



**Enterprise Ireland Submission on  
Green Paper on Energy**

**Towards a Sustainable Energy Future for  
Ireland**

Enterprise Ireland welcomes the publication of the Green Paper on Energy and the opportunity to respond to the policies proposed on behalf of our client companies. Enterprise Ireland is the national development agency responsible for the development of Indigenous Industry. Our core mission is to accelerate the development of world-class Irish companies to achieve strong positions in global markets resulting in increased national and regional prosperity. Enterprise Ireland work with over 3,500 client companies to assist them to compete and to grow. Our client companies employ over 140,000 people throughout every region in Ireland and contribute significantly to economic growth with annual sales of €25 billion and exports of over €10 billion. Government policy to date has facilitated continued expansion of the indigenous industrial base in terms of taxation, education, access to finance, R&D etc however the current energy pricing and market structure is undermining hard won competitiveness and productivity gains achieved at regional, sectoral and firm level.

Enterprise Ireland wish to take this opportunity to highlight the strong support within the Agency and indeed our client companies for a clear, timely and effective range of policies that will address the problems in the Irish Energy market by delivering security of supply and the establishment of a genuinely competitive market that allows for efficient delivery of service to companies at competitive prices.

### **Priority Areas:**

The key issues that Enterprise Ireland believe the proposed White Paper must address as a matter of urgency include:

§ **The Market Structure:** The dominance of the ESB, in power generation and is one the most obvious characteristics of the Irish Energy market. Dominance in itself would not be a cause for concern if this market structure allowed for the delivery of an efficient service that manifested itself in competitive prices to consumers. The continued increases in energy prices over recent years vis-à-vis our European counterparts<sup>1</sup> is evidence of the inadequacy of the current

---

<sup>1</sup> While there has been a slight improvement in Ireland's comparative performance in the year to 1st January 2006, industrial electricity prices (excluding VAT but including other taxes) here are 16.7 percent above the EU-15 average<sup>1</sup>. Ireland is ranked 3rd of the EU-25 in 2006 – down from 2nd highest the previous year.

liberalisation and regulation strategy in place in Ireland for the past six years. The White Paper must address this issue as a priority. Modifying existing options within the current market structure such as the disposal of ESB landbanks, increased regulatory powers etc (although an incremental step) is unlikely to achieve sufficient improvements within the short to medium term. Delays in delivering a more competitive energy market will continue to undermine the competitiveness of Enterprise Ireland client companies particularly in the manufacturing sector of the Irish economy.

Separating ownership of the transmission network from the ESB Group (but retaining it in state ownership) as recommended by the Deloitte report to remove any potential conflict of interest arising from ESB's role as transmission network owner and generator which could pose a significant barrier to new entry to the electricity generation market in Ireland. The complete separation of the Power Generation and Transmission network is required to allow the market to work efficiently and transparently and thereby attract new entrants and allow for more competitive pricing and service offerings.

§ **Interconnection:** Security of Supply has been highlighted by client companies, particularly large energy users, as a concern that is compounded by our geographic location. The completion of the planned North/South and East/West Interconnectors in order to improve security of supply in Ireland is a priority however without the correct market structure (as discussed above) the interconnectors will not achieve the desired objectives. Efforts should be made to ensure that a co-ordinated approach to both issues is addressed in the White paper. (The Green Paper also outlines plans for interconnection with continental Europe, evaluation of the timelines and investment requirements of these plans should explore the delivery of this interconnector in a more ambitious timeframe.)

§ **Driving Energy Efficiency/Renewable Energy:** All individuals in Ireland have a role to play in achieving energy efficiencies in the home, on the roads

and at the level of the firm. Enterprise Ireland client companies are no different in this regard, companies acknowledge that there is room for improvement and they will play their role in delivering energy efficiencies where possible through adoption of improved demand management, cleaner technologies, adoption of cleaner fuel sources (such as biofuels)<sup>2</sup> and lean processes. Many of the initiatives currently in operation to drive these improvements are promoted, delivered and monitored by Sustainable Energy Ireland. SEI is the lead state agency in this regard and the Energy White Paper should ensure that the expertise and resources of SEI are affectively employed to deliver on its mandate. Enterprise Ireland will support SEI in delivering its energy efficiency mandate where possible however it should be noted that Enterprise Ireland is primarily responsible for enterprise development from start-up to internationalisation through investment in R&D, management and staff training, export promotion and advice. In contrast to SEI, Enterprise Ireland has limited expertise and instruments to effectively implement energy efficiency initiatives at the level of the firm.

§ **Investment in Energy R&D and Enterprise:** Enterprise Ireland is committed to identifying and supporting investment opportunities in companies and research projects that have the potential to deliver new and innovative products and services to the international market. Evaluation and investment decisions will in the first instance be based upon the ability of the projects to achieve economic results in terms of sales, employment exports licensing revenues etc. Feasibility investment for exploring new innovative business opportunities in the energy and environmental products and services is currently available from Enterprise Ireland and our R&D supports allow

---

§ <sup>2</sup> **Stimulating demand is a critical success factor for increased Biofuel usage.** SEI in its 2005 publication, "*Policy Incentive Options for Liquid Biofuels Development in Ireland*", recommended the introduction of an obligation system as a means creating a more stable and secure market demand for biofuels. This obligation system and the market stability that results would act as a more effective stimulus for suppliers in both the agricultural sector, and production/refinery sector. The increased certainty of investment for both groups is key to developing and sustaining the Irish biofuel market.

offer assistance for the commercialisation of research from the third level sector and applied research in the existing enterprise base.

The market for greener technologies, products and services is continuing to grow in developed economies around the world which will present commercial opportunities. In 2007 Enterprise Ireland will be reviewing the specific direction and characteristics of this market to inform existing and future policy in this area.