



Eurotunnel submission to the National Infrastructure Commission consultation – Energy

Eurotunnel welcomes the opportunity to respond to this consultation, having long been aware of the need to ensure that infrastructure projects in the UK are delivered rapidly in order to support economic growth. This response focuses on our experience delivering energy infrastructure projects, to support UK energy security and resilience, through the ElecLink interconnector,

Overview

Groupe Eurotunnel (GET) manages and operates the Channel Tunnel Fixed Link between Britain and France, providing the infrastructure for Eurotunnel's own Shuttle services and for international freight and high speed passenger trains. Completed in 1994, the Tunnel was financed entirely from private sources at no cost to the taxpayer.

In addition to operating the Tunnel, GET is partnering with STAR Capital Partners to develop the ElecLink interconnector project to join the electricity systems of the UK and France. This will allow up to 1,000MW of surplus energy to be transmitted between the two countries via the Channel Tunnel. The interconnector involves a €400m capital investment in existing infrastructure and will play a key role in helping meet the UK's future energy needs by enhancing the capacity and efficiency of the electricity market. Critically, the scheme involves no capital risk to consumers as ElecLink will be financed privately and independently of the major electricity operators in the UK and France.

Response

ElecLink is an excellent example of an initiative which maximises the efficiency of infrastructure projects by diversifying their uses. The Channel Tunnel not only provides capacity for freight and leisure travel from the continent to the UK, but has also provided the opportunity for energy transmission between the UK and France helping to tackle Britain's lessening capacity for power generation and the risk of shortages in supply. Analysis from Frontier Economics in 2011 suggested that laying the interconnector using the service tunnel within the Channel Tunnel could result in a 25% cost saving when compared with laying the interconnector across the sea bed. Additionally, it minimised construction disruption, including through the protection of marine life.

As with many large projects of this nature, there were barriers to its successful completion when certainty was required to deliver the investment. Negotiations with UK and French regulators featured as part of the process, with arguments around whether levies should be charged on revenues rather than the profits generated by the project. Additionally, there was a need to negotiate exemptions from the EU's Third Package Electricity Directive's unbundling requirements, in order to make the project deliverable.

ElecLink is a vital project in protecting the UK's energy supply, also contributing to: decarbonisation; the development of a single European market in electricity; and a greater diversity of energy supply through the combination of thermal dominated generation capacity with France's nuclear dominated capacity. It is a good example of an international project relating to energy supply, highlighting the barriers and successes that international collaboration can bring.



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