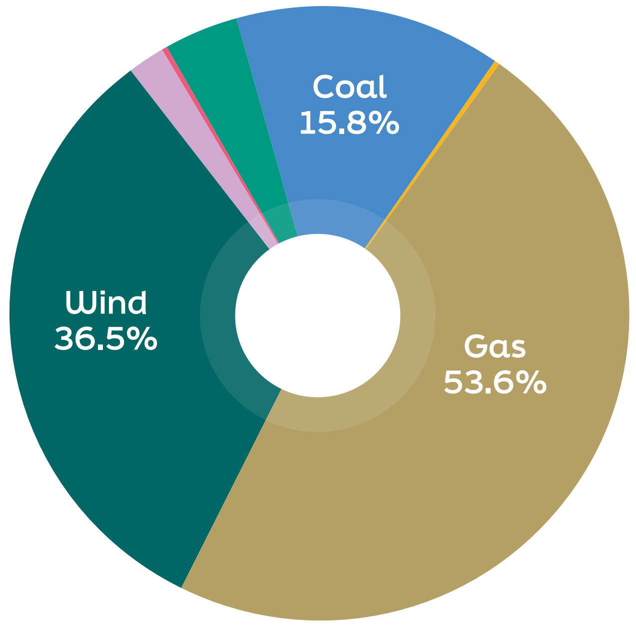
- Coal 9.2%
- Oil 3.3%
- NR Peat 0.6%
- Gas 46.9%
- Other Non-Renewable 1.0%
- Net Imports 0.8%

Renewables

- Wind 33.3%
- Solar 0.01%
- Hydro 2.0%
- Other Renewable 3.0%

Total Renewables 38.2%

Nothern Ireland Electricity Fuel Mix as Percentage of Demand - 12-Month Average Oct 2021 - Sep 2022:



- Coal 15.8%
- Oil 0.3%
- NR Peat 0.0%
- Gas 53.6%
- Other Non-Renewable 0.0%
- Net Imports -12%

Renewables

- Wind 36.5%
- Solar 1.4%
- Hydro 0.4%
- Other Renewable 4.0%

Total Renewables 42.3

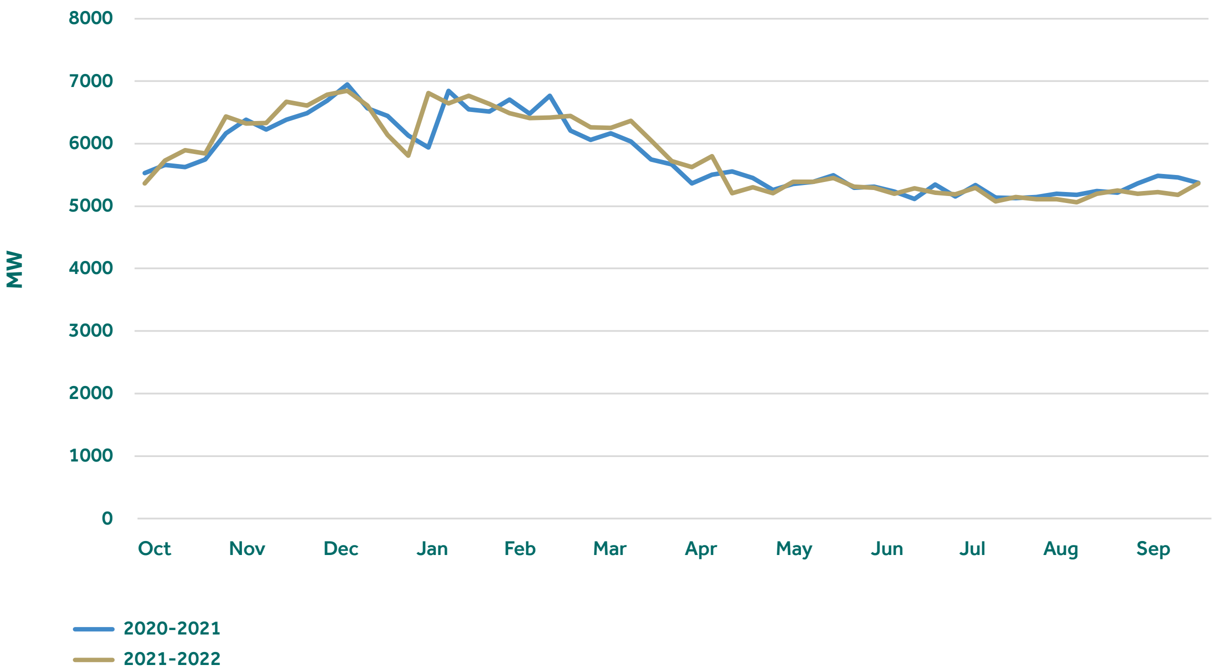
Data Source:

EirGrid and SONI metered data

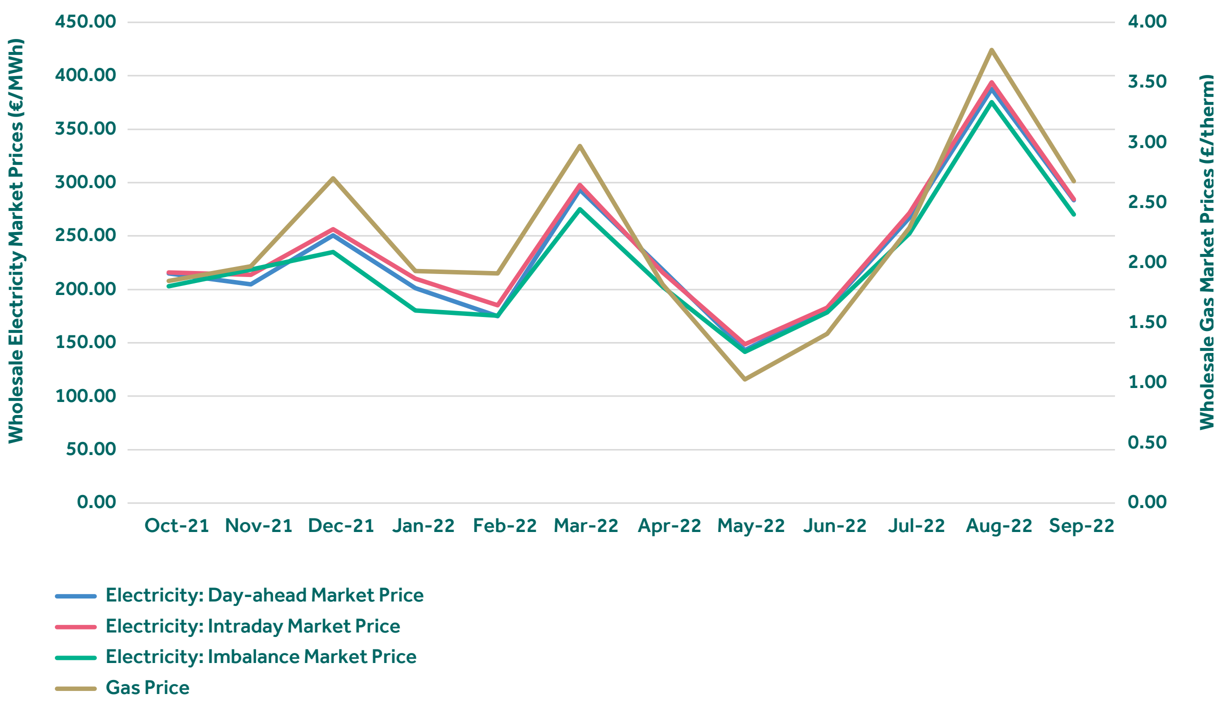
Note:

Ireland's renewable percentage does not include certain small scale/micro generation.
These final figures will be published by SEAI within a few months after the end of the calendar year

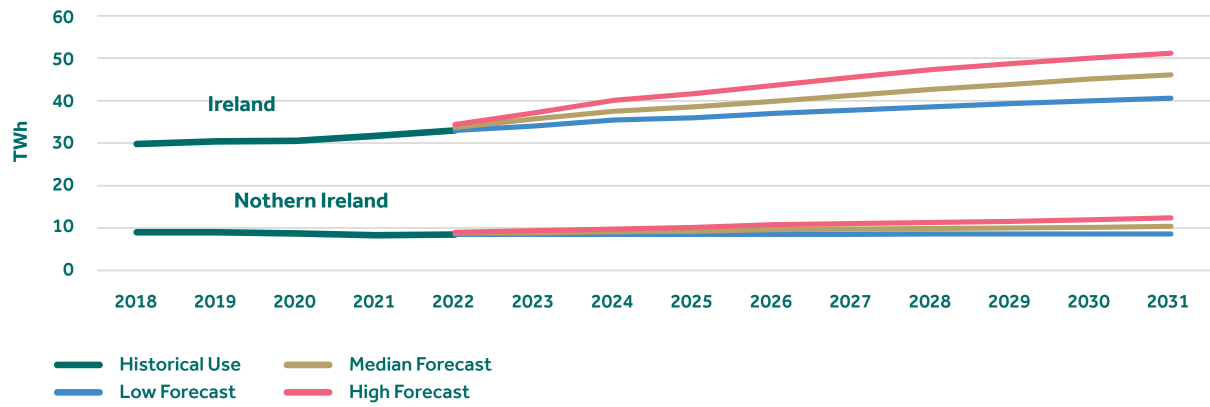
All-island weekly peaks



Electricity Prices Compared to Gas Prices



Forecasted demand for electricity in Ireland and Northern Ireland



Glossary of Technical Terms

An Bord Pleanála

Ireland's independent national planning authority.

