

IRELAND

Business Expansion Scheme Tax Relief

The Business Expansion Scheme is an incentive to private investors to invest long-term equity capital in companies (particularly new and smaller ones) operating in certain sectors of the economy that would otherwise find it difficult to raise such funding and would instead have to rely on loan finance. Investments in renewable energy companies qualify for BES relief. Individual investors holding a BES equity investment for a minimum period of five years can benefit from tax relief, at their marginal tax rate, in respect of investments up to €31,750 per year. The aggregate amount that a company can raise under the BES was increased under the Finance Act 2004 from €750,000 to €1,000,000.

Effective date: 1984, revised 2004.

Electricity Regulation Act 1999

The Electricity Regulation Act benefits renewable energy in the following ways:

- Priority dispatch given to electricity generated from renewables.
- Renewable electricity generators and suppliers are also advantaged in that they only have to balance aggregated annual renewable electricity supply and demand to qualify as a “green” electricity supplier, rather than that for each half hour metering and trading period.

More information: history.cer.ie/ELECTRICITY%20REGULATION.pdf

Renewable Energy Feed In Tariff (REFIT)

The Renewable Energy Feed In Tariff (REFIT) Programme aims to more than double the contribution of renewable sources in electricity production from 5.2% in 2004 to 13.2% by 2010 by increasing the total capacity of renewable energy technologies built to 1,450 MWs. This additional capacity will require a capital investment in the region of €440 million by developers and a total investment by consumers in the region of €120 million over the fifteen year life of the support programme.

Under REFIT, project developers are free to negotiate with any electricity suppliers in the liberalised electricity market. The purchase price is negotiated between the generator and supplier directly. The consumer interest is protected by imposing price caps beyond which compensation to suppliers will not be paid. Contracting suppliers will be compensated for the net additional costs incurred (up to the price caps notified in the programme notes) from the PSO levy funded by electricity consumers. This type of support is associated with the “fixed feed in tariffs” which have proven successful in many EU states.

Price support caps:

Large Scale Wind category- €57 megawatt hour (MWh).

Small Scale Wind category – €59 MWh.

Hydro – €72 MWh.

Biomass Landfill Gas €70 MWh.

Other Biomass – €72 MWh.

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Finance Act 1998

Part of this act makes corporate equity investments in hydro, solar, wind and biomass eligible for tax relief in the form of a deduction from a company's profits for an investment in new ordinary shares in a qualifying company. The relief is capped at 50% of all capital expenditure (excluding land), net of grants, on a single project up to I£7.5 million. Investment by a company or group of companies in more than one qualifying energy project is capped at I£10 million per year.

Effective date: 1999 (revised 2002) – 2006

Contact: the Department of Public Enterprise certifies projects, and the Revenue Commissioners administers the tax relief.

Irish National Development Plan Elements

The National Development Plan supports renewable energy projects in a variety of ways:

- Reinforcement and upgrade of grid to support increased use of renewables.
- Support the delivery of additional renewable energy supplies.
- Encourage new participants in renewable energy market by supporting small-scale projects.
- € 16.25 million has been made available for an RD&D programme. One category of projects available for partial funding under this programme includes renewable energy projects which, although at or near commercial viability and having potential for replication, currently face market barriers due to lack of expertise, knowledge or market confidence.

Funding: € 67 million over six years.

Effective date: 2000 – 2006.

Third Party Access

A decision was made by the Irish Government to make third-party access for new renewable energy projects legally possible (i.e., electricity can be sold at a premium price to a customer other than the national grid).

Effective date: 1996
