Key trends and issues facing the Irish energy sector over the next decade

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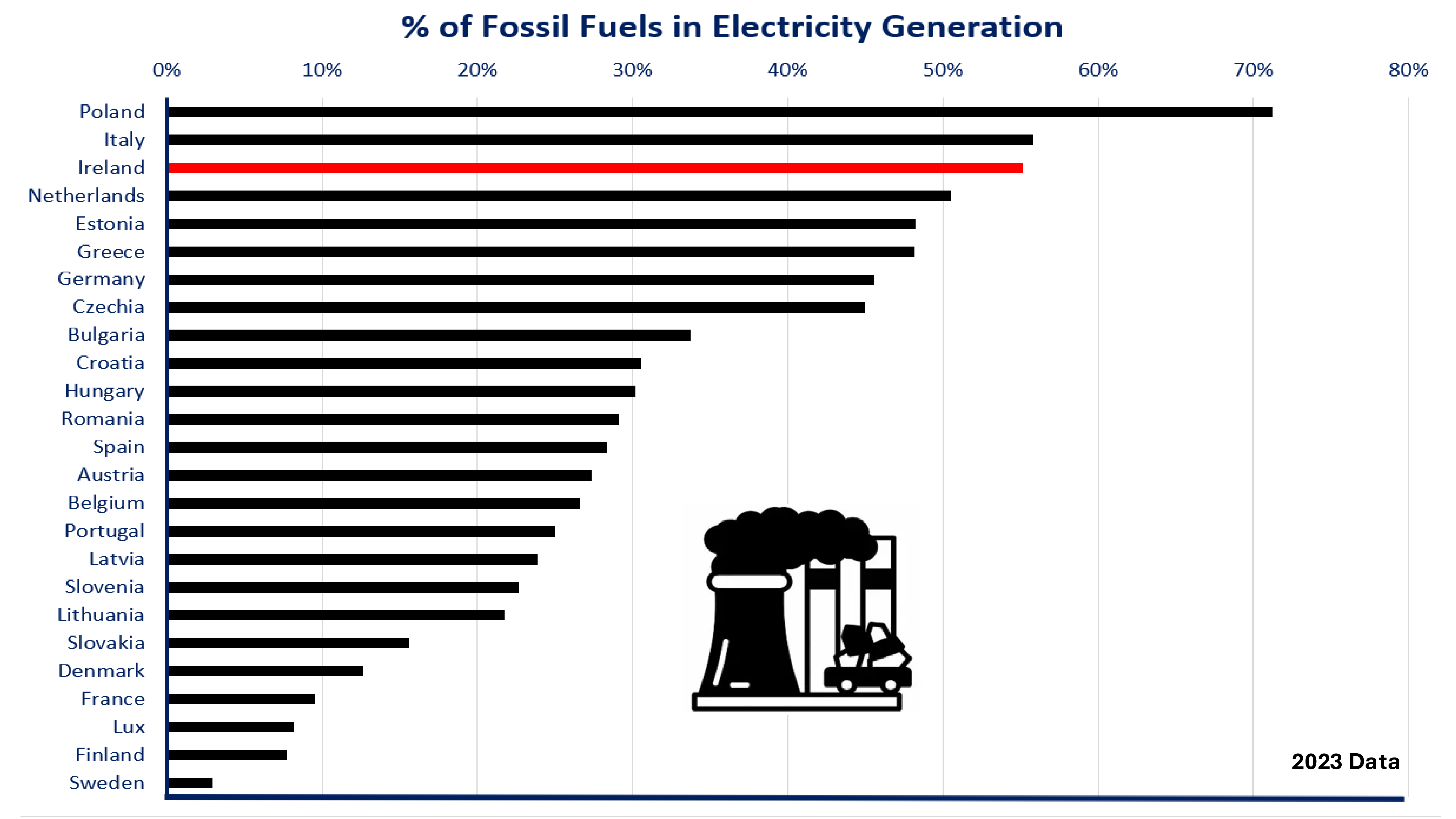
Paul Deane-Energy Ireland 2026