Capacity

The amount of electricity that can be safely transferred on the system or a circuit.

Carbon emissions

Carbon emissions are 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 Irish Government has set carbon budgets for the entire economy for the periods, 2021-2025, 2026-2030 and 2031-2035. (see also sectoral emissions ceilings).

CRU

The Commission for Regulation of Utilities. This institution regulates our activities in Ireland.

Circuit

The overhead line or underground cable linking two substations. For example, the Moneypoint – Dunstown 400kV circuit.

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.

DECC

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, in other words the emissions intensity of electricity is the amount of carbon emissions per unit of electricity.

Energised

When a newly completed 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)

The European Network of Transmission System Operators, represents 43 electricity transmission system operators from 36 countries across Europe.

ESB

Electricity Supply Board is a commercial semi-state organisation in Ireland. This group of companies includes ESB Networks, who operate the electricity distribution system.

Fossil fuels

These are 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

This is 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 watt.

Grid

See Transmission Network.

Interconnection

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

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 1,000,000 watts. A watt is the standard unit of power (See below for a definition of 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.

NEMO

Nominated Electricity Market Operator. 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.

Power System

This term describes the integrated whole of the wider electricity system – from generation, through 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, i.e. 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 support scheme to support the addition of renewable generation to support the State's overall renewable ambition.

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.

Sectoral emissions ceilings

In Ireland the economy wide carbon budgets are allocated to the various sectors across the economy through the use of sectoral emissions ceilings which allocate a component of the carbon budget to each sector.

System Services

This is a term we use to describe the enabling and supporting services that allow the electricity system to carry a greater proportion of renewable generated power.

Science Based Targets

Science Based Targets are the 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 – limiting global warming to well-below 2°C above pre-industrial levels and pursuing efforts to limit warming to 1.5°C.

SEM

The Single Electricity Market. This market comprises both Ireland and Northern Ireland. It allows for electricity to be traded and supplied on an all-island basis.

SEMO

Single Electricity Market Operator. This is the EirGrid Group joint venture that runs the Single Electricity Market of Ireland and Northern Ireland. It carries out the essential services required to maintain a functioning market for wholesale electricity.

Shaping Our Electricity Future

Shaping Our Electricity Future Roadmap 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.

SONI

System Operator for Northern Ireland. This organisation is part of the EirGrid Group. It manages, operates and develops the electricity transmission grid in Northern Ireland.

Stakeholders

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

Substation

A set of electrical equipment used to interlink circuits and change the voltage being sent down a line or cable.

System Non-Synchronous Penetration (SNSP)

System Non-Synchronous Penetration is 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.

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.

The Utility Regulator (UR)

The Utility Regulator for Northern Ireland. This institution regulates our activities in Northern Ireland.

Voltage

Voltage is 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

A watt is 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-watt electrical appliance will consume more energy than a low-watt appliance.

Financial Statements

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 2022 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)

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.

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.

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

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

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.

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

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

22 December 2022

Consolidated Income Statement

For the Financial Year to 30 September 2022

	Note	Year to 30 Sep 2022 €'000	Year to 30 Sep 2021 €'000
Revenue	3	**861,623**	737,359
Direct costs	3	**(566,119)**	(535,030)
Gross profit		**295,504**	202,329
Other operating costs	5	**(167,819)**	(145,158)
Operating profit		**127,685**	57,171
Interest and other income	6	**4,287**	19
Finance costs	6	**(17,057)**	(16,475)
Profit before taxation	7	**114,915**	40,715
Income tax expense	8	**(16,629)**	(4,977)
Profit for the year		**98,286**	**35,738**
Profit attributable to:			
Owners of the Parent Company		**98,286**	35,738

Consolidated Statement of Comprehensive Income

For the Financial Year to 30 September 2022

	Note	Year to 30 Sep 2022 €'000	Year to 30 Sep 2021 €'000
Items that may be reclassified subsequently to profit or loss:			
Movement in unrealised gain on cash flow hedges	26	60,399	19,528
Deferred tax attributable to movement in unrealised gain on cash flow hedges	8	(7,550)	(2,441)
Currency translation differences		(461)	444
Total of items that may be reclassified subsequently to profit or loss		**52,388**	**17,531**
Items that will not be reclassified to profit or loss:			
Remeasurement gain/(loss) of net defined benefit liability	23	56,117	(386)
Deferred tax credit on remeasurement gain/(loss)	8	(7,148)	(14)
Total of items that will not be reclassified to profit or loss		**48,969**	**(400)**
Profit for the financial year		98,286	35,738
Total comprehensive income for the year		**199,643**	**52,869**
Total comprehensive income attributable to:			
Owners of the Parent Company		199,643	52,869

Consolidated Balance Sheet

As at 30 September 2022

	Note	30 Sep 2022 €'000	30 Sep 2021 €'000
Assets			
Non-current assets			
Fair value investments	10	356	356
Intangible assets	12	63,892	70,129
Property, plant & equipment	13	481,940	491,515
Right of use assets	14	38,433	41,873
Deferred tax asset	8	4,181	19,304
Trade and other receivables	15	152,822	87,955
Retirement benefit asset	23	13,372	–
Total non-current assets		**754,996**	**711,132**
Current assets			
Trade and other receivables	15	205,222	164,017
Current tax receivable		5,755	–
Cash and cash equivalents	19	651,176	528,583
Total current assets		**862,153**	**692,600**
Total assets		**1,617,149**	**1,403,732**
Equity and Liabilities			
Capital and reserves			
Called up share capital presented as equity	18	38	38
Capital reserve		49,182	49,182
Hedging reserve		(10,327)	(63,176)
Translation reserve		(361)	540
Retained earnings		528,531	385,276
Total equity		**567,063**	**371,860**
Non-current liabilities			
Derivative financial instruments	26	11,802	72,201
Deferred tax liability	8	34,553	34,609
Trade and other payables	16	8,550	4,573
Grants	17	80,704	83,792
Lease liabilities	14	34,577	37,162
Borrowings	24	237,892	260,121
Provisions	20	113,968	–
Retirement benefit obligations	23	–	42,644
Total non-current liabilities		**522,046**	**535,102**
Current liabilities			
Current tax liability		–	3,670
Lease liabilities	14	2,429	2,519
Borrowings	24	22,326	21,542
Provisions	20	–	51,400
Grants	17	3,208	3,413
Trade and other payables	16	500,077	414,226
Total current liabilities		**528,040**	**496,770**
Total liabilities		**1,050,086**	**1,031,872**
Total equity and liabilities		**1,617,149**	**1,403,732**

Approved by the Board and signed on their behalf:

Brendan Tuohy,
Chairperson, EirGrid Group

Mark Foley,
Chief Executive, EirGrid Group

Date: 14 December 2022

Consolidated Statement of Changes in Equity

For the Financial Year to 30 September 2022

	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 2020	38	49,182	(80,263)	96	353,938	322,991
Profit for the year					35,738	35,738
Other comprehensive income						
Remeasurements of defined benefit scheme net of deferred tax	–	–	–	–	(400)	(400)
Cash flow hedge net of deferred tax movement	–	–	17,087	–	–	17,087
Translation reserve movement	–	–	–	444	–	444
Dividends	–	–	–	–	(4,000)	(4,000)
Balance as at 30 Sep 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**

