Economic Consulting Associates

*Insights*

# Price Review 6: an unprecedented investment in the Irish electricity network

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*On 16 December 2025, the Commission for the Regulation of Utilities (CRU) in Ireland published the Final Determination for Price Review 6 (PR6).[1] This sets the allowed revenues for ESB Networks and EirGrid for the transmission, distribution and offshore networks, from 1 January 2026 to 31 December 2030. This period marks a phase of significant transformation and decarbonisation of the Irish electricity system.*

*The PR6 baseline investment package stands at €13.8 billion across transmission and distribution, which is about an 80% increase on Price Review 5 (PR5) outturn expenditure. The framework allows for a 'high case' where there would be an increase in the overall allowance to €18.9 billion, provided the need for additional funding is adequately demonstrated.*

## The Irish power system in context

Ireland's power system is developing rapidly both on the supply and demand side. It is one of the leading countries within the EU in terms of wind generation, which covered 33% of demand in 2024.[2] This is well above the EU-wide figure of 19% and is surpassed only by Denmark. Overall, renewable energy constituted ~40% of electricity demand in Ireland in 2024. Renewable generation levels in Ireland are projected to increase greatly over the PR6 period as onshore wind and solar developments continue, and as Ireland harnesses its offshore wind potential through several projects on the east coast.

At present, and looking forward, there are increasing pressures on the power system. These stem not just from the need to integrate and support renewable generation and other low-carbon and supporting technologies, such as battery energy storage systems, but also to accommodate increasing demand. There are various factors contributing to increasing demand, including the electrification of other sectors of the economy, and the need to provide connections for additional housing and industrial activities. The location of a large amount of data centres in Ireland is also a key driver, comprising 22% of metered electricity consumption in 2024.[3]

## The need for network infrastructure

In support of the developments above, network infrastructure upgrades and expansions are required, to ensure the electricity network does not become an obstacle to Ireland's energy transition and economic objectives.

To hand are currently several major bottlenecks on the grid; for example, constraints in evacuating wind generation from regions in the north-west towards load centres in the east of the country. There are also challenges faced in the Dublin area related to short-circuit issues which are restricting new connections on the existing 220kV network.

While it is not possible to resolve all network challenges and constraints in a five-year period, the network capex investment that has been committed for PR6 signals that making significant improvements to the network is being prioritised.

[1] Price Review Six - Final Determination. CRU. 2025.
[2] Wind energy in Europe: 2024 Statistics and the outlook for 2025-2030. Wind Europe. 2025.
[3] Data Centres Metered Electricity Consumption. Central Statistics Office. 2025.

## Price Review 6: a significant step-up

The final PR6 determination represents a significant step-up in investment for the 2026-2030 period, which will support major capex programmes across the electricity networks and systems. For example, transmission allowances, for ESB Networks as transmission asset owner (TAO) and EirGrid as transmission system operator (TSO), have more than doubled since PR5.

It will also enable EirGrid to develop capability for its new role of owning, maintaining, and in future building, the offshore network, and preparing the onshore grid for the connection of offshore wind. The offshore baseline opex allowance of €388.1m is driven mainly by the offshore asset readiness programme. Separately, PR6 offshore capex will cover the transfer of completed privately developed offshore connection assets to EirGrid and fund pre-construction activity for EirGrid-led offshore projects.

PR6 also supports a ramp-up in network company capability to deliver the investment plan to 2030. The TSO sought a 95% increase in full time equivalents, and its controllable opex baseline allowance is 75% higher than PR5 outturn, with most of the increase attributable to staff costs.

## PR6 transmission network capex

Amongst the major investments funded by PR6 is the transmission network capex programme. The TAO baseline capex allowance has increased by 154% compared with PR5 outturn. Within the programme, 29 key priority projects have been identified, intended to accommodate an additional 22,624 MVA capacity. A small number of these projects involve development of the 400 kV network using overhead lines and underground cables. The shift towards underground cable solutions is contributing to higher network capex, given their significantly higher unit costs.

The base case allowance for the 29 priority network developments is €2,012.5m for the TAO, representing over 60% of its baseline network capex allowance. While the associated TSO costs for these projects are a much smaller share of total spend, it is still notable that EirGrid was awarded the full amount requested, which constitutes over 50% of the TSO network capex baseline allowance.

The 29 priority projects include:

- The **North-South interconnector project**, representing 15% of the TSO- and TAO-requested spend on the 29 priority projects. This is a 138 km, 400 kV overhead line (OHL) connecting the electricity grids of Northern Ireland and Ireland. It is the first significant 400kV OHL developed since the 1980s in Ireland, and is critical to strengthening cross-border flows and alleviating network constraints, given there are currently only three cross-border network connections. It is therefore key to reinforcing the all-island market, enabling renewable generation to reach load centres, and enhancing security of supply through greater integration of the two networks. This project was first initiated almost 20 years ago and has faced substantial local opposition due to concerns about OHL infrastructure. It has now secured planning permission.

