ADDLESHAW GODDARD

IRELAND ENERGY INVESTOR INSIGHT REPORT LAUNCH

INTRODUCTION

The third instalment of our European Energy Investor Insight Series launched in Dublin on Thursday 5 February to great success. Despite the rain and wind, over 80 attendees heard from Minister of State Timmy Dooley, who gave the keynote address, followed by Stephen Barry, Partner, Planning & Environmental on a recent landmark Supreme Court decision. This was followed by a panel discussion with James Temple (Flogas Ireland), Laura Stakelum (Stakelum Consultancy), Richard Goodfellow and Phelim McGeady of Addleshaw Goddard, and expertly chaired by Gavin Blake.

KEYNOTE ADDRESS BY MINISTER TIMMY DOOLEY

Minister Timmy Dooley from the Department of Climate, Energy and the Environment, gave the keynote address.

Minister Dooley highlighted the contribution of Addleshaw Goddard's report to the ongoing discussions on realising Ireland's renewable energy potential. Ireland has committed to achieving carbon neutrality by 2050. The Minister emphasised the importance of system-wide coordination and collaboration among policymakers, regulators, and industry in achieving Ireland's climate and energy targets. He noted that effective collaboration is critical to achieving delivery, and time is increasingly limited.

Key aspects of the Addleshaw Goddard report are reflected in initiatives underway in Government. The Minister reaffirmed commitments to reaching a 51% reduction in emissions by 2030 and net-zero by 2050. Renewable electricity was identified as the cornerstone of Ireland's energy strategy, and significant progress has already been made. Ireland expects to soon have 8GW of installed renewable generation capacity and is advancing offshore wind development. It is among the global leaders in integrating variable renewables into the electricity grid and leads Europe in onshore wind integration.

Approximately 40% of Ireland's electricity demand is met by renewables, with solar growing at speed. The Government is taking a forthright approach to addressing planning challenges, supported by two taskforces on policymaking. Key support initiatives were discussed, such as the Renewable Electricity Support Scheme (RESS), which continues to drive new capacity through regular auctions for onshore renewable generation, and last year's Tonn Nua offshore wind auction. The Minister noted the inclusion of Regional Renewable Electricity Capacity Allocations in the National Planning Framework to ensure balanced regional development.

To support energy security and grid stability, the Government is investing in new flexible gas-fired generation, electricity storage, and interconnectors. The Minister also addressed the challenges and opportunities presented by large energy users, especially data centres, referencing new policies requiring them to source at least 80% of their electricity from new Irish renewables.

The speech highlighted significant planned investment in the electricity grid, with up to €18bn allocated for grid upgrades over 2026–2030, which includes Government equity. Legislation is also being drafted to enable private wire developments, expected to be enacted by the end of this year.

The Minister closed by saying the transition to renewable energy is not just a climate imperative but also essential for Ireland and Europe's energy security, as well as for Ireland's continued economic development.

COOLGLASS SUPREME COURT RULING - STEPHEN BARRY

Stephen Barry, Addleshaw Goddard Planning & Environment Partner, provided an overview of a key planning law case following a Supreme Court judgment issued on 4 February 2026.

In January 2025, Statkraft applied for planning permission to develop Coolglass Wind farm, a proposed a 13-turbine wind farm located in County Laois. The application was assessed under the strategic infrastructure regime and refused, as it was deemed to be inconsistent with Laois County Council's local development plan. Statkraft brought judicial review proceedings against An Coimisiún Pleanála's (then An Bord Pleanála) decision to refuse permission on the grounds that, as a statutory body, it failed to give adequate consideration to climate legislation, namely the Climate Action and Low Carbon Development Act 2015 (as amended).

The High Court agreed and struck out the refusal decision, noting that there is presumption in favour of renewable development. The case leapfrogged the Court of Appeal to the Supreme Court. The Supreme Court agreed with the High Court's decision but clarified that the presumption in favour of renewable development was not open-ended, diluting the grounds of the High Court argument.

The outcome reaffirms that all public bodies are obliged, in so far as practicable, to perform their functions in a manner consistent with s.15 of the Climate Action and Low Carbon Development Act i.e. having regard to Ireland's climate action plans. The Supreme Court emphasised that climate objectives must be applied flexibly and within the existing statutory functions of public bodies, particularly in the planning context where climate considerations are already embedded. The judgment brings balance, certainty, and practical guidance for decision-makers.