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 2022

	Note	Year to 30 Sep 2022 €'000	Year to 30 Sep 2021 €'000
Cash flows from operating activities			
Profit after taxation		98,286	35,738
Depreciation of property, plant and equipment	13	21,567	21,655
Depreciation of right of use assets	14	3,660	4,052
Amortisation of intangibles	12	25,487	24,622
Amortisation of grant	17	(3,293)	(3,317)
Interest and other income		(4,287)	(19)
Finance costs		17,057	16,475
Retirement benefit cost		7,567	6,910
Unrealised foreign exchange loss/(gain)		1,464	(1,658)
Income tax expense		16,079	6,339
Pension contributions paid		(9,067)	(9,217)
Operating cash flows before movements in working capital		**174,520**	**101,580**
Movements in working capital			
Increase in trade and other receivables		(102,529)	(31,653)
Increase in trade and other payables		149,173	113,323
Cash from operations		**221,164**	**183,250**
Income tax (payment)/receipts		(21,725)	5,310
Interest received		252	19
Net cash from operating activities		**199,691**	**188,579**
Cash flows from investing activities			
Purchase of property, plant and equipment		(17,802)	(21,746)
Purchase of intangibles		(18,855)	(11,890)
Grants		4,934	–
Net cash used in investing activities		**(31,723)**	**(33,636)**
Cash flows from financing activities			
Dividends paid		(4,000)	(4,000)
Leases paid	14	(3,020)	(3,789)
Borrowings repaid		(21,424)	(89,235)
Finance costs paid		(15,768)	(15,247)
Net cash used in financing activities		**(44,212)**	**(112,271)**
Net increase in cash and cash equivalents		**123,756**	**42,672**
Cash and cash equivalents at start of year		**528,583**	**482,914**
Effects of foreign exchange		(1,163)	2,997
Cash and cash equivalents at end of year	19	**651,176**	**528,583**

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. 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 130.

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.

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 2022 and in accordance with the Irish Companies Act 2014. The Directors are confident, on the basis of current financial projections and facilities available, that the Group has adequate resources to continue in operation for the foreseeable future. Accordingly, the Directors continue to adopt the going concern basis in preparing the Financial Statements.

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.

2. Statement of Accounting Policies (Continued)

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 2022. The comparative figures are for the financial year ended 30 September 2021.

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 16 Property, Plant and Equipment: Proceeds before Intended Use (applicable for annual periods 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 IFRS 3 Business Combinations: Reference to the Conceptual Framework (applicable for annual periods beginning on or after 1 January 2022)
- Annual Improvements to IFRS Standards 2018–2020 (applicable for annual periods beginning on or after 1 January 2022)
- 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 2023, but not yet endorsed in the EU)
- 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, but not yet endorsed in the EU)
- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (applicable for annual periods beginning on or after 1 January 2023, but not yet endorsed in the EU)
- 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, but not yet endorsed in the EU)

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 2021):

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2
- Amendment to IFRS 16 Leases: COVID-19-Related Rent Concessions (applicable for annual periods beginning on or after 1 June 2020)

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.

2. Statement of Accounting Policies (Continued)

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.

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.

2. Statement of Accounting Policies (Continued)

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.

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.

2. Statement of Accounting Policies (Continued)

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

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.

2. Statement of Accounting Policies (Continued)

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.

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.

2. Statement of Accounting Policies (Continued)

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.

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.

2. Statement of Accounting Policies (Continued)

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.

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.

2. Statement of Accounting Policies (Continued)

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.

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.

2. Statement of Accounting Policies (Continued)

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.

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.

2. Statement of Accounting Policies (Continued)

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.

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.

2. Statement of Accounting Policies (Continued)

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

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.

2. Statement of Accounting Policies (Continued)

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.

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.

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.

2. Statement of Accounting Policies (Continued)

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.

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. The estimates and underlying assumptions are reviewed on an ongoing basis.

Key sources of estimation and uncertainty and critical accounting judgements are as follows:

- **Provisions**
  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 2022 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 €64.0m and €93.9m. A provision of €68.5m (2021: €51.4m) 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 received a claim for compensation in respect of the reduction in net transfer capacity (NTC), during a number of periods of reduced generation availability on the island of Ireland, an action taken to ensure security of supply. The total possible value of this and other potential claims associated with NTC reductions up until the end of September 2022 is estimated at €45.5m. A provision of €45.5m has been recognised in the financial statements in respect of the potential compensation that may be due. See note 20 for further details.

- **Useful lives of property, plant and equipment and intangible assets**
  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.

2. Statement of Accounting Policies (Continued)

- **Retirement benefits obligations**
  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. 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 2022 is €162.7m (2021: €253.7m) and the fair value of plan assets is €177.2m (2021: €211.1m). A pension asset ceiling has been applied to the SONI pension assets as, under IFRS rules (IFRIC 14 – IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction requirements), 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. This gives a net pension surplus for the Group before deferred tax, of €13.4m (2021: €42.6m deficit).

- **Leases**
  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.

- **Deferred tax**
  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 2022 was €4.2m (2021: deferred tax asset of €19.3m). The deferred tax liability at 30 September 2022 was €34.5m (2021: deferred tax liability of €34.6m).

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).
- 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 2022 are as follows:

	Note	EirGrid TSO €'000	SEMO €'000	SEMOpx €'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

*Depreciation (note 13&14) + intangible amortisation (note 12) – EWIC grant amortisation (note 17).

3. Segment and Revenue Information (Continued)

The comparative segment results for the financial year ended 30 September 2021 are as follows:

	Note	EirGrid TSO €'000	SEMO €'000	SEMOpx €'000	SONI TSO €'000	EWIC €'000	Eliminations €'000	Total €'000
Income Statement items								
Segment revenue		574,209	17,378	3,798	125,520	69,021	(52,567)	737,359
Direct costs		(481,338)	–	(2,191)	(95,809)	(8,259)	52,567	(535,030)
Gross profit		92,871	17,378	1,607	29,711	60,762	–	202,329
Other operating costs (excluding depreciation and amortisation)		(55,727)	(10,262)	(1,390)	(16,626)	(13,910)	–	(97,915)
Depreciation and amortisation (net of grant amortisation)*		(24,858)	(2,180)	(36)	(6,727)	(13,442)	–	(47,243)
Total other operating costs		(80,585)	(12,442)	(1,426)	(23,353)	(27,352)	–	(145,158)
Operating profit		12,286	4,936	181	6,358	33,410	–	57,171
Interest and other income								19
Finance costs								(16,475)
Profit before taxation								40,715
Income tax charge								(4,977)
Profit for the year								35,738
Balance Sheet items								
Segment assets		670,473	174,597	3,004	87,701	465,885	–	1,401,660
Goodwill and intangible assets	12							2,072
Total assets as reported in the Consolidated Balance Sheet								1,403,732
Segment liabilities		617,447	132,797	619	48,022	232,987	–	1,031,872
Total liabilities as reported in the Consolidated Balance Sheet								1,031,872

Geographical information

	Revenue		Non-current assets	
	Year to 30 Sep 2022 €'000	Year to 30 Sep 2021 €'000	As at 30 Sep 2022 €'000	As at 30 Sep 2021 €'000
Ireland	**711,451**	606,541	**560,695**	578,911
UK	**150,172**	130,818	**23,926**	24,962
Total	**861,623**	**737,359**	**584,621**	**603,873**

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 €9.3m (2021: €4.4m). The remainder of revenue in respect of EWIC relates congestion income of €33.2m (2021: €31.1m) and income from the provision of other system services €16.2m (2021: €15.0m). EWIC also received €24.4m (2021: €13.3m) of capacity payments in the year and other income of €0.1m (2021: (€0.1m)). FTR receipts were €nil (2021: €5.1m) 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 €658.2m for the financial year to 30 September 2022 (2021: €574.2m) are revenues of approximately €284.8m (2021: €222.3m), €95.5m (2021: €78.2m), €81.6m (2021: €87.7m), and €54.9m (2021: €49.4m) which arose from sales to the segment's four largest customers.

Included in SEMO segment revenues of €21.1m for the financial year to 30 September 2022 (2021: €17.4m) are revenues of approximately €9.2m (2021: €6.9m), €0.1m (2021: €2.2m), €5.9m (2021: €3.2m) and €1.6m (2021: €1.4m) which arose from sales to the segment's four largest customers.

Included in SEMOpx segment revenues of €4.4m for the financial year to 30 September 2022 (2021: €3.8m) are revenues of approximately €1.2m (2021: €1.1m), €0.5m (2021: €0.5m), €0.4m (2021: €0.3m) and €0.3m (2021: €0.2m) which arose from sales to the segment's four largest customers.

Included in SONI TSO segment revenues of €143.8m for the financial year to 30 September 2022 (2021: €125.5m) are revenues of approximately €46.2m (2021: €39.7m), €39.3m (2021: €27.9m), €27.1m (2021: €21.1m) and €9.2m (2021: €7.9m) which arose from sales to the segment's four largest customers.

Contract balances

Included in trade & other receivables (note 15) is €115.6m (2021: €97.4m) related to receivables from contracts with customers.

