



Private Wires

Briefing paper for Oireachtas members on new Private Wires Policy statement and upcoming legislation.

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Introduction

In July the Government published a <u>Private Wires Policy Statement</u>. When implemented, the policy will accelerate investment in electricity infrastructure, encourage the development of renewable energy, reduce our carbon emissions and help to reduce the cost of electricity to both households and businesses.

This short briefing paper provides some additional information and sets out the benefits of introducing private wires to Ireland.

What exactly are "private wires"?

Private wires are electricity lines which are privately built and owned.

They typically directly connect a privately owned **generator** (like a wind farm or a battery project) to a **large energy-user** (like a factory or a data centre) without using the national electricity grid.

This is different to where a factory might have installed a wind turbine or battery project on the same site. In a private wires scenario the generator and the energy-user are not at the same location but are some distance from each other, requiring a cable to be laid to connect the two.

While private wires connections are new to the Irish Republic, Belfast Airport has had a private wires connection to an off-site 5 MW solar farm for some years. This solar farm provides approximately 25 per cent of the airport's electricity.

Under existing Irish law, only EirGrid and ESBN – the operators of the public electricity grid – are allowed to build and operate electricity wires. The policy statement commits to changing the law to allow for private development and ownership of wires in certain limited circumstances.

Commitments to develop this policy were made in the 2021 and 2023 Climate Action Plans and reaffirmed in the Programme for Government 2025

What are the benefits of private wires?

There are five main benefits to Irish electricity consumers from introducing private wires.

1. **Less pressure on the grid:** Having a private connection between the generator and the energy-user means that power doesn't have to flow on the national grid. This eases grid congestion – a significant and growing problem – and can help to reduce high levels of wasted renewable energy. The policy will also allow for grid connections to be shared between solar farms, wind farms and battery storage projects, ensuring that we make full use of existing grid infrastructure.



- 2. **Saving money:** Private wires are fully paid for by large energy users, such as data centres and factories. They foot the bill for an investment that would otherwise be funded by other bill payers, such as households and small businesses.
- 3. **Cutting carbon emissions:** By connecting to a wind or solar farm the energy user is getting secure, affordable, zero-emissions electricity, which helps to directly decarbonise their energy consumption.
- 4. **Accelerating renewable energy:** By enabling wind farms to connect directly to large energy users via private wires, it gives them another route-to-market which can be a quicker way to develop a project. This is particularly the case in parts of the country with high levels of grid congestion.
- 5. **Supporting electrification:** The policy statement will also allow private electricity lines to be installed to allow for on-street charging of electric vehicles, improving the availability of cleaner and better forms of transport.

Are private wires a replacement for the national electricity grid?

No. The national grid remains the primary route for electricity connections, transmission and distribution.

Private wires are only permitted in certain carefully defined cases – and only when grid-based solutions are unavailable or impractical. They will need to be approved by the Commission for Regulation of Utilities (the CRU).

Reinforcing and expanding the national electricity grid remains the best way to ensure a robust, secure and clean electricity system but private wires can be a valuable support.

Is this a form of privatisation of the national grid?

Absolutely not. The national electricity grid remains – and should always remain – in the hands of the State as a critical national asset. There are, as far as we are aware, no proposals or calls from anyone to privatise or part-privatise the electricity grid, which is something to which Wind Energy Ireland would be totally opposed.

A private wires connection is simply a privately owned cable or line connection between a generator and a large energy user.

Are private wires used elsewhere in the European Union?

Private wires are explicitly permitted under the 2019 EU Electricity Directive.



Since then, they have become fairly common in Germany, the Netherlands, Belgium and other countries though, as in Ireland, the national electricity grid remains the most important way to connect and move electricity.

How can someone apply to build a private wires connection?

As referenced above, any request to build a private wires connection will need to be approved by the Commission for Regulation of Utilities (the CRU).

They will design and implement a permitting system to review and decide on any application to build a private wires connection. According to the policy statement it will include the following requirements:

- ➤ The private wires must be built to the same safety standards as the national grid and cannot interfere with how the grid operates or any planned reinforcement of the grid.
- ➤ They can only be permitted if there is no lower-cost alternative solution available by using the national electricity grid.
- A private wires connection must align with national policy objectives including the national climate targets.
- ➤ ESB Networks and EirGrid will be entitled to fully recover the costs of any service they provide to the generator or the large energy user.
- Anyone seeking to build a private wires connection can only do so with the consent of affected landowners. They have no powers to access anyone else's land.

What are the next steps?

The next step is for the Government to bring forward legislation to the Oireachtas to amend the Electricity Regulation Act 1999 to legally permit private wires.

Once this is done the CRU must develop supporting regulations setting out how the private wires system will work and the technical, safety and connection standards that will apply to them.

To do all of this, and to administer the process once it is in place, the CRU will need additional resources and expertise which will require funding from the State.

Our understanding is that legislation is likely to be brought forward before the end of the year.



What can you do?

First, we would encourage Oireachtas members to participate in the legislative process once the Government brings forward legislation. Our team would be happy to provide additional material to assist you if this would be helpful or to brief relevant groups of Oireachtas members.

Second, as mentioned above, to effectively implement any private wires legislation and regulations the CRU will need additional staff and expertise. We would ask Oireachtas members to support efforts to ensure the regulator is fully and properly resourced to ensure any private wires projects are delivered to the highest of standards.

6. Conclusion

The Policy Statement is an essential reform for hitting our climate targets, boosting the competitiveness of our businesses and making energy more affordable for households.

If you have any questions on what the statement means for Irish renewable energy, please contact Chloé Sullivan at chloe.sullivan@windenergyireland.com.

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