



ENERGY AND NATURAL RESOURCES

New Funding Measures for the Irish Energy Sector Announced in Budget 2024

by **Philip Daly**

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The establishment of two new State funds was announced by the Minister for Finance on Budget Day in October 2023.

The General Scheme of the Future Ireland Fund and Infrastructure, Climate and Nature Fund was published a few days later. It is a draft version of the legislation that will provide for the establishment of these two funds.

The Infrastructure, Climate and Nature Fund

The Infrastructure, Climate and Nature Fund will be established by the State in 2024 with the objective of funding future capital spending.

This fund will be used to support initiatives to assist with the transition to climate neutrality as well as other capital expenditure projects. Funding will be available for capital projects which assist in meeting the State's carbon and climate targets.

An initial contribution of €2 billion will be made to the fund in 2024. It is proposed to grow the fund by €2 billion per year to a target of €14 billion.

The Future Ireland Fund

The Future Ireland Fund is set to address future expenditure pressures, including an ageing population, climate change and digital transition. The initial funding for the Future Ireland Fund will be €4.1 billion which is to be transferred from the State's current rainy-day fund on its dissolution. Subsequently the State will invest part of the corporate tax receipts that are considered to be windfall in nature.

Micro-Generation of Electricity

Micro-generation is the term used for the small-scale production of electricity from private users for their own consumption. Presently, individuals who generate electricity at their residential premises from renewables can sell any excess back to the grid, with profits up to €200 being exempt from income tax, USC and PRSI. The Minister for Finance has announced an increase in the exemption up to €400, taking effect from 1 January 2024 and which will continue to be available until at least 31 December 2024.

Thoughts

These measures announced in Budget 2024 demonstrate the State's commitment to fund the expansion of renewable energy infrastructure.

This year already has seen the introduction of the Energy (Windfall Gains in the Energy Sector) (Temporary Solidarity Contribution) Act 2023, which came into force on 2 August 2023. The objective of the Act is to

tackle the issue of windfall gains for entities operating in the energy sector that arise from current market conditions. You can read our analysis of the General Scheme of the Energy (Windfall Gains in the Energy Sector) Bill 2023 [here](#).

The General Scheme of the Future Ireland Fund and Infrastructure, Climate and Nature Fund is available [here](#).

For more information, please contact [Philip Daly](#) or any member of our Energy and Natural Resources team.

About the Author



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