Stephen concluded by saying that public bodies do not always apply legislation uniformly, so this area remains one to watch. He noted however it is a positive step for renewable developers.

OVERVIEW OF ENERGY REPORT BY GAVIN BLAKE

Gavin Blake, Addleshaw Goddard Head of Energy & Infrastructure Ireland, then gave an overview of the Ireland Energy Investor Insight Report.

He opened with some market observations.

There is a sometimes an international perception that because Ireland is small it may be easier to get things done in the infrastructure space, but this is clearly not the case. There appears to be a gathering momentum for investment in, and deployment of, more renewable energy in Ireland as we move into the latter half of decade, which is set against the backdrop of the debate around decarbonisation versus digitalisation. With the rapid growth of power-hungry data centres perceived as jeopardising the decarbonisation agenda.

Gavin echoed Minister Dooley's belief that the collaborative taskforce approach, being increasingly adopted by Government, is demonstrating a more vigorous effort at policy-making level to unlock barriers to infrastructure delivery, including in the realm of renewables.

He went on to list some big challenges that need tackling.

Grid: These are significant upgrades that simply haven't happened over the past 10 – 15 years for various reasons. But there has been significant funding ring-fenced for investment in grid improvements in recent months. **Infrastructure constraints:** There is a growing acceptance in Ireland that there's an infrastructure crisis and we need to remove roadblocks. A consensus has been reached that a collaborative state – industry approach is essential to help drive this effort. **Energy Storage and Grid Stability:** Ireland needs to see long-duration battery storage integrated into its power system together with further grid stability services projects, as more variable green generation is commissioned. **Data centres:** These now sit right in the centre of the Irish energy mix, moving from being a passive consumer to active participant. This direction of travel has been explicitly spelled out in the CRU's recently published set of grid connection rules for large energy users. Currently, 23% of Ireland's power is consumed by data centres.

Looking ahead, what are the opportunities?

Private wires: At present, developers in Ireland are generally not permitted to build private grid connections and have to apply to EirGrid or ESB Networks for a connection to the national grid, which can take some time. This is set to change through forthcoming legislation, which will permit private wires in certain scenarios. While there is undoubtedly a degree of industry scepticism that this may only prevail in certain limited circumstances, the shift should nonetheless present meaningful opportunities for developers. **RESS**: This remains the key support scheme for solar and onshore wind projects. The first auction took place in 2020, with there having been four subsequent auction. A large number of projects that were successful in the first

two auctions were not subsequently built. One notable reason being that the subsidy was not originally index linked and projects suffered as supply chain costs subsequently rose significantly. There has been an ongoing evolution of the RESS as these lessons are learned. **Onshore Wind growth:** While solar will continue to be deployed at pace over the coming few years, Gavin thinks wind will re-emerge as a key contributor to Ireland seeking to meet its renewable energy targets. It has run into more planning challenges than solar, but the Government's efforts to raise the bar for planning challenges and the recent Coolglass decision should help. **Green Gas:** Gavin referenced the recently stated aim of Ireland becoming an 'electrostate', powered by homegrown green energy. But we will also need green gas on the system if we are to fully decarbonise, and there has been a notable proliferation in recent years in biomethane development projects in Ireland.

The report's takeaways are that Ireland is moving from the policy phase to the delivery phase, underpinned by legislation and regulations. There are shared challenges across Europe, even though the markets are different. The AG European Energy Investor Insight reports highlight how different countries are meeting the shared challenges; and how getting it 'right' involves having the right team of advisors with the fundamental local market knowledge.

PANEL DISCUSSION: ROUTE TO MARKET

LAURA STAKELUM (STAKELUM CONSULTANCY), JAMES TEMPLE (FLOGAS), RICHARD GOODFELLOW (AG), PHELIM MCGEADY (AG), GAVIN BLAKE (AG) – CHAIR

The panel, moderated by Gavin Blake, explored the rapidly evolving landscape of renewable energy routes to market, with a particular focus on corporate PPAs, market trends, policy developments and emerging challenges for developers, suppliers and large energy users. Speakers shared practical insights on how generators sell power, whether through state-backed schemes like RESS, corporate PPAs or with greater merchant exposure and discussed which PPA models are gaining traction in Ireland as the market matures.

The conversation highlighted growing demand for corporate PPAs among midsize businesses, the influence of trends in Great Britain, and the commercial complexities of negotiating long-term contracts in a volatile energy market. The panel also examined how policy developments, such as the Large Energy User policy and the facilitation of private wires could reshape demand, stimulate renewable development and create new opportunities.