Affordability

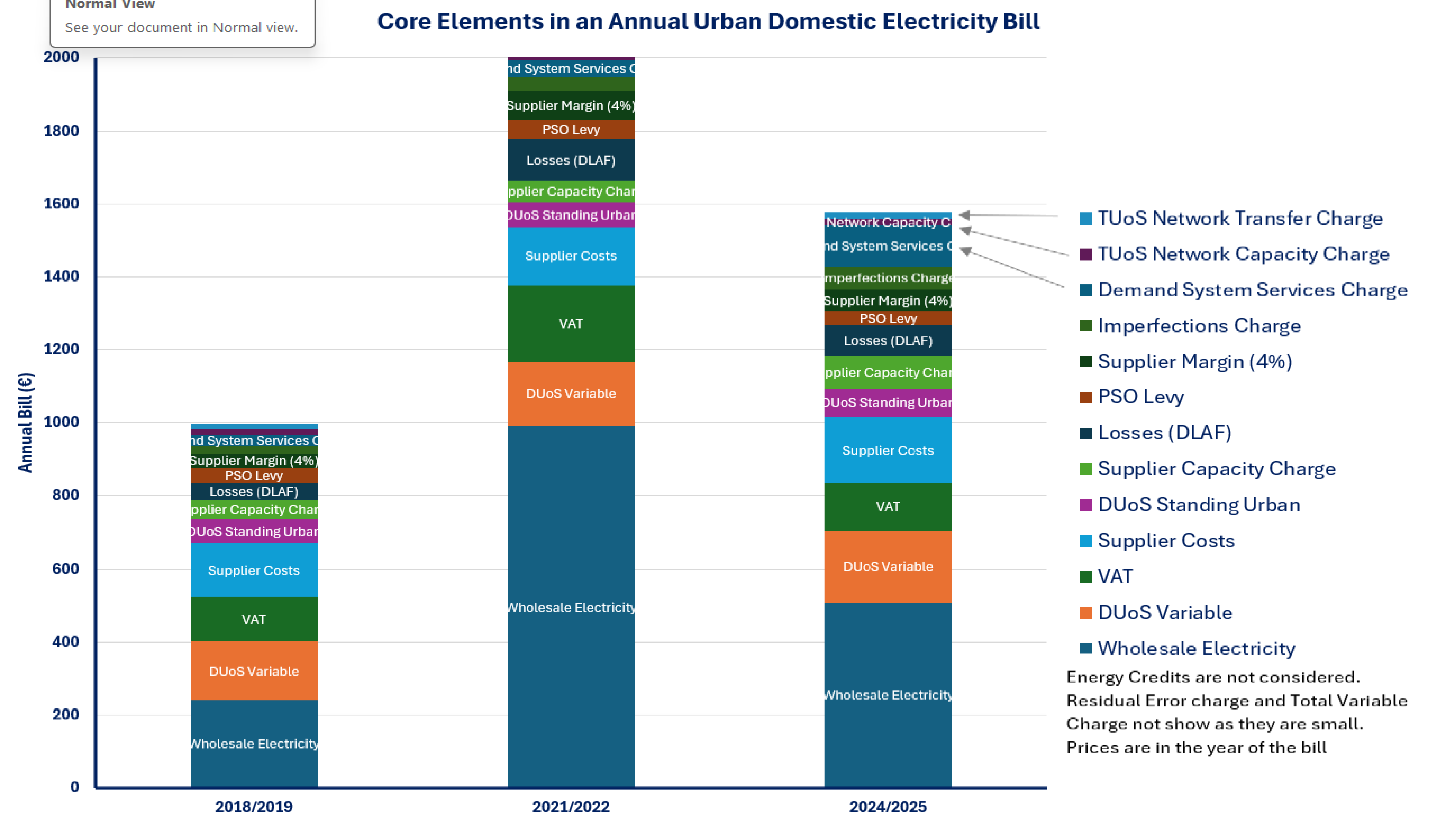
+

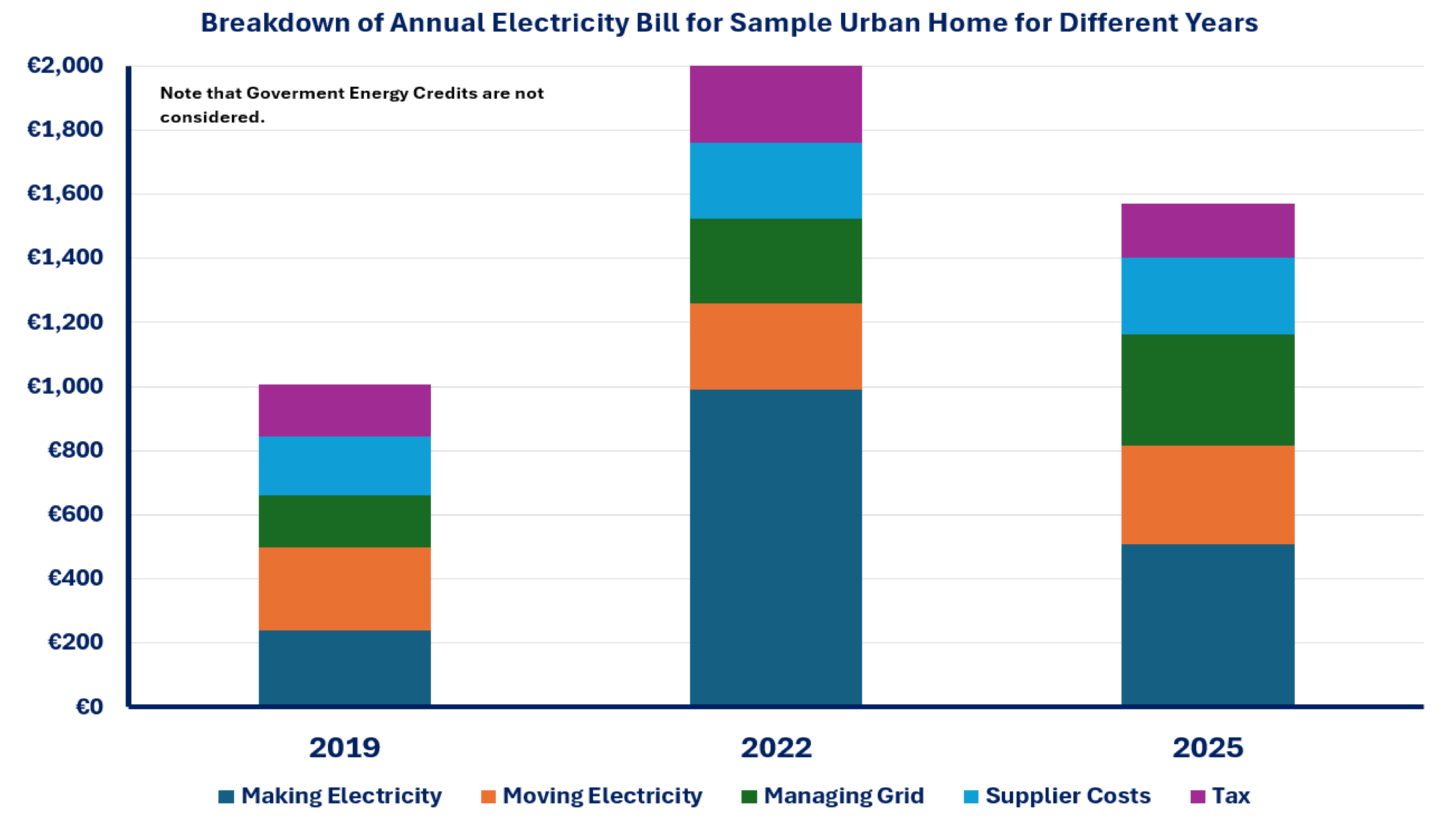
Security


% of Fossil Fuels in Electricity Generation
0%
10%
20%
30%
40%
50%
60%
70%
80%
Poland
Italy
Ireland
Netherlands
Estonia
Greece
Germany
Czechia
Bulgaria
Croatia
Hungary
Romania
Spain
Austria
Belgium
Portugal
Latvia
Slovenia
Lithuania
Slovakia
Denmark
France
Lux
Finland
Sweden
2023 Data

