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Electricity Regulation (Amendment) (No. 2) Bill 2026: Ireland's New Direct Lines Framework

1. Introduction

On 17 June 2026, Deputy Barry Heneghan introduced the Electricity Regulation (Amendment) (No. 2) Bill 2026 (the "**Bill**") in the Dáil. The Bill amends the Electricity Regulation Act 1999 (the "**1999 Act**") to establish a comprehensive legislative framework for the construction and regulation of direct lines (commonly referred to as private wires) in Ireland.

This article sets out the key elements of the Bill, compares it with the General Scheme of the Private Wires Bill 2025 (the "**2025 General Scheme**") published in December 2025, and considers how the private wires agenda intersects with the Government's Large Energy User Action Plan (LEAP) and the Commission for Regulation of Utilities (CRU) Large Energy User Connection Policy.

2. Key Elements of the Bill

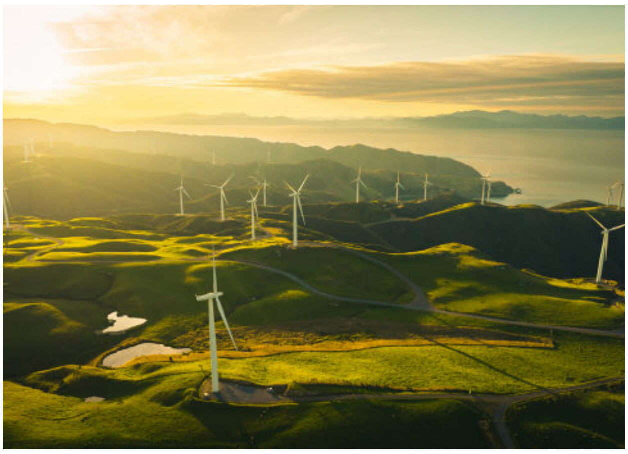
The Bill inserts a new Part VA into the 1999 Act, replacing the existing direct lines provision at section 37 of that Act. The core elements of the new framework are as follows.

Permission to Construct a Direct Line

Section 38B empowers the CRU to grant or refuse permission to a "relevant person", defined as a licence holder, authorisation holder, wholesale customer, or final customer, to construct a direct line not initially connected to the transmission or distribution system. A permission holder may use the direct line to supply its own premises, its subsidiaries, or any wholesale or final customer within the State. The owner of a permitted direct line may also allow it to be used for the transport of electricity to any wholesale or final customer.

Application Process and Grounds for Refusal

Section 38C establishes the application process. The CRU must approve or reject an application within six months of receipt. It may request further information, which the applicant must provide within one month. Before deciding, the CRU is required to consult both the transmission system operator (EirGrid) and the distribution system operator (ESB Networks).



The CRU may refuse an application if the applicant fails to satisfy the criteria set by order under section 38D, if the permission would adversely affect the operation of the transmission or distribution system or security of supply, or if it would obstruct the application of the public service obligation provisions contained in Article 9 of the 2019 Internal Electricity Market Directive. Where the CRU refuses an application, it must give duly substantiated reasons.

Criteria Set by Order and Deemed Permissions

Section 38D requires the CRU to specify by order the criteria that apply for the purpose of approving applications. Those criteria must include required application information, technical and safety specifications, and such other matters as the CRU considers appropriate. In making the order, the CRU must have regard to the need for objective and non-discriminatory criteria, the need to avoid disproportionate administrative procedures or costs, and the importance of not placing unjustified obstacles on direct lines that facilitate the supply of electricity from renewable, sustainable, or alternative forms of energy. Section 38E additionally permits the CRU, by order, to designate specified classes of proposed direct lines as deemed permitted, subject to notification requirements and the same non-discrimination and proportionality principles, provided that at least one month's advance notice of any such order is published in a national newspaper.

Safety Regulation and the Electricity Safety Officer

The Bill introduces a dedicated safety regulatory function. Section 38F empowers the CRU to make regulations on the safety of direct lines, covering installation, operation, maintenance, decommissioning, and inspection procedures, as well as the safety standards to be achieved and maintained. Before making any such regulations, the CRU must consult with the Minister for Climate, Energy and the Environment, the transmission system operator, the distribution system operator, and such other persons as it considers appropriate. Failure to comply with safety regulations is an offence carrying, on summary conviction, a class A fine or up to six months' imprisonment, and on indictment, a fine of up to €50,000 or up to three years' imprisonment. Section 38G separately provides for the appointment of an electricity safety officer by the CRU to inspect direct lines, take measurements and recordings, require production of documents, and investigate alleged contraventions. District Court warrant powers are available where entry to a premises is refused.

Transfer of Ownership, the Public Register, and Commencement

Section 38H provides that, where a direct line becomes connected to the transmission or distribution system, the CRU may, on application by ESB Networks, direct the owner to transfer ownership to the ESB on agreed terms, with compensation assessed under the Acquisition of Land (Assessment of Compensation) Act 1919 in default of agreement. A separate provision applies on application by the transmission system operator in respect of transmission-connected lines. Section 38I obliges the CRU to prepare and maintain a publicly accessible register of all permitted direct lines as soon as reasonably practicable after the Bill's commencement, recording the owner's name and address, mapping information, and technical and safety specifications. The Bill comes into operation six months after the date of its passing or such earlier date as the Minister may appoint by order.

3. How the Bill Differs from the Private Wires Bill 2025

The 2025 General Scheme (published in December 2025 and forming the basis for detailed drafting) proposed a considerably more elaborate framework than the Bill now before the Oireachtas. The key structural differences are as follows.