Included in trade & other payables (note 16) is €12.4m (2021: €6.8m) related to contract liabilities. €2.2m (2021: €1.4m) 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 2022 was 506 (2021: 488), excluding staff engaged on capital projects.

The average number of persons engaged on capital projects during the year to 30 September 2022 was 87 (2021: 86). The staff costs associated with these employees have been capitalised and totalled €8.2m for the year to 30 September 2022 (2021: €8.2m).

Average number of persons employed on a monthly basis by business activity:

	Year to 30 Sep 2022 Number	Year to 30 Sep 2021 Number
EirGrid TSO	344	319
SONI TSO	92	95
SEMO	54	60
SEMOpx	10	7
EWIC	6	7
Capital projects	87	86
Total	**593**	**574**

Total remuneration including the Executive Directors' salary, comprised:

	Year to 30 Sep 2022 €'000	Year to 30 Sep 2021 €'000
Wages and salaries	44,286	40,341
Social insurance costs	4,808	4,331
Other retirement benefit costs	10,235	9,765
Total remuneration paid to employees	**59,329**	**54,437**
Employee costs charged to Income Statement	51,199	46,269
Employee costs capitalised	8,130	8,168
Total remuneration paid to employees	**59,329**	**54,437**

Key management personnel compensation:	Year to 30 Sep 2022 €'000	Year to 30 Sep 2021 €'000
Salaries and short-term employee benefits	1,983	1,689

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 2022 €'000	Year to 30 Sep 2021 €'000
Employee costs (note 4)	51,199	46,269
Depreciation of property, plant and equipment (note 13)	21,567	21,655
Amortisation of intangibles (note 12)	25,487	24,622
Depreciation of right of use assets (note 14)	3,660	4,052
Amortisation of grant (note 17)	(3,293)	(3,317)
Operations and maintenance	69,199	51,877
Total	**167,819**	**145,158**

6. Interest and Other Income, and Finance Costs

	Year to 30 Sep 2022 €'000	Year to 30 Sep 2021 €'000
Interest income:		
Other interest	(4,035)	–
Interest income on deposits	(252)	(19)
Total Interest income	**4,287**	**–**
Finance costs:		
Bank loan and overdrafts	15,981	15,478
Lease interest (note 14)	536	569
Net pension scheme interest (note 23)	540	428
Total finance costs	**17,057**	**16,475**

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 2022 €'000	Year to 30 Sep 2021 €'000
Depreciation (note 13 & note 14)	25,227	25,707
Amortisation of intangibles (note 12)	25,487	24,622
Amortisation of grant (note 17)	(3,293)	(3,317)
Foreign exchange loss	1,937	3,287

Aggregate emoluments paid to or receivable by directors in respect of qualifying services are as follows:

	Year to 30 Sep 2022 €'000	Year to 30 Sep 2021 €'000
– for services as a Director	122	122
– for Executive Director services	213	213
Total	**335**	**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 2022 €'000	Year to 30 Sep 2021 €'000
– defined benefit schemes (for Executive Director)	60	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 2022 €'000	Year to 30 Sep 2021 €'000
– audit of group companies*	401	272
– other assurance services	23	43
– tax advisory services	–	–
– other non-audit services	–	–

*Includes grant audits.

8. Income Taxes

	Year to 30 Sep 2022 €'000	Year to 30 Sep 2021 €'000
Current tax expense	16,272	6,794
Adjustment in respect of prior year	(193)	(458)
Current tax expense	16,079	6,336
Deferred tax relating to the origination and reversal of temporary differences	550	(2,304)
Adjustment in respect of prior year	–	945
Deferred tax expense	550	(1,359)
Income tax expense for the year	**16,629**	**4,977**

The total charge for the financial year can be reconciled to the accounting profit as follows:

	Year to 30 Sep 2022 €'000	Year to 30 Sep 2021 €'000
Profit before tax	114,915	40,715
Taxation at standard rate of 12.5% (2021: 12.5%)	14,364	5,089
Effect of higher rates of tax on other income	119	113
Effect of income and expenses excluded in determining taxable profit	1,299	232
Effect of higher rates of tax on gains in UK subsidiaries	920	117
Adjustments in respect of prior years	(193)	487
Other differences	120	(1,061)
Income tax expense recognised in Income Statement	**16,629**	**4,977**

Factors that may affect future tax rates and other disclosures

No significant change is expected to the standard rate of corporation tax in Ireland which is currently 12.5%. The standard rate of tax in the UK is 19%. 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 2020	(169)	(36,624)	5,620	11,466	5,735	(13,972)
Credit/(charge) to the Income Statement for the year	–	2,461	(132)	–	(970)	1,359
Charge to the Statement of Comprehensive Income	–	–	(14)	(2,441)	–	(2,455)
Exchange differences	(247)	(30)	40	–	–	(237)
Deferred tax (liability)/asset as at 30 Sep 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)**

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)**

Deferred tax asset	–	–	5,514	9,025	4,765	19,304
Deferred tax liability	(416)	(34,193)	–	–	–	(34,609)
Total 30 Sep 2021	(416)	(34,193)	5,514	9,025	4,765	(15,305)

Analysis of deferred tax (liabilities)/assets by tax jurisdiction:

	30 Sep 2022 €'000	30 Sep 2021 €'000
Ireland	**(30,660)**	(15,986)
UK	**288**	681
Net deferred tax liability	**(30,372)**	(15,305)

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 2022 €'000	30 Sep 2021 €'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 (2021: €4,000,000) for the financial year ended 30 September 2022.

10. Fair Value Investments

	30 Sep 2022 €'000	30 Sep 2021 €'000
Balance as at 1 Oct 2021	**356**	356
Additions	**–**	–
Balance as at 30 Sep 2022	**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 during the year was to carry out certain designated works during the design and consultation stage of the project.

11. Interest in Joint Operations (Continued)

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.

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 2022 €'000	30 Sep 2021 €'000
Non-current assets	–	–
Current assets	535	2,284
Total assets	**535**	**2,284**
Total equity	12	54
Current liabilities	523	2,230
Total liabilities	523	2,230
Total equity and liabilities	**535**	**2,284**

	Year to 30 Sep 2022 €'000	Year to 30 Sep 2021 €'000
Revenue	27	11
Expenses	(21)	(10)
Operating profit	**6**	**1**

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 2020	4,277	17,370	99,217	56,451	11,722	189,037
Additions	–	–	–	–	12,533	12,533
Transfer (to)/from other assets	–	–	4,900	5,119	(10,019)	–
Exchange differences	216	863	1,114	1,272	108	3,573
Balance as at 30 Sep 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**
Accumulated amortisation						
Balance as at 1 Oct 2020	4,277	15,384	38,286	50,079	–	108,026
Amortisation	–	–	20,533	4,089	–	24,622
Exchange differences	216	777	500	873	–	2,366
Balance as at 30 Sep 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**
Carrying amount as at 30 Sep 2022	**–**	**1,982**	**28,462**	**5,821**	**27,627**	**63,892**
Carrying amount as at 30 Sep 2021	–	2,072	45,912	7,801	14,344	70,129

13. Property, Plant & Equipment

	*Land and buildings €'000	Fixtures and fittings €'000	IS, telecoms 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 2020	17,178	3,337	63,659	77	568,897	3,882	14,939	671,969
Additions	10,001	–	–	–	–	–	14,029	24,030
Disposals	–	–	–	–	–	–	–	–
Transfers (to)/from other assets	–	2,235	1,991	–	1,428	–	(5,654)	–
Exchange differences	342	–	190	–	–	48	10	590
Balance as at 30 Sep 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	32,069	708,276
Depreciation								
Balance as at 1 Oct 2020	8,597	2,667	51,942	65	118,257	1,554	–	183,082
Charge	648	656	3,373	10	16,184	784	–	21,655
Disposals	–	–	–	–	–	–	–	–
Exchange differences	170	–	145	–	–	22	–	337
Balance as at 30 Sep 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
Carrying amount as at 30 Sep 2022	17,341	1,726	10,473	–	419,584	777	32,039	481,940
Carrying amount as at 30 Sep 2021	18,106	2,249	10,380	2	435,884	1,570	23,324	491,515

*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.