UCC
Coláiste na hOllscoile Corcaigh
University College Cork, Ireland

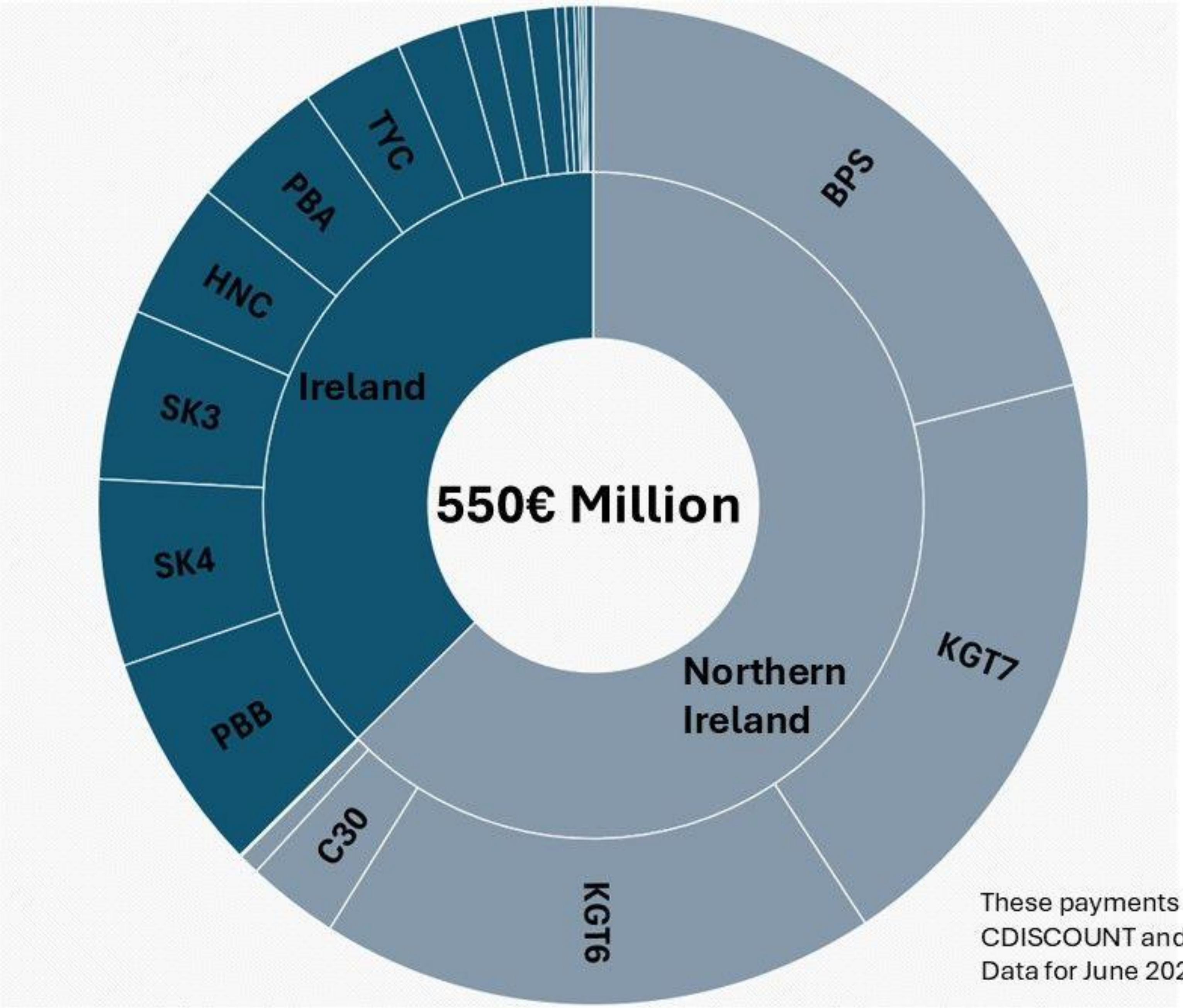
The Wholesale Electricity Price is not the same as your Electricity Bill


Normal View
See your document in Normal view.
Core Elements in an Annual Urban Domestic Electricity Bill
Annual Bill (€)
0
200
400
600
800
1000
1200
1400
1600
1800
2000
2018/2019
2021/2022
2024/2025
Wholesale Electricity
DUoS Variable
VAT
Supplier Costs
DUoS Standing Urban
Supplier Capacity Charge
Losses (DLAF)
PSO Levy
Supplier Margin (4%)
Imperfections Charge
Demand System Services Charge
TUoS Network Capacity Charge
TUoS Network Transfer Charge
Energy Credits are not considered.
Residual Error charge and Total Variable Charge not show as they are small.
Prices are in the year of the bill



Breakdown of Annual Electricity Bill for Sample Urban Home for Different Years
Note that Goverment Energy Credits are not considered.
€2,000
€1,800
€1,600
€1,400
€1,200
€1,000
€800
€600
€400
€200
€0
2019
2022
2025
Making Electricity
Moving Electricity
Managing Grid
Supplier Costs
Tax

All Island Imperfection Costs| Market Share per Generator for Select Imperfection Payments for 2025

