PHILIPLEE

Ireland's Private Wires Policy: A Catalyst for Decentralised Energy and Future Market Evolution

Introduction

Ireland's Private Wires Policy Statement, released on 16 July 2025, represents a significant inflection point in the country's approach to electricity infrastructure and market design. By permitting private wires, direct, privately owned connections between electricity generators and consumers, in defined circumstances, the Government is responding to the dual imperatives of accelerating renewable energy deployment and enhancing system flexibility. This policy, while cautious in its initial scope, signals a broader trend towards decentralisation and innovation in the Irish energy sector. By examining the policy's details, anticipated trends, and international parallels, we can better understand the transformative potential and challenges that lie ahead.

Targeted Liberalisation

Historically, Ireland's electricity system has been tightly controlled, with ESB Networks and EirGrid holding exclusive rights over the distribution and transmission networks. The Electricity Regulation Act 1999 enshrined this centralised model, limiting private ownership of electricity lines to rare exceptions. The new policy, however, introduces targeted liberalisation by allowing private wires in four specific scenarios:

- Direct connections between a single generator (or battery) and a single user, where this is more cost-effective than grid connections;
- Hybrid connections, enabling multiple legal entities (e.g., a solar farm and a battery storage facility) to share a grid connection;
- On-street electric vehicle (EV) charging infrastructure; and
- Expansion of self-supply to contiguous premises.

This shift is underpinned by guiding principles that prioritise the public interest, system integrity, and the continued primacy of the national grid, while unlocking private sector resources to accelerate renewable deployment.

Anticipated Trends: Decentralisation, Flexibility, and New Business Models

Private wires represent another credible option for stakeholders in Ireland's energy landscape. The introduction of private wires may catalyse several trends:

- **Decentralisation of Generation and Supply:** By enabling direct generator-to-customer connections, the policy supports the increase of distributed energy resources ("DERs") such as on-site renewables and battery storage. This mirrors developments in countries like Germany and the Netherlands, where private wires and local energy communities are integral to the energy transition.
- **Emergence of Co-location of Clean Energy and Industry:** The policy may encourage the development of new industrial and energy clusters, where an energy user and a renewable generator locate in close proximately to each other in areas with good renewable resources. This model, already gaining traction in Scandinavia and the UK, can drive efficiencies, foster innovation, and attract investment in clean industries. From international comparators and due to commercial drivers, we expect that any such projects will be located relatively close to each other and the projects could be up to 30 MW in size.
- **New Commercial Relationships and Tariff Structures:** As private wires bypass some elements of the public grid, traditional utility business models and network charging methodologies may come under pressure. Ireland may need to look to international examples, such as the UK's "embedded benefits" regime or Australia's reforms to network tariffs, to ensure fair cost recovery and avoid cross-subsidisation.
- **Implications for Data Centres and Alternative Routes to Market for Developers:** The introduction of private wires offers data centres and other large energy users an alternative method for procuring renewable energy for their operations (and therefore reducing emissions). It also represents an alternative to route to market for renewable energy developers, compared to existing mechanisms such as the Renewable Electricity Support Scheme ("**RESS**").
- **Enhanced Role for Regulators and Local Stakeholders:** The Commission for Regulation of Utilities ("**CRU**") will see its mandate expand, requiring new expertise and resources to assess, permit, and monitor private wire projects. The need for landowner and community buy-in could empower local actors and reshape the politics of energy infrastructure development.

Risks and Unintended Consequences: International Lessons

While the policy is designed to be cautious, international

experience highlights several risks that Ireland will need to manage in preparing the detailed legsislation and implementing regulations:

- **Grid Defection and Stranded Assets:** In markets where private wires have proliferated without careful regulation, there is a risk that large users may "defect" from the grid, leaving remaining customers to shoulder the costs of maintaining shared infrastructure. This has been a concern in parts of Australia and the US, prompting reforms to ensure all users contribute fairly to system costs.

- **Infrastructure Duplication and Land Use Conflicts:** Without robust planning and coordination, private wires can lead to inefficient duplication of infrastructure and land sterilisation. The policy's emphasis on technical standards and the absence of statutory wayleaves is intended to mitigate this, but ongoing vigilance will be required.