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 2020	33,314	40	17,057	50,411
Lease modification	633	4	–	637
Balance as at 30 Sep 2021	33,947	44	17,057	51,048
Lease modification	220	–	–	220
Balance as at 30 Sep 2022	34,167	44	17,057	51,268
Accumulated depreciation				
Balance as at 1 Oct 2020	3,064	21	2,038	5,123
Depreciation	3,482	17	553	4,052
Balance as at 1 30 Sep 2021	6,546	38	2,591	9,175
Depreciation	3,100	6	554	3,660
Balance as at 30 Sep 2022	9,646	44	3,145	12,835
Carrying amount as at 30 Sep 2022	24,251	–	13,912	38,433
Carrying amount as at 30 Sep 2021	27,401	6	14,466	41,873

Lease liabilities	Total €'000
Balance as at 30 Sep 2021	39,681
Lease modification	220
Interest	536
Lease payments	(3,020)
Exchange differences	(411)
Balance as at 30 Sep 2022	37,006

Analysed as:	Total €'000
Current	2,429
Non-current	34,577
Balance as at 30 Sep 2022	37,006

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	2,429	2,926
Between two and five years	12,639	14,239
After five years	21,938	23,772
Total	**37,006**	**40,937**

Amounts recognised in consolidated income statement	Total €'000
Depreciation on right of use assets	3,660
Expenses relating to short terms leases	–
Variable lease payments*	10
Expenses relating to leases of low value leases, excluding short term leases of low value assets	–
Interest on lease liabilities	536

*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*	3,030

*Includes interest expense, principal repayments, short term and low value lease expenses.

15. Trade and Other Receivables

	30 Sep 2022 €'000	30 Sep 2021 €'000
Amounts due in less than one year:		
Trade receivables	4,053	1,728
Prepayments and deferred project costs	44,457	35,720
Unbilled receivables	115,534	97,432
Other receivables	41,178	29,137
Total	**205,222**	**164,017**
Amounts due in more than one year:		
Prepayments and deferred project costs	38,854	36,555
Other receivables	113,968	51,400
	152,822	**87,955**
Total	**358,044**	**251,972**

The Directors consider that the carrying amount of trade and other receivables approximates their fair value.

€1.8m (2021: €5.7m) of the other receivables balance relates to payments due from ESB.

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 more than one year also includes €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 and €45.5m relating to recoverable costs arising from a claim in respect of the reduction in net transfer capacity (NTC) during a number of periods of reduced generation availability. 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 €64.0m (2021: €57.8m), of which €38.9m (2021: €36.6m) may not be recoverable within twelve months.

16. Trade and Other Payables

	30 Sep 2022 €'000	30 Sep 2021 €'000
Amounts due in less than one year:		
Trade payables	45,060	64,360
Accruals	271,784	189,620
Deferred income	3,798	2,166
Taxation and social insurance	16,084	15,379
Other payables	163,351	142,701
Total	**500,077**	**414,226**
Amounts due in more than one year:		
Deferred income	8,550	4,573
	8,550	**4,573**
Total	**508,627**	**418,799**

Taxation and social insurance comprises of the following:

	30 Sep 2022 €'000	30 Sep 2021 €'000
PAYE/PRSI	235	1,043
VAT	15,451	13,839
Withholding tax	398	497
Total	**16,084**	**15,379**

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.

€38.3m (2021: €56.8m) of the Group trade payables balance and €45.9m (2021: €10.7m) 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 €12.0m (2021: €82.1m) owed to the SEM balancing market due to overrecoveries which will be returned via a k-factor tariff adjustment

17. Grants

	€'000
Balance as at 1 Oct 2020	90,522
Additions	–
Amortisation of grant	(3,317)
Balance as at 30 Sep 2021	87,205
Additions	–
Amortisation of grant	(3,293)
Balance as at 30 Sep 2022	**83,912**

Analysed as:	**€'000**
Current	3,208
Non-current	80,704
Balance as at 30 Sep 2022	**83,912**

Capital grants received related to the East West Interconnector project and were received from the EU Commission. The total grant funding available and received from the EU Commission for the project was €112.3m and €83.9m 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'). €4.9m of CEF grants was received during the year bringing the total CEF grants to €10.0m at year end. The grants have been netted against the Celtic Interconnector project spend within assets under construction in note 13. The grant will be recognised separately as deferred income when the asset is brought into use.

18. Issued Share Capital

	30 Sep 2022 €'000	30 Sep 2021 €'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 2022 €'000	30 Sep 2021 €'000
Cash and cash equivalents	651,176	528,583

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 €19.4m (2021: €80.0m) held on trust for market participants in the SEM, €113.8m (2021: €38.8m) held in SEM collateral reserve accounts (security accounts held in the name of market participants), security deposits of €11.5m (2021: €12.3m) and €3.0m (2021: €6.7m) which represents cash which can only be used for the purposes of the EWIC asset.

20. Provisions

	Clean Energy Package €'000	Other Provision €'000	Total €'000
Balance as at 30 Sep 2021	51,400	–	51,400
Provisions made during the year	17,100	45,468	62,568
Balance as at 30 Sep 2022	**68,500**	**45,468**	**113,968**

Analysed as:	**€'000**	**€'000**	**€'000**
Current	–	–	–
Non-current	68,500	45,468	113,968
Balance as at 30 Sep 2022	**68,500**	**45,468**	**113,968**

(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 2022. 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 €64.0 million and €93.9 million. 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 €68.5 million. 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 €68.5 million 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 €45.5 million 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 take minimum of 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 €45.5 million has been included in Trade and other receivables in note 15.

21. Capital Commitments

	30 Sep 2022 €'000	30 Sep 2021 €'000
Expenditure contracted for, but not provided for in the Financial Statements	–	3,458

22. Contingent Liabilities

The Company is not aware of any contingent liabilities at the financial year end. The contingent liability disclosed in the prior year has been recognised as a provision at 30 September 2022 (Note 20).

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 they were eligible to join the new defined contribution scheme from August 2021.

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.

23. Retirement Benefits Obligations (Continued)

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.

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 Scheme

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 (2021: €0.5m).

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 €1.2m (2021: €0.6m).

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 2022 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 2022 €'000	EirGrid Plan 30 Sep 2022 €'000	SONI Focus Plan 30 Sep 2022 €'000	Total 30 Sep 2021 €'000	EirGrid Plan 30 Sep 2021 €'000	SONI Focus Plan 30 Sep 2021 €'000
Present value of funded defined benefit obligations that are wholly or partly funded	162,675	135,957	26,718	253,746	208,143	45,603
Fair value of Schemes' assets at end of year	(177,157)	(149,329)	(27,828)	(211,102)	(168,315)	(42,787)
Net (Asset)/liability before asset ceiling	(14,482)	(13,372)	(1,110)	42,644	39,828	2,816
Impact of asset ceiling	1,110	–	1,110	–	–	–
Net (Asset)/liability after impact of asset ceiling	(13,372)	(13,372)	–	42,644	39,828	2,816
Deferred tax on net pension obligation (note 8)	1,671	1,671	–	(5,514)	(4,979)	(535)
Net (Asset)/Liability after Deferred Tax	**(11,701)**	**(11,701)**	**–**	37,130	34,849	2,281

23. Retirement Benefits Obligations (Continued)

The amounts in the Consolidated Income Statement may be analysed as follows:

	Year to 30 Sep 2022 €'000	Year to 30 Sep 2021 €'000
Current service cost	8,327	8,085
Net interest expense	540	428
Employer pension cost capitalised	(1,007)	(1,321)
Amount included in other operating costs relating to defined benefit schemes	7,860	7,192

The amounts recognised in the Consolidated Statement of Comprehensive Income are as follows:

	Total Year to 30 Sep 2022 €'000	EirGrid plan Year to 30 Sep 2022 €'000	SONI Focus plan Year to 30 Sep 2022 €'000	Total Year to 30 Sep 2021 €'000	EirGrid plan Year to 30 Sep 2021 €'000	SONI Focus plan Year to 30 Sep 2021 €'000
Remeasurement of net defined benefit liability:						
Actuarial (loss)/gain arising on Schemes' assets	(42,735)	(28,345)	(14,390)	18,223	14,497	3,727
Actuarial (loss)/gain arising from changes in demographic assumptions	(166)	–	(166)	506	–	505
Actuarial gain/(loss) arising from changes in financial assumptions	97,099	80,451	16,648	(22,150)	(18,681)	(3,469)
Actuarial gain arising from experience adjustments	3,093	1,961	1,132	3,035	2,844	191
Asset ceiling restriction	(1,174)	–	(1,174)	–	–	–
Amount included in the Consolidated Statement of Comprehensive Income	56,117	54,067	2,050	(386)	(1,340)	954

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 2022 €'000	30 Sep 2021 €'000	30 Sep 2022 €'000	30 Sep 2021 €'000
Present value of defined obligation at beginning of year	208,143	183,040	45,603	41,684
Current service cost including contributions by Schemes' participants	9,258	9,034	316	419
Interest cost	2,902	2,004	889	655
Actuarial loss/(gain) arising from changes in demographic assumptions	–	–	166	(506)
Actuarial (gain)/loss arising from changes in financial assumptions	(80,451)	18,681	(16,648)	3,469
Actuarial gain arising from experience adjustments	(1,961)	(2,844)	(1,132)	(191)
Benefits paid	(1,934)	(1,772)	(1,822)	(2,056)
Exchange differences	–	–	(654)	2,129
Present value of defined benefit obligation at end of year	135,957	208,143	26,718	45,603