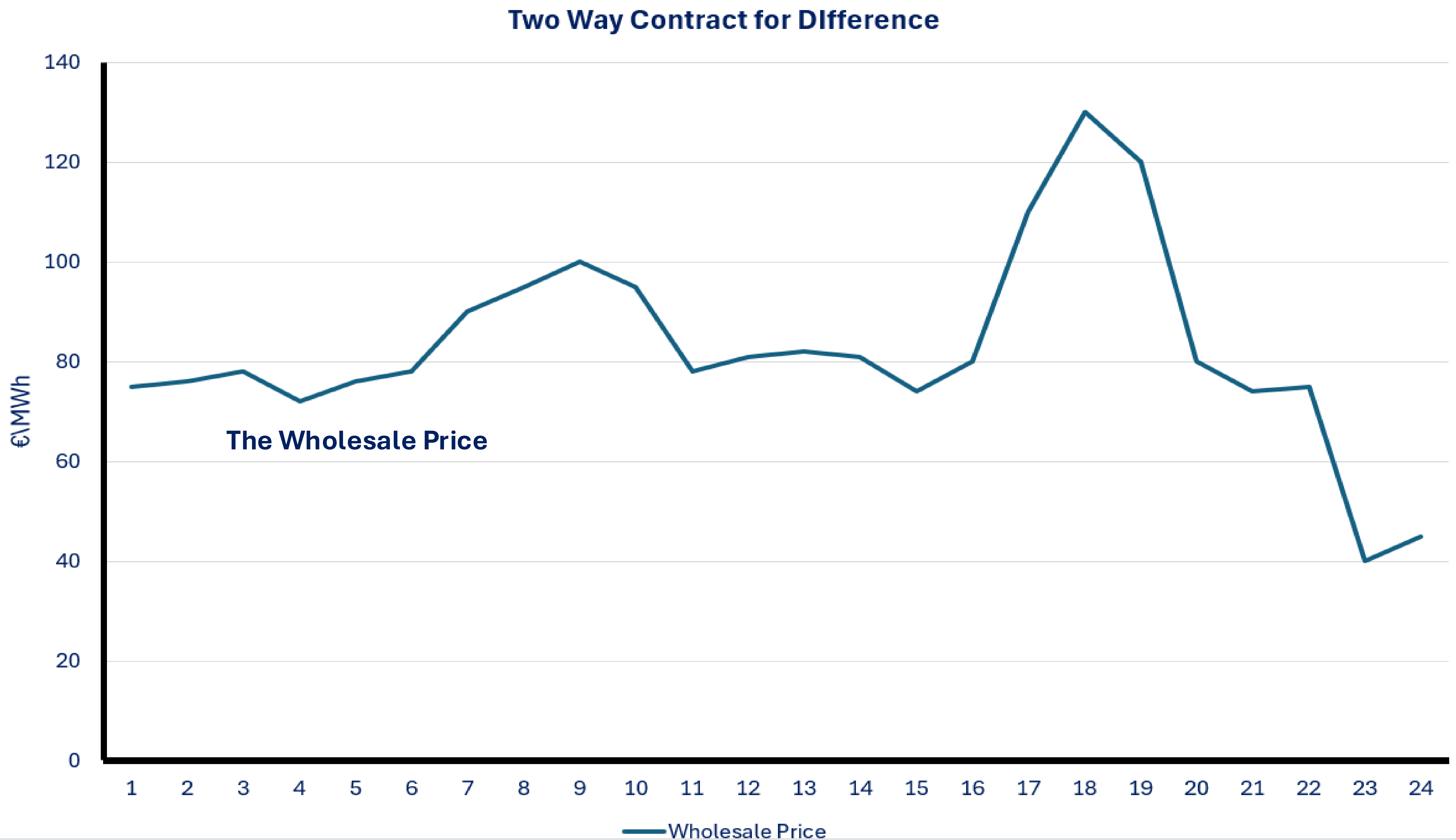


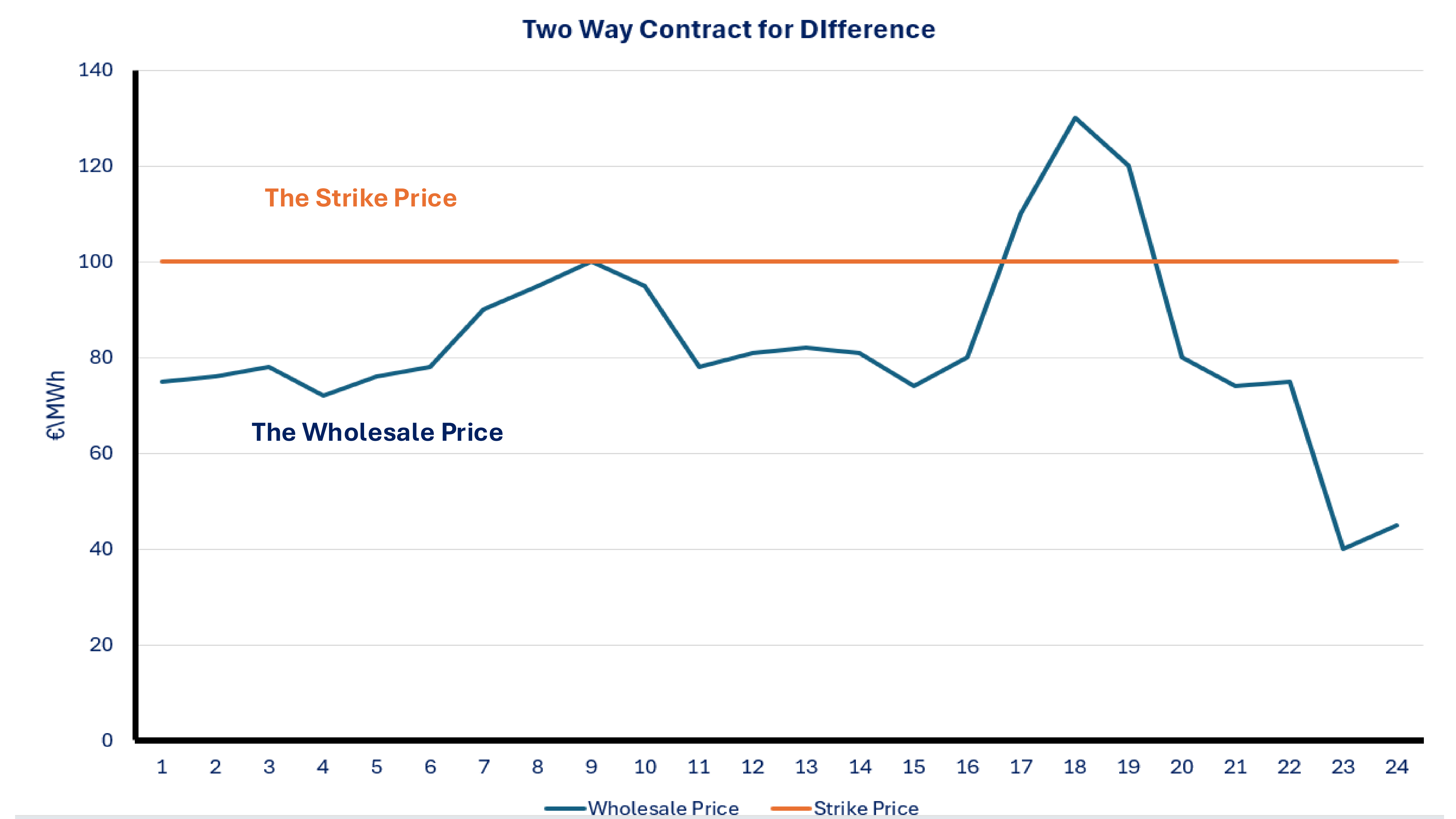
These payments are CPREMIUM, CDISCOUNT and CFC only
Data for June 2025 is not available

Will more Renewables Reduce our Electricity bills?