Additional discussions ranged from the future impact of the French interconnector to the outlook for offshore wind offtakers, battery storage, biomethane market development, and the challenges facing both funders and developers as the grid and regulatory frameworks evolve. Overall, the session painted a picture of a market expanding in sophistication, opportunity and complexity, with collaboration and informed engagement becoming increasingly essential for successful delivery.

What is the route to market?

Laura: It's how a renewable generator sells its electricity and is in effect a sales contract. It needs to be a long term contract with the purchaser of power because of the upfront capex required to build the project, requiring debt finance which is typically repaid over 15-20 years.

There are three different types of route to market for renewable energy projects:

1. State backed (REFIT: 15-year contract) now replaced by RESS (CfD auction, 16.5-year contract if you get the timing right);

2. Corporate PPAs; and

3. Sell into the wholesale market without a contract (merchant process). This typically happens after a project exits a State backed or Corporate PPA contract.

What sort of corporate PPA models in Ireland are most popular?

Phelim: A sleeved (physical) and a virtual PPA. A sleeved PPA is a contract between a generator and a corporate to buy electricity for a fixed price. A third-party supplier will arrange for the electricity to be transferred (sleeved) through the electricity grid and delivered to the corporate, charging a sleeving fee.

A virtual PPA is a CfD arrangement where one party pays the other depending on whether the market price sells above or below the strike price.

A third type is a private wire PPA. Outside of auto-production, we don't see these in the Irish market yet, but once private wire legislation changes come into effect, they should become more common.

Flogas are bringing corporate PPAs to midsize businesses. What's the uptake like?

James: Initially, companies that were versed in PPAs were most interested. But there aren't that many heavy demand users, so there are more opportunities to sell to midsize businesses. We initially found that midsize businesses were interested in PPAs but didn't have the knowledge to get on board with them. However, PPAs are now becoming more socialised across the industry for users. Flogas are now getting requests for PPAs from companies, rather than having to go out and explain/sell them to companies. The term of these PPAs is generally significantly shorter than a RESS-backed PPA and the generation asset in these circumstances is normally an older wind farm project, perhaps coming out of REFIT support.

What trends in GB are you seeing emerge?

Richard: Explained he had been doing PPAs for 20 years. It is a good thing if you can find a buyer that doesn't just care about price but also about climate change. Large tech companies are now setting the market across Europe. The trend in GB is for larger assets, so there is often more than one corporate offtaker.

The challenge is it is very slow in most EU jurisdictions to get people interested in PPAs. You need to speak to the CFO - the high-level decision maker, as others will run out of focus.

Energy prices can be volatile and developers require a fixed price in order to finance new assets, but what if you fix the price and then the wholesale price drops really low? This is a question you need to address at the start of PPA negotiations as it will be a key concern for a corporate.

Richard remarked that what Flogas is doing with the midsize market is well ahead of GB. This is an advantage of Ireland being small; it is not happening yet in bigger jurisdictions.

Are there any challenges from a commercial point of view?

Laura: Developers tend to prefer state backed offtake arrangements (i.e. RESS), but the market is definitely opening up. For a corporate PPA you need to think how it fits with your financial model, whereas the RESS support structure is less flexible.

Soft skills are needed, e.g. educating both developers and lenders and bringing them along with you on the contractual journey.

James: Flogas can have 20 offtakers of power from one plant, with Flogas as the aggregator. As an example, they have done it with 14 customers on a single windfarm. This gives smaller companies access to renewable energy they wouldn't normally have access to. You can't negotiate 14 different contracts; you have to standardise the terms. Flogas chose to pare back its form of contract to make it easier to digest and understand.

James asked, what's the appetite from developers to enter into shorter term PPAs?

Laura: Project finance or RESS looks at 15 years for capex return, but once a project comes out of REFIT or RESS there is the possibility of entering into shorter term PPAs, which is better than the merchant market from a risk perspective. Laura advises James to map out the projects that are going to be coming out of their state-backed support and start contacting them before their CfD runs out to see if there is interest.

What's the impact of the CRU's Large Energy User Connection Policy and the Private Wires Bill?