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 2022 €'000 Total	30 Sep 2021 €'000 Total	30 Sep 2022 €'000 Total	30 Sep 2021 €'000 Total
Fair value of Schemes' assets at beginning of year	168,315	144,870	42,787	37,242
Interest Income	2,407	1,637	844	594
(Losses)/gains on Schemes' assets	(28,345)	14,497	(14,390)	3,727
Contributions by the Companies	7,663	7,738	1,404	1,479
Contributions by Schemes' participants	1,223	1,345	24	23
Administration costs	–	–	(247)	(146)
Benefits paid	(1,934)	(1,772)	(1,822)	(2,056)
Exchange differences	–	–	(772)	1,924
Fair value of Schemes' assets at end of year	149,329	168,315	27,828	42,787

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	EirGrid plan		SONI Focus plan	
Valuation method	30 Sep 2022 Projected Unit	30 Sep 2021 Projected Unit	30 Sep 2022 Projected Unit	30 Sep 2021 Projected Unit
Discount rate	3.70%	1.4%	5.15%	1.95%
Salary increases	2.65% Plus scale	2.25% Plus scale	4.00% Plus scale	3.90% Plus scale
Pension increases	2.4%	2.0%	3.45%	3.30%
Inflation	2.4%	2.0%	3.75%	3.65%
Post-retirement life expectancy for those retiring at age 65 in 2039:				
– Men	24.3 years	24.1 years	24.6 years	24.7 years
– Women	26.3 years	26.2 years	26.5 years	26.6 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 3.70% (2021: 1.40%) for the EirGrid plan and 5.15% (2021: 1.95%) 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 24 years (2021: 27 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 15 years (2021: 18 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% (2021: 14%).

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 2020. 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 2019. 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 2022 €'000	Fair Value 30 Sep 2021 €'000
Equities	47,401	55,867
Bonds	61,100	63,426
Property	15,600	10,607
Cash	900	1,247
Alternatives	20,400	32,078
Annuities	3,928	5,090
Fair value of plan assets	**149,329**	**168,315**

For the EirGrid plan assets all except annuities €145.4m (2021: €163.2m) have quoted market prices in an active market. The annuities €3.9m (2021: €5.1m) have no quoted market prices in an active market.

SONI Focus plan	Fair Value 30 Sep 2022 €'000	Fair Value 30 Sep 2021 €'000
Equities	11,164	18,996
Gilts and Bonds	16,186	23,605
Other	477	186
Fair value of plan assets	**27,827**	**42,787**

For the SONI Focus plan assets all categories €27.8m (2021: €42.8m) have quoted market prices in an active market.

The actual return on Group scheme assets was a gain of €39.5m (2021: €20.5m). The actual return on the EirGrid Plan scheme assets was a gain of €25.9m (2021: €16.1m) and the actual return on the SONI Focus Plan scheme assets was a gain of €13.5m (2021: €4.3m).

The Group expects to pay contributions of €7.4m (2021: €7.4m) for the EirGrid Plan and €1.2m. (2021: €1.1m) for the SONI Focus Plan in the financial year to 30 September 2022.

24. Borrowings

Details of the Group's interest-bearing loans and borrowings are outlined below.

Repayable by instalments	30 Sep 2022 €'000	30 Sep 2021 €'000
Repayable within one year:		
Bank loans	22,326	21,542
Total current borrowings	22,326	21,542
Repayable after more than one year:		
Between one and two years	20,129	22,443
Between two and five years	66,476	63,341
In five years or more	151,287	174,337
Total non-current borrowings	237,892	260,121
Total borrowings outstanding	**260,218**	**281,663**

Borrowings by the subsidiary undertaking, EirGrid Interconnector DAC are guaranteed by EirGrid plc through a cross-guarantee structure. 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.

Credit facilities were put in place for the go-live of the new SEM. At year end, EirGrid and SONI have drawn down €nil (2021: €nil) from these revolving credit facilities to fund working capital requirements in the balancing market. A term loan of £2.4m (€3.2m) (2021:£5.6m (€6.5m)) remains outstanding at year end. Interest on these borrowings is at floating rates which are based on Euribor and Libor plus a margin.

The Group had unutilised borrowing facilities of €211.2m (2021: €211.5m) at the Balance Sheet date. The majority of these unutilised borrowings have been arranged in order that the Group has sufficient standby facilities to meet unbudgeted/unexpected constraint payments.

The terms of outstanding loans are as follows:

	Currency	Financial year of maturity	At start of year €'000	Cashflow €'000	Non cash €'000	At end of year €'000
Unsecured term loan facility	EUR	2030	82,314	(7,945)	213	74,582
Unsecured term loan facility	EUR	2035	192,863	(10,353)	–	182,510
Term loan	STG	2023	6,486	(3,126)	(234)	3,126
Revolving credit facility	EUR	2023	–	–	–	–
Revolving credit facility	STG	2023	–	–	–	–
Total			281,663	(21,424)	(21)	260,218

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 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 25)	–	–	(11,802)	(11,802)
Total	874,329	(505,635)	(11,446)	357,248

Carrying Amount	Financial assets at amortised costs €'000	Financial liabilities at amortised cost €'000	Fair value through OCI €'000	Total €'000
30 Sep 2021				
Investments	–	–	356	356
Trade & other receivables	82,265	–	–	82,265
Deferred project costs	57,755	–	–	57,755
Cash and cash equivalents	528,583	–	–	528,583
Trade & other payables	–	(207,061)	–	(207,061)
Borrowings	–	(281,663)	–	(281,663)
Lease liabilities	–	(39,681)	–	(39,681)
Derivative financial instruments (note 25)	–	–	(72,201)	(72,201)
Total	668,603	(528,405)	(71,845)	68,353

25. Categories of Financial Assets and Financial Liabilities (Continued)

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 25)	–	(11,802)	–	(11,802)
Total	**–**	**(11,802)**	**356**	**(11,446)**

Fair Value	Level 1 €'000	Level 2 €'000	Level 3 €'000	Total €'000
30 Sep 2021				
Investments	–	–	356	356
Trade & other receivables	–	–	–	–
Deferred project costs	–	–	–	–
Cash and cash equivalents	–	–	–	–
Trade & other payables	–	–	–	–
Borrowings	–	–	–	–
Lease liabilities	–	–	–	–
Derivative financial instruments (note 25)	–	(72,201)	–	(72,201)
Total	**–**	**(72,201)**	**356**	**(71,845)**

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.

As the derivatives are out of the money there is no exposure to the bank counterparties and the banks who hold the derivatives have high credit ratings. 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 2022 and has also evaluated the debit adjustment required and adjusted the valuations accordingly.

26. Derivative Financial Instruments and Financial Risk Management

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.

26. Derivative Financial Instruments and Financial Risk Management (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 2022 were €1.1m (2021: €0.3m). Other payables include €12.0m (2021: €82.1m) 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.

26. Derivative Financial Instruments and Financial Risk Management (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 2022 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 2022 €'000	30 Sep 2021 €'000
60 to 90 days	–	–
90 to 120 days	–	–
Greater than 120 days	–	–
Total	**–**	**–**

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 €211.2m at the Balance Sheet date (2021: €211.5m). The majority of these unutilised borrowings have been arranged in order that the Group has sufficient standby facilities to meet unbudgeted/unexpected constraint payments. The Group expects to meet its other obligations from operating cash flows.

26. Derivative Financial Instruments and Financial Risk Management (Continued)

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	5+ years €'000	Total €'000
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	–	29,807	109,877	167,044	306,728
Interest rate swap – net cash outflows	–	4,733	15,250	11,361	31,344
Total	**177,317**	**56,580**	**139,366**	**202,177**	**575,440**
30 Sep 2021					
Trade & other payables	178, 644	28,417	–	–	207,061
Lease liabilities including interest	–	3,051	13,286	27,877	44,214
Borrowings including interest	–	23,294	90,754	177,076	291,124
Interest rate swap – net cash outflows	–	11,665	37,734	32,415	81,814
Total	**178,644**	**66,427**	**141,774**	**237,368**	**624,213**

The cash flow hedges are expected to occur and affect the income statement over a period of 14 years.

The amounts recognised and reclassified out of the cash flow hedge reserve are as follows:

	30 Sep 2022 €'000	30 Sep 2021 €'000
Gain arising during the year	48,776	7,039
Reclassified to income statement (included in finance costs)	11,623	12,489
Total	**60,399**	19,528

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 liability at year end was €11.8m (2021: €72.2m). The notional amount was €258.6m (2021: €277.0m) at an interest rate of 3.8% (2021: 3.8%). which hedged the unsecured term loan facilities of €258.6m (2021: €277.0m).