- **Equity and Access:** There is a risk that the benefits of private wires accrue mainly to large, well-resourced actors, potentially exacerbating inequalities in access to clean, affordable energy. Other countries have sought to address this by supporting community energy projects and ensuring that regulatory frameworks do not disadvantage smaller players.

Supporting Regulatory and Technical Changes

To implement the policy, a suite of regulatory and administrative reforms will be necessary:

- **Standard Setting and Safety:** Private wires must be built to the same technical and safety standards as the national grid, with standards codified and enforced by the CRU.

- **Mapping and Oversight:** The "dial before you dig" system will be expanded to include private wires, ensuring public safety and comprehensive mapping of underground infrastructure.

- **Charging Methodology:** Network charging structures may need to evolve, with a greater emphasis on capacity-based charges and up-front cost recovery to avoid cross-subsidisation and ensure the financial sustainability of the public grid.

- **Expanding Role for CRU:** The CRU will require additional powers and resources to oversee private wire permitting, compliance, and integration with the broader system.

The Road Ahead: Towards a more Dynamic Energy System

Looking forward, Ireland's private wires policy could be an incentive for broader reforms and innovation:

- **Integration with Smart Grids and Digital Platforms:** As private wires and DERs proliferate, there will be opportunities to leverage digital technologies, such as smart meters, demand response, and peer-to-peer trading platforms, to optimise energy flows and empower consumers.

- **Facilitating Sector Coupling and New Value Streams:** Direct connections between renewable generators, storage, and industrial users could enable new forms of sector coupling (e.g., green hydrogen production, electrified transport), supporting Ireland's wider decarbonisation agenda.

- **Potential for Further Liberalisation:** The policy statement leaves open the possibility of expanding the scope of private wires in the future, particularly if initial projects demonstrate clear public benefits and manageable risks. Ongoing monitoring and stakeholder engagement will be crucial to inform future policy evolution.

- **Emergence and Evolution of Private Networks:** Further liberalisation may include more extensive private electricity networks, where clusters of users and generators operate interconnected systems outside the traditional grid, provided they adhere to national technical and safety standards and do not undermine the efficient development of the public network.

Next Steps

The Government will bring forward primary legislation to the Oireachtas later this year to enable private wires in the defined scenarios. Supporting regulations and technical standards will follow, and the CRU will be resourced to take on its expanded role. We will hopefully start to see the first private wires being authorised in 2026.

Conclusion

Ireland's Private Wires Policy Statement is both a pragmatic response to immediate grid challenges and an indication of deeper structural change. By cautiously embracing private wires, Ireland is aligning itself with international trends towards decentralisation, flexibility, and consumer empowerment in the energy sector. The ultimate success of the policy will depend on the ability of regulators, industry, and communities to navigate the complex trade-offs involved-balancing innovation and efficiency with equity, system integrity, and the public good.

PHILIPLEE

Contact Our Energy Group

Niall Donnelly
PARTNER
Energy Projects & Regulation

+353 (0) 1 237 3700
ndonnelly@philiplee.ie
Niall Donnelly

Alice Whittaker
PARTNER
Planning & Environment

+353 (0) 1 237 3700
awhittaker@philiplee.ie
Alice Whittaker

Alison Hardiman
CONSULTANT
Planning & Environment

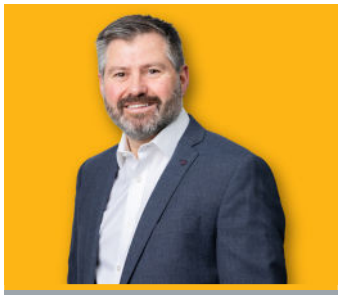
+353 (0) 1 237 3700
ahardiman@philiplee.ie
Alison Hardiman

Eoghan Doyle
PARTNER
Corporate M&A

+353 (0) 1 237 3700
edoyle@philiplee.ie
Eoghan Doyle

Simon O'Neill
PARTNER
Project Finance

+353 (0) 1 237 3700
soneill@philiplee.ie
Simon O'Neill



John O'Donoghue
PARTNER
Property

+353 (0) 1 237 3700
jodonogue@philiplee.ie
John O'Donoghue

Angelyn Rowan
PARTNER
Construction

+353 (0) 1 237 3700
arowan@philiplee.ie
Angelyn Rowan

Kerri Crossen
PARTNER
Construction

+353 (0) 1 237 3700
kcrossen@philiplee.ie
Kerri Crossen