Phelim: It is undoubtedly highly significant for data centres in Ireland. There was an effective moratorium for data centres on getting a grid connection introduced in 2021 - a lot of investment and new development went elsewhere as a result. But the CRU's policy decision gives more certainty and a way forward. There are two key aspects:

- New large data centres applying for a grid connection will have to install on-site or proximate dispatchable generation or storage that matches their power demand and furthermore participate that plant in the wholesale electricity market. This is a material upfront cost and challenge for data centre developers seeking to procure a grid connection.
- New data centre connections will need to procure up to 80% of their energy from new renewable sources and they will have six years from energisation to do this. This should stimulate more development/investment in renewables.

The Private Wires Bill was approved by Government in December 2025. Developers will need to apply to the CRU for a private wire licence, so it will be a regulated activity. They must build their private wire to a required specification (which hasn't been developed yet). There will also be conditions and criteria that will apply to the licences, and fees they will need to pay. Whilst it is undoubtedly a welcome move, we need to see more detail before we can say how much this will benefit developers. But the corporate PPA market should see a boost in activity from private wire PPAs.

From **Richard's** perspective, private wires in GB mean when you are building a new plant, you are opposite a private company not a regulated utility, which can scare funders. But this can be outweighed by the efficiencies that can be achieved.

Biomethane - what are we seeing?

James: Flogas have been waiting for a biomethane market to develop for about 10 years. A new Renewable Heat Obligation (RHO) will be introduced requiring suppliers of heating fuels to ensure that renewable gas makes up a certain percentage of their supply. Under the National Biomethane Strategy, the Government is committed to producing 5.7TWh of biomethane by 2030, equating to about 100-120 biomethane plants. But this is contingent on the RHO being in place, and we are not yet sure when this will be. The sector is waiting on demand and something that will bring buyers to market, as otherwise it's too expensive for biomethane to compete with the likes of CHP plants.

Phelim remarked that the obligation rate under the RHO is 1.5% in year 1, 3% in year 2, incrementally thereafter - is this enough to quickly scale up the industry? It is tricky as the Government has to set the obligation rate to reflect the supply of gas available; otherwise industry won't be able to meet obligation.

Laura pointed out that you can't just set a level of demand without looking at how that demand is going to be serviced. The Government will need to look at how many plants are in planning, getting finance etc before setting the targets. If you don't have a route to market, you can't build a plant and the timing of that in the context of strict targets needs to be considered.

Anything GB has done to support biomethane development?

Richard said it is more to do with the size of the country. Great Britain has had a couple of attempts at a subsidy. Biomethane is different from solar and wind as you need to get the fuel in the first place. For energy from waste, they ended up fixing this with tax, so people had to go and get the fuel.

QUESTIONS

What will the PPA market look like when the French interconnector comes online?

It should bridge the gap between the French and the Irish market, so it should reduce exposure to 'peaky' high prices in Ireland and therefore reduce prices a little bit.

Offshore wind: who is going to be the offtaker?

In all likelihood, any one company won't be big enough to take the whole amount of power generated. That said, a large wind farm will likely be built in tranches, so it may have different offtakers building up over time. However, the terms and conditions in the offshore RESS scheme currently reference there being only one offtaker.

Views on RESS 20-year onshore auctions?

Twenty years is a longer hold on investors so this might have an impact. But if the economics work, prices could come down.

Will data centres become offtakers for large wind farms?

In all likelihood, 'yes', but given the extremely large levels of power likely to be produced by Irish offshore wind farms, there is undoubtedly scope for other large consumers of power to provide a route to market. In GB, the CfD means power goes into the main market not a single offtaker.

It was observed that roughly by the panel that ten years of grid upgrades are likely to be needed to bring the power from the new offshore wind farms around Dublin onshore, be that to data centres or other end-users.

It was also noted by a member of the audience that we need to change the narrative around data centres. Yes, they are driving up electricity consumption. But electricity consumption is also being driven upwards in other European countries, just by other sources of industrial demand. To that end, Ireland's overall industrial power demand – of which data centres form part - is on a par relatively speaking with European norms.

CONCLUSION

Ireland's energy sector is on the move. There is evidence of real momentum – which is cross-governmental and with industry collaboration an increasing feature – in seeking to make renewables the backbone of Ireland's future and thereby achieve greater energy security and independence. There are challenges, sure: planning hurdles, essential grid upgrades, and meeting the power requirements of data centres. But with important new strategic policies, dedicated investment, and a strong concerted push, Ireland is gradually turning ambition into action. The next few years will be crucial, but the signs are good, subject to the current focus on removing logjams in Ireland's infrastructure delivery processes being maintained.