Licensing architecture versus a single permissions regime.
The 2025 General Scheme created a three-tier regulatory structure: a full private wire licence (under a new section 14(1)(p) of the 1999 Act) for larger, higher-voltage direct connections; a lighter-touch private wire permission for shared grid connections and contiguous self-supply; and local authority authorisation for on-street EV charging. The Bill, by contrast, adopts a single permission-based regime under section 38B, without the detailed licence/permission/authorisation stratification. The CRU retains discretion to specify criteria by order and to designate classes of deemed-permitted lines, which preserves some practical flexibility, but the multi-tier architecture of the 2025 General Scheme does not appear in the Bill as introduced.

Scope of permitted supply.
The 2025 General Scheme expressly limited private wire licences and permissions to four policy-defined use cases (direct generator-to-consumer connections; hybrid shared grid connections; on-street EV charging; and contiguous self-supply). The Bill does not replicate those four enumerated use cases on the face of the legislation. Instead, section 38B grants a broad permission to supply own premises, subsidiaries, or any wholesale or final customer within the State, leaving the CRU to define eligibility criteria by order under section 38D.

Wayleave and step-in rights.
The 2025 General Scheme expressly denied wayleave and compulsory purchase powers to private wire developers and created carefully constrained step-in rights for ESB Networks in specified circumstances. The Bill does not replicate those provisions.

Statutory review.
The 2025 General Scheme incorporated a mandatory ministerial review of the legislation no later than ten years after commencement, with provision for earlier review. No such review mechanism appears in the Bill.
In summary, the Bill represents a leaner piece of legislation than the 2025 General Scheme envisaged, conferring broader discretion on the CRU to develop the detailed criteria and conditions of the regime through secondary instruments rather than encoding those details in the primary legislation itself.

4. Private Wires and the Large Energy User Action Plan (LEAP)

Published on 13 January 2026, LEAP sets out the Government's strategy for accommodating large energy users, particularly data centres, semiconductor manufacturers, and life sciences facilities, in a manner consistent with Ireland's decarbonisation, security of supply, and competitiveness objectives. Private wires legislation is identified in LEAP as a key enabling measure. LEAP expressly commits to developing legislation on the Private Wires Policy to enable private actors to expedite the delivery of electricity infrastructure, targeting enactment in 2026.

The Bill's relationship with LEAP operates at two levels. At a structural level, the Bill creates the legal permission mechanism that LEAP identified as necessary to allow large energy users and renewable generators to build direct connections, thereby relieving pressure on a constrained public grid and accelerating renewable deployment. At a strategic level, LEAP's central concept of green energy parks, where data centres, renewables and storage are co-located at scale beyond 2030 may look to construct and own the electricity infrastructure connecting those components.

5. Private Wires and the CRU Large Energy User Connection Policy

The CRU's Large Energy User Connection Policy (CRU/2025236), published on 12 December 2025, established a new regime for data centre connections to the public grid. It applies exclusively to data centres. The principal requirements are: (i) for data centres at or above 10 MVA MIC, dispatchable onsite or proximate generation and/or storage with de-rated capacity at least equal to the site's MIC, with mandatory participation in the Single Electricity Market; and (ii) for all data centres at or above 1 MVA, an obligation to source at least 80% of annual electricity demand from additional Irish renewable generation, subject to a six-year glide path from energisation. Location remains a hard criterion, with system operators assessing grid constraints on a site-specific basis rather than through broad regional bans.

Critically, the Connection Policy is framed entirely around the assessment of applications for connection to the transmission or distribution system. It does not contemplate, and does not provide for, the use of private wire or direct line arrangements as a factor in that assessment. A data centre proposing to supply part of its load through a direct line connection to a generator would require a separate permission under the Bill; that permission process operates entirely outside the Connection Policy framework and is assessed by the CRU on distinct statutory criteria.

The legal separation of the two regimes has practical significance for developers. A data centre that obtains a grid connection under the Connection Policy and separately constructs a direct line to a renewable generator under the Bill's permission regime is operating under two entirely distinct regulatory frameworks, each with its own application process, assessment criteria, and oversight body. The Connection Policy assessment conducted by the system operators does not incorporate or credit the existence of a direct line. A data centre cannot satisfy the Connection Policy's 80% Irish renewables obligation by reference to electricity sourced through a permitted direct line, unless and until the CRU separately recognises such sourcing within the framework of that obligation, a matter not addressed in the current decision.

6. Conclusion

The Electricity Regulation (Amendment) (No. 2) Bill 2026 is a landmark piece of legislation that creates for the first time a comprehensive statutory basis for the construction and operation of direct electricity lines in Ireland. Compared to the 2025 General Scheme, the Bill adopts a more streamlined primary legislative architecture, conferring significant discretion on the CRU to elaborate the regime through orders and regulations. Its enactment would implement a key commitment under LEAP and provide the legal foundation for the co-location of renewable generation and large energy users that is central to Ireland's decarbonisation and digital infrastructure strategy. The Bill completes a regulatory framework that seeks to balance grid stability, security of supply, and the facilitation of private investment in electricity infrastructure, a balance that will be tested in implementation as the first direct line applications come before the CRU.

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A very knowledgeable and dedicated team with a genuine interest in renewables and energy matters. The team at Philip Lee has built up cnsiderable sector specific expertise, and they have the capacity and skills to provide swift and high- quality legal advice on a range of complex topics.

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