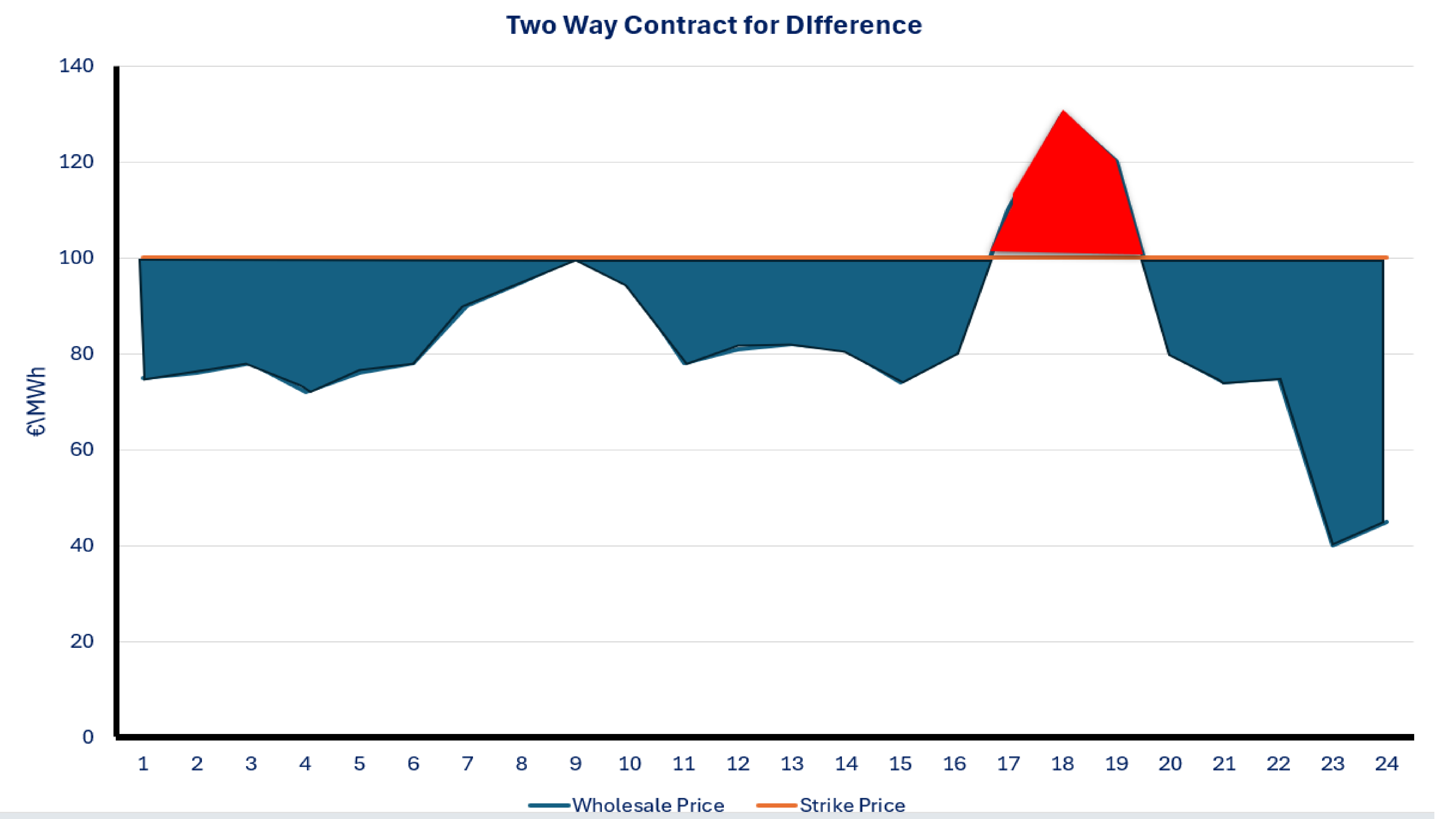
Will more Renewables Reduce our Electricity Bills?

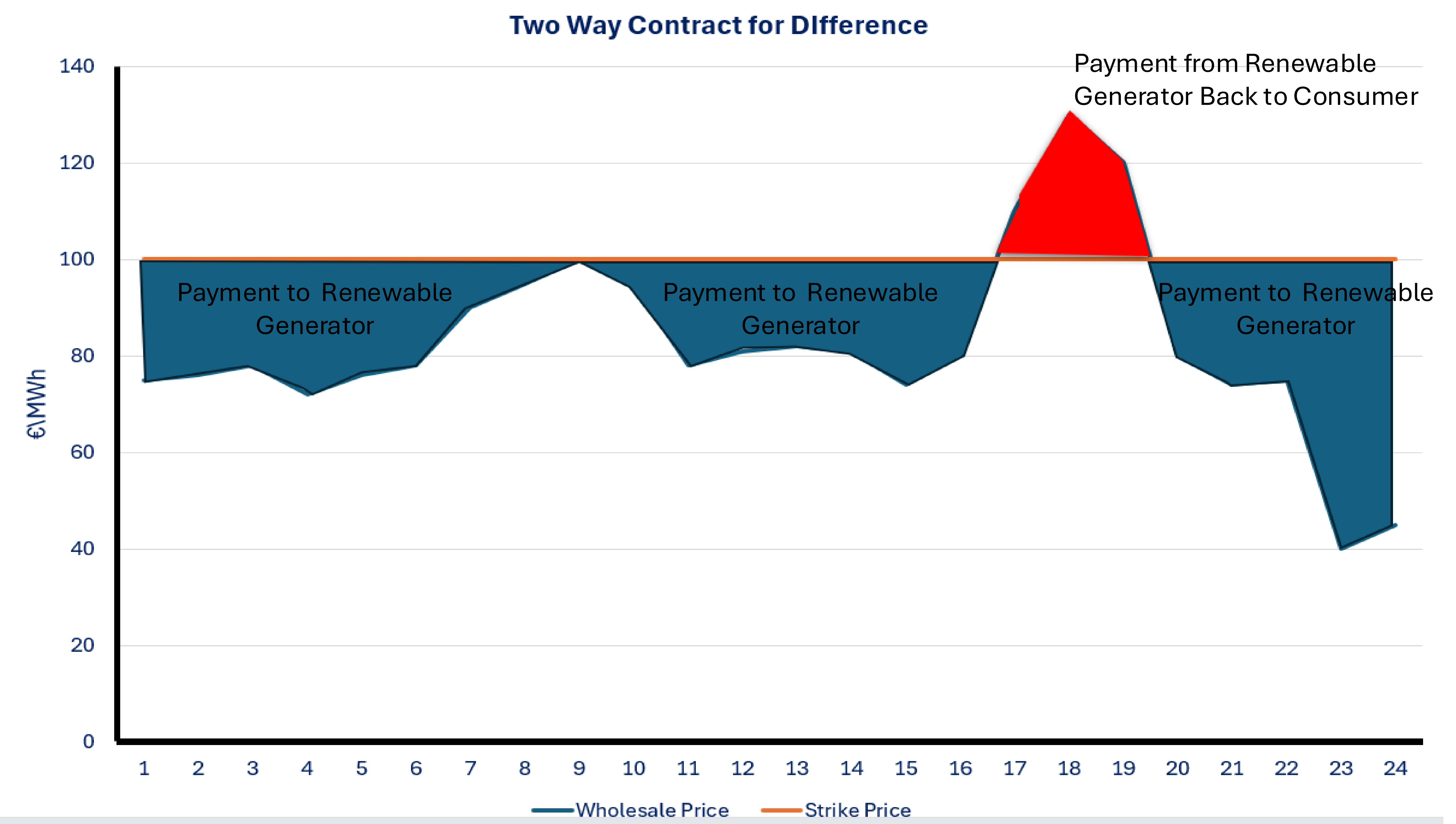
- Be mindful of "The Waterbed Effect"
- Wholesale prices are not the Whole Story
- In Renewable Dominated Power Systems, the policy focus should be on reducing Renewable Auction Prices rather than just Wholesale Prices
- This is because of the "2-Way Contract for Difference"