26. Derivative Financial Instruments and Financial Risk Management (Continued)

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.

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 (2021: 50) basis points higher/lower and all other variables were held constant, the Group's:

- Profit for the financial year to 30 September 2022 would have been impacted by €nil (2021: €nil); and
- Other equity reserves would have been impacted by €6.7m/(€7.1m)/(2021: €10.5m/(€11.0m)), 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 profit before tax of €11.3m during the year to 30 September 2022 (2021: profit of €5.6m). 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.

26. Derivative Financial Instruments and Financial Risk Management (Continued)

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 2022 would be impacted by €12.2m (2021: €10.6m). Other equity reserves would have been impacted by €4.5m (2021: €2.6m).

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 2022 €'000	Year to 30 Sep 2021 €'000
Transmission asset owner charge	236,326	301,108

At 30 September 2022 a total of €38.2m (2021: €56.8m) was payable to ESB under this Agreement. The movement in this balance was as follows:

	30 Sep 2022 €'000	30 Sep 2021 €'000
Opening balance	56,833	55,048
Charges during the year	264,220	341,758
Payments made during the year	(282,825)	(339,973)
Closing balance	**38,228**	**56,833**

This outstanding balance is unsecured and payable in cash and cash equivalents.

28. Post Balance Sheet Events

(A) SONI Governance

On the 30 August 2022, the Utility Regulator published their decision on the proposed licence modification to the SONI Transmission System Operator. The modifications came into effect on 26 October 2022. Once they are in force, the modifications must be implemented by SONI to the timescales set out in the licence condition itself. The licence modifications will:

- require the establishment of a majority independent SONI board;
- create a general requirement for SONI operational and management independence from EirGrid (where a derogation from the independence requirement is not in place);
- establish a process for SONI to apply for and UR to grant derogations from the independence requirement; and
- require SONI to appoint a compliance officer and establish a compliance plan to ensure effective oversight of the new requirements.

(B) Celtic funding

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. €582m of the term loan has been hedged via interest rate swaps.

29. Approval of Financial Statements

The Board approved the Financial Statements on 14 December 2022.

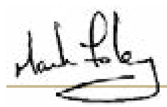
Company Financial Statements

Company Balance Sheet as at 30 September 2022

	Notes	30 Sep 2022 €'000	30 Sep 2021 €'000
Non-Current assets			
Investments in subsidiaries	30 (E)	**155,761**	155,761
Other investments	30 (G)	**325**	325
Intangibles	30 (H)	**44,115**	49,991
Property, plant & equipment	30 (I)	**57,072**	50,301
Right of use assets	30 (J)	**23,814**	26,663
Retirement benefit asset	30 (S)	**13,372**	–
Total non-current assets		**294,459**	**283,041**
Trade and other receivables: amounts falling due after more than one year	30 (K)	**268,524**	234,363
Current assets			
Cash and cash equivalents	30 (L)	**567,349**	455,095
Trade and other receivables	30 (M)	**211,570**	161,502
Total current assets		**778,919**	**616,597**
Trade and other payables: amounts falling due within one year	30 (N)	**(462,735)**	(377,998)
Net current assets		**316,184**	**238,599**
Total assets less current liabilities		**879,167**	**756,003**
Trade and other payables: amounts falling due after more than one year	30 (O)	**(206,265)**	(265,986)
Provisions			
Retirement benefit obligation	30 (S)	**–**	(39,828)
Other provisions	30 (T)	**(85,475)**	(38,550)
Net assets		**587,427**	**411,639**
Capital and reserves			
Called up share capital presented as equity	18	**38**	38
Capital reserve		**49,182**	49,182
Hedging reserve		**(7,930)**	(49,024)
Retained earnings		**546,137**	411,443
Total equity		**587,427**	**411,639**

Approved by the Board and signed on their behalf:

Brendan Tuohy,
Chairperson, EirGrid Group



Mark Foley,
Chief Executive, EirGrid Group

Date: 14 December 2022

Company Statement of Changes in Equity for the Financial Year to 30 September 2022

	Issued share capital €'000	Capital reserve €'000	Hedging reserve €'000	Retained earnings €'000	Total attributable to equity holders €'000
Balance as at 1 Oct 2021	38	49,182	(61,756)	382,798	370,262
Profit for the year	–	–	–	33,818	33,818
Other comprehensive income					
Remeasurements of defined benefit scheme net of deferred tax	–	–	–	(1,173)	(1,173)
Cash flow hedge movement net of deferred tax	–	–	12,732	–	12,732
Dividends	–	–	–	(4,000)	(4,000)
Balance as at 30 Sep 2021	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

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 130. 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 142 to 208 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 page 151-169 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 €91.4m (2021: €33.8m). 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 2022 was 398 (2021: 376), excluding staff engaged on capital projects.

The average number of persons engaged on capital projects during the year to 30 September 2022 was 81 (2021: 79). The staff costs associated with these employees have been capitalised and totalled €7.7m for the year to 30 September 2022 (2021: €7.5m).

Average number of persons employed on a monthly basis by business activity:

	Year to 30 Sep 2022 Number	Year to 30 Sep 2021 Number
EirGrid TSO	344	319
SEMO	41	45
SEMOpx	7	5
EWIC	6	7
Capital projects	81	79
Total	**479**	**455**

Total remuneration including the Executive Director's salary, comprised:

	Year to 30 Sep 2022 €'000	Year to 30 Sep 2021 €'000
Wages and salaries	36,201	32,755
Social insurance costs	4,039	3,659
Other retirement benefit costs	9,146	8,247
Total remuneration paid to employees	**49,386**	**44,661**
Employee costs charged to Income Statement	41,656	37,208
Employee costs capitalised	7,730	7,453
Total remuneration paid to employees	**49,386**	**44,661**

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. There was no activity from the incorporation date to the end of the financial year.

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 2022 €'000	30 Sep 2021 €'000
Balance as at 1 Oct 2021	155,761	155,761
Additions*	–	–
Balance as at 30 Sep 2022	**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 (2021: €31.7m) to EirGrid Interconnector Designated Activity Company, and on-lent total debt of €285.0m (2021: €285.0m) in 2009. The Company has recognised an investment of €155.5m (2021: €155.5m) in EirGrid Interconnector Designated Activity Company and €0.2m (2021: €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 €128.5m (2021: €132.3m).

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 2022 €'000	30 Sep 2021 €'000
Non-current assets	12,023	9,296
Current assets	146,536	120,744
Total assets	**158,559**	**130,040**
Total equity	34,279	29,979
Current liabilities	124,280	100,061
Total liabilities	124,280	100,061
Total equity and liabilities	**158,559**	**130,040**

30 (F) Interest in Joint Operation (Continued)

	Year to 30 Sep 2022 €'000	Year to 30 Sep 2021 €'000
Revenue	19,083	15,882
Expenses	(14,783)	(12,347)
Operating profit	**4,300**	**3,535**

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 2022 €'000	30 Sep 2021 €'000
Non-current assets	-	-
Current assets	535	2,284
Total assets	**535**	**2,284**
Total equity	12	54
Current liabilities	523	2,230
Total liabilities	523	2,230
Total equity and liabilities	**535**	**2,284**

	Year to 30 Sep 2022 €'000	Year to 30 Sep 2021 €'000
Revenue	27	11
Expenses	(21)	(10)
Operating profit	**6**	**1**

30 (G) Other Investments

	30 Sep 2022 €'000	30 Sep 2021 €'000
Balance as at 1 Oct 2021	325	325
Additions	–	–
Balance as at 30 Sep 2022	**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 2021	78,663	40,259	11,149	130,071
Additions	–	–	12,570	12,570
Transfer (to)/from other assets	3,174	1,357	(4,531)	–
Balance as at 30 Sep 2022	**81,837**	**41,616**	**19,188**	**142,641**
Amortisation				
Balance as at 30 Sep 2021	44,368	35,712	–	80,080
Amortisation charge	16,608	2,378	–	18,446
Balance as at 30 Sep 2022	**60,436**	**38,090**	**–**	**98,526**
Carrying amount as at 30 Sep 2022	21,401	3,526	19,188	44,115
Carrying amount as at 30 Sep 2021	34,295	4,547	11,149	49,991

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, telecoms equipment and other €'000	Motor Vehicles €'000	Integrated Single Electricity Market ** €'000	Assets under Construction *** €'000	Total €'000
Cost							
Balance as at 30 Sep 2021	20,408	5,572	61,479	77	2,923	22,926	113,385
Additions	–	–	–	–	–	11,405	11,405
Disposals	–	–	–	–	–	–	–
Transfer (to)/from other classes	–	134	2,992	–	–	(3,129)	–
Balance as at 30 Sep 2022	**20,408**	**5,706**	**64,471**	**77**	**2,923**	**31,205**	**124,790**
Depreciation							
Balance as at 30 Sep 2021	5,715	3,321	52,218	75	1,755	–	63,084
Charge	432	657	2,958	2	585	–	4,634
Disposals	–	–	–	–	–	–	–
Balance as at 30 Sep 2022	**6,147**	**3,978**	**55,176**	**77**	**2,340**	**–**	**67,718**
Carrying amount as at 30 Sep 2022	14,261	1,728	9,295	–	583	31,205	57,072
Carrying amount as at 30 Sep 2021	14,693	2,251	9,261	2	1,168	22,926	50,301

*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.

