



Media Release

24 January, 2010

Gap in energy prices between Ireland and EU is closing - Sustainable Energy Ireland report reveals significant fall in prices in first half of 2009

~ Electricity prices to Irish businesses fell by 15% compared to an average increase of over 2% across EU ~

~ Gas prices to Irish businesses fell by over 15% ~

Understanding Electricity and Gas Prices in Ireland – a report issued today (Sunday 24 January, 2010) by Sustainable Energy Ireland (SEI) shows a significant fall in both gas and electricity prices to Irish businesses while many EU States experienced rises. The report which covers energy pricing trends for the first half of 2009, shows that while energy prices to Irish businesses remain above the European average, the gap in pricing is closing.

While electricity prices to businesses in Ireland fell by 15% in the first half of 2009 compared with the last six months of 2008, the average price across the EU increased by 2.2%. This has closed the gap in electricity prices between Ireland and the EU as prices fell from 38% above the EU average for medium sized businesses in the latter half of 2008 to 15% above for the first half of 2009. Gas prices for Irish business continued to fall and in the first half of 2009 fell by over 15%. Business sector gas prices in Ireland for the smallest consumers were 13% above the average for EU countries, but were between 7% - 10% below the EU average for medium sized gas consumers.

On the residential front, electricity prices rose by almost 15% year on year to June 2009 meaning that Irish domestic electricity prices were 22% above the EU average. However, when adjusting for cost of living differences between EU countries (using Purchase Power Parity), typical Irish domestic electricity prices were just 4% above the EU average, and were actually below the EU average for higher volume domestic users. Again adjusting for cost of living differences, Ireland is cheaper for all domestic gas consumers, ranging from 15% to 30% below the EU average.

The analysis points out that as energy prices are increasing across Europe, Ireland is doing well in closing the gap. However, energy prices remain a concern for all consumers, in particular for businesses trying to maintain economic competitiveness. An important

finding of the international comparison is that those States, including Ireland, that are most dependent on imported fossil fuels for electricity generation tend to have higher electricity prices. This reinforces the importance of diversifying sources of energy in Ireland, particularly into indigenous renewable resources.

Commenting on the report's findings, Professor Owen Lewis, Chief Executive of SEI said: *"The analysis for the first half of 2009 clearly shows that while energy prices in Ireland remained above the EU average, the gap closed which is positive news for all energy users and for Ireland as a whole. However, we must remember that prices are still higher than we would wish, and we must press to increase the deployment of renewable sources of energy. We must reduce our dependence on imported energy and the associated volatile global prices."*

Looking at energy pricing beyond the first half of 2009 and into 2010, Professor Lewis said: *"This report examines up until the middle of 2009. We know that since then there have been price reduction announcements for householders as well as new, strong competition opening up for the domestic market. We expect to see further improvements in prices for homeowners which again is a move in the right direction."*

A full copy of the report can be found on www.sei.ie/statistics

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About SEI:

Sustainable Energy Ireland (SEI) is the statutory authority charged with promoting and assisting the development of sustainable energy. SEI is funded by the Irish Government under the National Development Plan, with programmes part-financed by the European Union.

As the national energy authority, SEI has a lead role in developing and maintaining comprehensive national and sectoral statistics for energy production, transformation and end use. This data is a vital input to meeting international reporting obligations, for advising policy makers and informing investment decisions.