Two Way Contract for DIfference
140
120
100
80
60
40
20
0
€\MWh
The Wholesale Price
1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
Wholesale Price

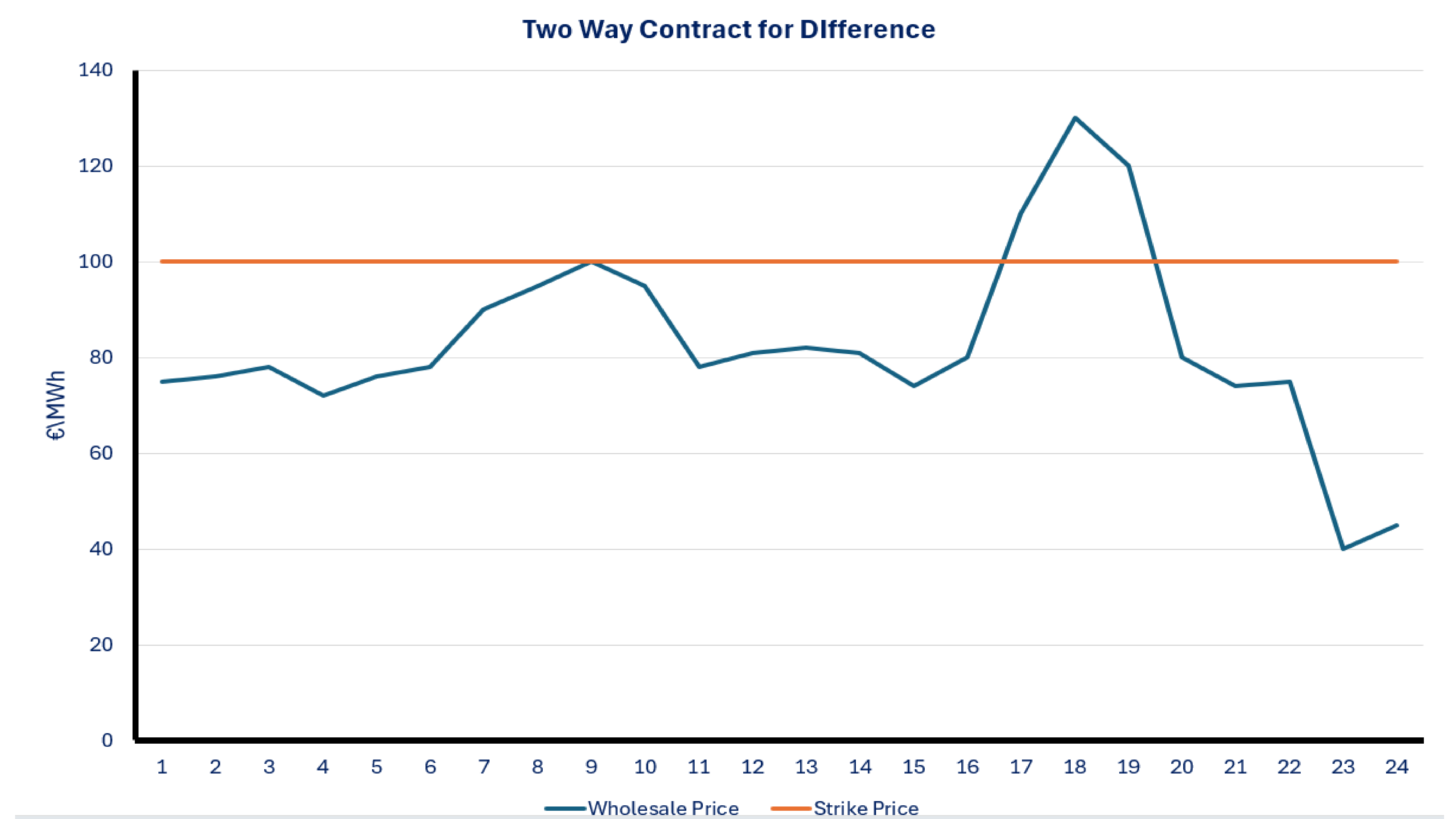


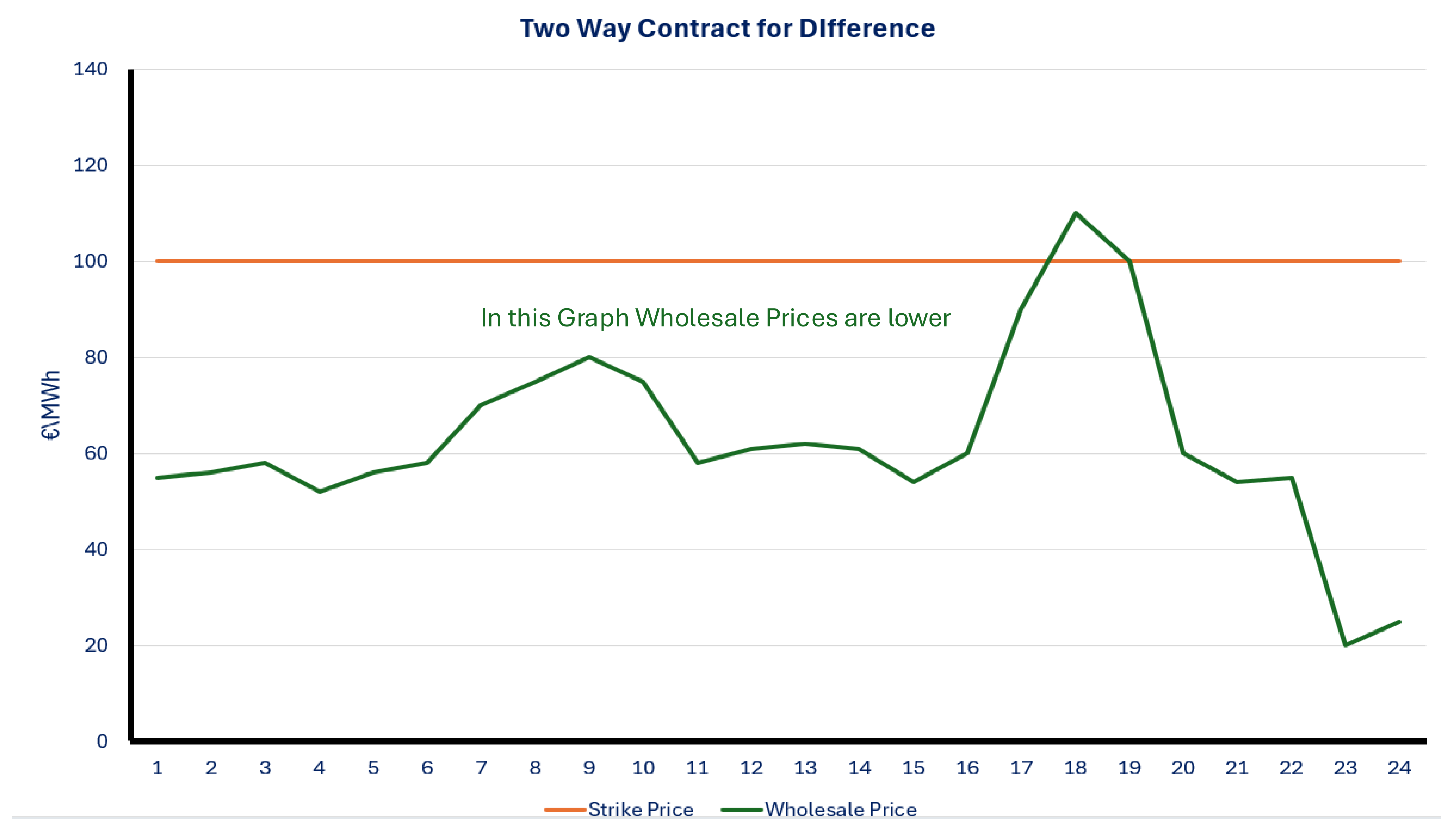
Two Way Contract for DIfference
The Strike Price
The Wholesale Price