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 2020	32,478	29	32,507
Lease modifications	633	–	633
Balance as at 30 Sep 2021	33,111	29	33,140
Lease modifications	220	–	220
Balance as at 30 Sep 2022	**33,331**	**29**	**33,360**
Accumulated depreciation and impairment Losses			
Balance as at 1 Oct 2020	3,015	14	3,029
Depreciation	3,436	12	3,448
Balance as at 30 Sep 2021	**6,451**	**26**	**6,477**
Depreciation	3,066	3	3,069
Balance as at 30 Sep 2022	**9,517**	**29**	**9,546**
Carrying amount as at 30 Sep 2022	**23,814**	**–**	**23,814**
Carrying amount as at 30 Sep 2021	**26,660**	**3**	**26,663**

Lease liabilities	Total €'000
Balance as at 1 Oct 2021	29,685
Lease modification	220
Interest	396
Lease payments	(2,659)
Balance as at 30 Sep 2022	27,642

Analysed as:	€'000
Current	2,159
Non-current	25,483
Balance as at 30 Sep 2022	**27,642**

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	2,159	2,528
Between two and five years	11,521	12,648
After five years	13,962	14,423
Total	27,642	29,599

30 (J) Right of Use Assets and Lease Liabilities (Continued)

Amounts recognised in consolidated income statement	Total €'000
Depreciation on right of use assets	3,069
Expenses relating to short terms leases	–
Variable lease payments*	10
Expenses relating to leases of low value leases, excluding short term leases of low value assets	–
Interest on lease liabilities	396

*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*	2,676

*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

	Note	30 Sep 2022 €'000	30 Sep 2021 €'000
Prepayments and deferred project costs		**24,923**	**21,548**
Other receivables		**85,475**	**38,550**
Amounts owed by subsidiary undertakings		**158,126**	**162,250**
Deferred tax	30 (R)	**–**	**12,015**
Total		**268,524**	**234,363**

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 €24.9m (2021: €21.5m), all of which may not be recoverable within twelve months.

Other receivables includes €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 and €34.1m relating to recoverable costs arising from a claim in respect of the reduction in net transfer capacity (NTC) during a number of periods of reduced generation availability. 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 2022 €'000	30 Sep 2021 €'000
Cash and cash equivalents	567,349	455,095

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 of €9.0m (2021: €8.8m). Included in the cash balances is €14.6m (2021: €60.0m) held on trust for market participants in the SEM and €85.4m (2021: €29.1m) held in SEM collateral reserve accounts (security accounts held in the name of market participants).

30 (M) Trade and Other Receivables – Amounts Falling Due Within One Year

	30 Sep 2022 €'000	30 Sep 2021 €'000
Trade receivables	3,711	1,744
Prepayments and deferred project costs	35,055	29,562
Unbilled receivables	108,586	90,430
Other receivables	34,170	23,464
Current tax receivables	6,306	–
Amounts owed by subsidiary undertakings	23,742	16,302
Total	**211,570**	**161,502**

€1.8m (2021: €5.7m) 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 €25.1m (2021: €21.2m), all of which expected be recoverable within twelve months.

30 (N) Trade and Other Payables – Amounts Falling Due Within One Year

	Note	30 Sep 2022 €'000	30 Sep 2021 €'000
Trade payables		44,163	63,845
Accruals		254,600	166,327
Deferred income		3,281	1,712
Taxation and social insurance		13,816	13,366
Current tax payable		–	4,242
Other payables		122,426	108,899
Amounts owed to subsidiary undertakings		11,463	6,869
Grants	30 (P)	–	147
Borrowings	30 (Q)	10,793	10,352
Lease liabilities	30 (J)	2,159	2,239
Deferred tax		34	–
Total		**462,735**	**377,998**

Taxation and social insurance comprises of the following:

	30 Sep 2022 €'000	30 Sep 2021 €'000
Income tax deducted under PAYE	–	549
Pay-related social insurance	15	494
VAT	13,460	11,901
Withholding tax	342	422
Total	**13,817**	**13,366**

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. €38.2m (2021: €57.8m) of the Company trade payables balance and €41.9m (2021: €7.1m) 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 €9.0m (2021: €61.6m) 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 2022 €'000	30 Sep 2021 €'000
Derivative financial instrument		9,064	56,029
Borrowings	30 (Q)	171,718	182,511
Lease liabilities	30 (J)	25,483	27,446
Total		**206,265**	**265,986**

30 (P) Grants

	30 Sep 2022 €'000	30 Sep 2021 €'000
Balance as at 1 Oct 2021	147	356
Additions	–	–
Amortisation	(147)	(209)
Balance as at 30 Sep 2022	**–**	**147**

Analysed as:	€'000	€'000
Current	–	147
Non-Current	–	–
Closing balance	**–**	**147**

The Horizon 2020 EU-SysFlex project represents an opportunity to lead and participate in a pan-European strategic project which is directly aligned with the strategic objective of the EirGrid Group to be a "world leader in smart grids and integration of renewables". The grant is allowable for certain costs set out in the grant agreement. The grant income is released against the expenditure as it is incurred and there was €nil of unamortised grants at year end. A failure to comply with the terms and conditions of the EU Commission Grant Agreement could result in a clawback of grant funding received by EirGrid.

30 (Q) Borrowings

Repayable by instalments	30 Sep 2022 €'000	30 Sep 2021 €'000
Repayable within one year	10,793	10,352
Repayable within one and two years	11,246	10,793
Repayable within two and five years	36,728	35,217
Repayable greater than five years	123,744	136,501
Total	**182,511**	**192,863**

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 €150.0m (2021: €150.0m) at the Balance Sheet date. The majority of these unutilised borrowings have been arranged in order that the Company has sufficient standby facilities to meet unbudgeted and unexpected constraint payments.

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 2020	(472)	4,771	8,822	13,121
Credit to the Income Statement for the year	505	40	–	545
Charge to the Statement of Comprehensive Income	–	167	(1,818)	(1,651)
Deferred tax asset as at 30 Sep 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 liability as at 30 Sep 2022	**505**	**(1,672)**	**1,133**	**(34)**

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 2022 €'000	30 Sep 2021 €'000
Present value of funded defined benefit obligations that are wholly or partly funded	135,957	208,143
Fair value of Schemes' assets at end of year	(149,329)	(168,315)
Net (asset)/Liability	**(13,372)**	**39,828**

As outlined in note 23, 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 2021	38,550	–	38,550
Provisions made during the year	12,825	34,100	46,925
Balance as at 30 Sep 2022	**51,375**	**34,100**	**85,475**

(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.

30 (T) Provisions (Continued)

We believe it is probable that, on foot of the Regulation, the Company has a payment obligation at 30 September 2022. 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 €48.0 million and €70.4 million. As this is an estimate, there is a possibility that the potential liability could be above or below this range, however, based on the Company's consideration the best estimate within this range is a provision of €51.4 million. 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 any payments will be deferred until tariff year 2024/25.

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 €51.4 million has been included in Trade and other receivables in note 30 (L).

(B) Other Provision
The Company has a number of ongoing legal cases for which a total provision of €34.1 million 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 take minimum of 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 Company Balance Sheet. Accordingly, a recoverable amount of €34.1 million has been included in Trade and other receivables in note 30 (K).

30 (U) Capital Commitments

	30 Sep 2022 €'000	30 Sep 2021 €'000
Expenditure contracted for, but not provided for in the Financial Statements	–	**3,458**

30 (V) Contingent Liabilities

The Company is not aware of any contingent liabilities at the financial year end. The contingent liability disclosed in the prior year has been recognised as a provision at 30 September 2022 (Note 30 (T)).

30 (W) Related Party Transactions

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 (2021: £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

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. €582m of the term loan has been hedged via interest rate swaps.

30 (Y) Approval of Financial Statements

The Board approved the Financial Statements on 14 December 2022.

Notes

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