

# What is the Irish Government doing to improve our energy competitiveness?

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# CER has been helpful on energy network tariffs

- Removing an imbalance (as proposed by Ibec) in the electricity transmission network tariffs
  - Worth **€50 million per year** to LEUs
- Reforming gas transmission tariff structures in a way that **keeps our market prices in line with GB**
  - This will be particularly important after the Corrib gas terminal comes on line

# But action is still needed on retail price competitiveness

- Despite recent (small) improvements in Ireland's Eurostat ranking, our industrial electricity tariffs remain **amongst the highest in the EU28**
- This has the potential to deter foreign direct investment, and is also **putting jobs at risk** in sectors that employ over 100,000 people
- Not very conducive to Ireland becoming 'the best small country in which to do business'...

# Ibec proposal

- Exchequer assistance that is **targeted** and **conditional**
  - Only available to energy users that previously qualified for DCENR's LEU Rebate
  - Only available at times when our industrial electricity costs are substantially out of line ( $>1\text{c/kWh}$ ) with our EU counterparts
- Administered in a way similar to that of REFITs, hence **avoiding any distortion of the SEM**
  - To be funded from existing energy/carbon taxes

# Possible objections

- Is such a scheme permissible under EU State Aid guidelines?
  - YES – in fact, we are aware of comparable arrangements **already in place in other EU member states** including Austria, Denmark, Germany, Belgium, Netherlands and Sweden
- Why should the Irish Government stump up?
  - If the expected employment effects are achieved, the **net exchequer impact ought to be positive**
  - Other member states (see above) are competing for the same inward investment projects as we are, and their Governments evidently see the benefits of enhancing industrial cost-competitiveness at national level

# Government's response

- The CER has previously indicated that it would be willing and able to help administer such a scheme
- Minister Rabbitte met with Ibec and expressed sympathy for the LEUs, but made it clear that domestic fuel poverty was an even higher priority for him at that time
  - Fortunately, the alleviation of fuel poverty has now been addressed through recent Energy Efficiency legislation, and through the 'Energy Engage Code' on disconnections
- Following an LEU Working Group meeting with DJEI's Secretary General, we intend to engage on the issue at Ministerial level as a matter of urgency
  - Ibec sees this as a priority for *industrial* policy