€\MWh
140
120
100
80
60
40
20
0
1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
Wholesale Price
Strike Price

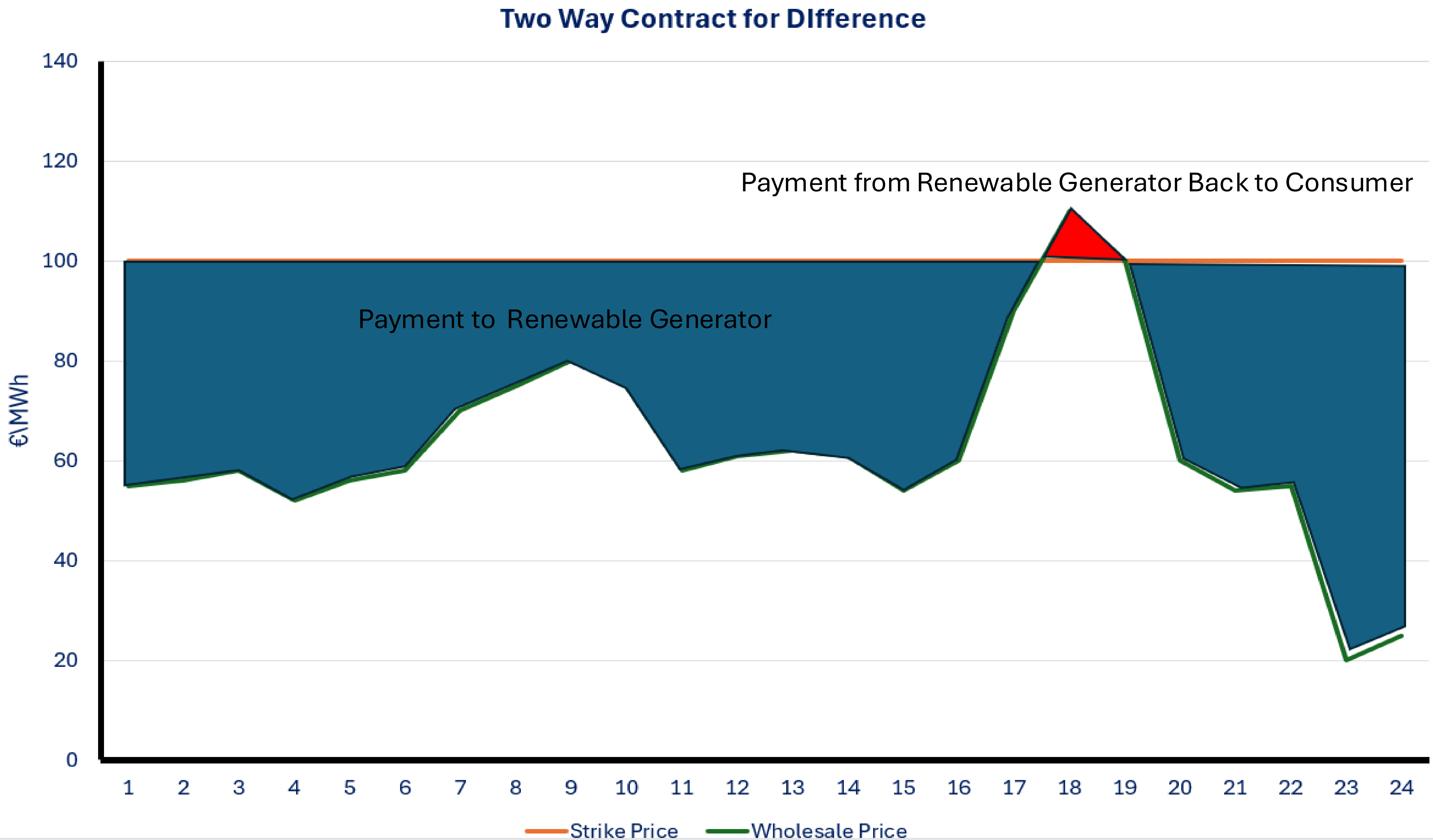

Two Way Contract for DIfference
€\MWh
0
20
40
60
80
100
120
140
1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24
Wholesale Price
Strike Price