- Two key **400 kV underground cable projects,** intended to strengthen the high-voltage network represent over 25% of the envelope for the 29 priority projects. These projects will reinforce the 400 kV network, with the second project extending the network towards north Dublin. This forms part of the longer-term response to Dublin's short-circuit issue and aims to increase network capacity and facilitate new connections.

- The **Powering Up Dublin** projects, focussing on strengthening the current network by upgrading electricity infrastructure in the Dublin area. This includes cable replacements and development of a central Dublin substation to address growing demand, improve security of supply and address crucial housing needs.

These significant investments underline the importance of developing and upgrading the physical network to support key power system objectives, such as the delivery and integration of renewables, supporting the wider economy by facilitating growth in industrial and domestic demand, strengthening the all-island market, and ensuring security of supply.

## What will the impact of such major investment be on Irish consumers?

Given the significant increase in investment in the Irish power system during PR6, electricity users will

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be keen to understand the impact this will have on bills.

In its impact assessment, the CRU estimated that the overall PR6 package, across transmission and distribution, will lead to an average nominal increase in the domestic customer network tariff, in each year of PR6, of €12 for base case investment, and €21 for high case investment. Domestic customer bills are projected to increase in total by 15% in the base case, and 28% for the high case, in nominal terms, between the final tariff year of PR5 and the final tariff year of PR6.

## Reforming network charges

In September of last year, the CRU announced that it would recommence its review of electricity network tariff structures. There have been no major changes to the structure of network charges in Ireland since 2000. Given the step-change in network investment under PR6 and the scale of system development required to meet 2030 decarbonisation targets, tariff design is becoming increasingly consequential.

Network tariffs must, first, recover allowed revenues for the network companies. But the structure of tariffs also matters: charges that are cost-reflective can provide better signals to generators and consumers about where and when to connect, consume, and/or inject electricity. Those signals can influence the location and operation of both generation and demand, with downstream effects on congestion, constraint costs, and the efficient integration of renewable generation.

A clear example is energy storage. Under the current structure, storage is exempted from generation charges and is therefore treated solely as demand in terms of network tariffs, without commensurate recognition of the system benefits it can deliver (for example, absorbing surplus renewable output or relieving local constraints). The absence of more granular locational and/or temporal signals can therefore impede storage deployment in areas where it could be most valuable.

Network charges account for ~30% of a standard domestic electricity bill. Reforming the tariff structure will not eliminate PR6-driven cost pressures (as allowed revenues still need to be recovered), but it can affect how these costs are allocated across customer classes and how strongly price signals encourage efficient behaviour that reduces total system costs over time (eg, better use of networks, lower constraints and more efficient connection choices). The scope for rebalancing will also depend on policy and regulatory constraints, including EU rules[4] that limit generation charges, which may restrict the extent to which costs can be shifted to generators. Even within those constraints, tariff reform remains an important enabler of the energy transition, both for improving incentives and for managing the allocation of costs across customer groups, as investment ramps up.

## Ireland's trajectory in light of PR6

PR6's allowed investment signals a strong commitment by the network companies, the regulator, and the government to deliver the infrastructure needed to decarbonise Ireland's electricity system and support the wider economy. The Final Determination marks a ramp-up in investment across offshore connections, development of the distribution network, and the onshore transmission network. While this price control covers the 2026-2030 period, the energy transition will continue to place increasing demands on the network beyond this timeframe. PR6 is therefore likely to represent the beginning of a steep upward trajectory in power system investment, with the pace and scale expected to continue into future price controls.

## Implications and key takeaways

Taken together, PR6's step-change in funding shifts the focus from the size of allowances to how effectively investment is translated into timely network capacity, consumer value and credible transition outcomes.

- **Delivery is now the binding risk**. With such a large step-up in capex and opex, the credibility of PR6 will hinge on how tightly CRU gates spend against clearly defined outputs and milestones, and how it handles under-delivery or cost escalation (including the use of in-period adjustment mechanisms and any ex-post review).

- **Tariff reform is a system planning lever**. If redesigned to be more cost-reflective (within EU constraints on generation charges), network

[4] Commission Regulation (EU) No 838/2010. European Union. 2010.

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tariffs can improve siting and operational signals for demand, distributed generation and storage[5], helping to reduce congestion and overall system costs, and therefore mitigating some of the longer-run impacts of the investment programme.

- **PR6 sets a precedent for how Ireland will fund the transition beyond 2030**. The scale of allowances, and the effectiveness of the 'baseline *vs* high case' framework will collectively shape expectations for future price controls, particularly around what evidence is required to unlock additional funding, and how intergenerational and distributional impacts are managed as investment continues to ramp up.

[5] Network charges for energy storage in Ireland. ECA. 2025.

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