Two Way Contract for DIfference
Payment from Renewable Generator Back to Consumer
Payment to Renewable Generator
Payment to Renewable Generator
Payment to Renewable Generator
€\MWh
140
120
100
80
60
40
20
0
1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24
Wholesale Price
Strike Price

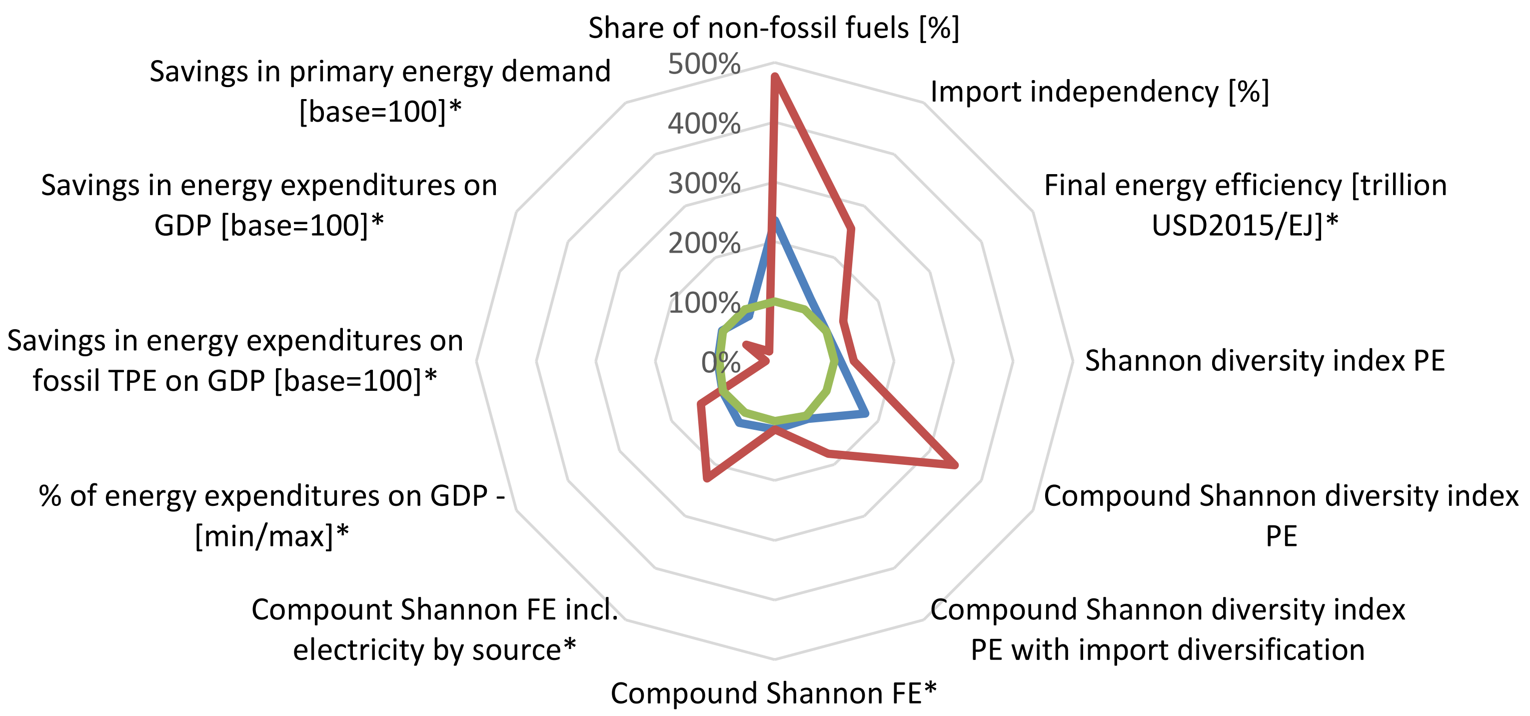

Two Way Contract for DIfference
€\MWh
140
120
100
80
60
40
20
0
1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24
Wholesale Price
Strike Price


Two Way Contract for DIfference
140
120
100
80
60
40
20
0
€\MWh
In this Graph Wholesale Prices are lower
1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
Strike Price
Wholesale Price


Two Way Contract for DIfference
Payment from Renewable Generator Back to Consumer
Payment to Renewable Generator
€\MWh
140
120
100
80
60
40
20
0
1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24
Strike Price
Wholesale Price

Demand-side vs supply-side policies for energy security

Performance of 3 policies across 12 Energy security indicators



Demand-side actions outperform conventional supply-side approaches

Transport electrification

Oil substitution for biofuels

Import diversification

SHIELD project

Commentary on Future Electricity Prices

Looking to the future, there is little evidence to suggest that residential electricity prices will be significantly lower than today with more renewables

The narrative that electricity will be ‘cheap’ in the future as we move to a renewable system creates a false expectation because it overlooks the fact that as the cost of generating electricity reduces (likely to levels similar to today’s wholesale price), the costs of moving greater volumes of electricity will increase to finance extra network infrastructure.

Policymakers instead should focus on the natural characteristic of a well-planned renewable system which can deliver affordable, clean, and secure electricity in contrast to cheap, polluting, and volatile power prices.

Some thoughts that I hope are helpful

- We are likely to see supplier increase electricity bills this summer. As of today, I would expect increases to be small.

- This is not like the Russia Gas Crisis (as of today)…we should not panic, but we should be prepared

- Heading Strategies delay increases in Bills, but doesn't avoid them

- Targeted Financial supports are required.

- Supports should exclude properties with low electricity consumption

Some thoughts that I hope are helpful

- We need to focus on getting Auction Prices down rather than just wholesale electricity prices (DECC)

- There is a body of work to determine how to reduce Imperfection Costs (EirGrid)…you have to spend money to save money

- There is a body of work to clarify the impact on bills of Demand System Services cost/Future Arrangements for System Services. (CRU, EirGrid, SEM Committee)

- Balcony Solar is on the way. Lets be ready. (EN-50549 standards via ESBN)