Matheson

Large Energy Users Connection Policy Decision

Introduction

On 12 December 2025, the Commission for Regulation of Utilities ("**CRU**") published its decision paper on the Large Energy Users ("**LEU**") Connection Policy (CRU/2025236) (the "**LEU Decision**").

The LEU Decision was long-awaited and its purpose is to set out how LEUs – being mostly data centres – can apply for new electricity grid connections, while balancing security of supply risk, grid constraints and national carbon emissions targets.

For the most part, the LEU Decision tracks the CRU's earlier proposed decision on LEU connection policy (CRU202504) (the "**Proposed LEU Decision**"). However, the LEU Decision contains some important updates and key differences which will be relevant to data centre developers and wider industry stakeholders alike.

We have summarised the key points of the LEU Decision below.

Scope of the LEU Decision

The LEU Decision will apply exclusively to data centres seeking a new grid connection to the electricity network. All applications made prior to 12 December 2025 will be assessed and decided under the CRU's policies and procedures published prior to the LEU Decision.

There are three types of data centre classification created by the LEU Decision, each of which are subject to different requirements:

Data Centre Capacity	LEU Decision Impact
MIC is <1 MVA (Exempt Category) 	Data centres with a Maximum Import Capacity (MIC) of less than 1 MVA (the "**De Minimis Level**"), are exempt from the requirements outlined in the LEU Decision. However, the System Operators (EirGrid, ESB Networks, and Gas Networks Ireland) (together, "**SOs**") will continue to take into account whether a proposed data centre is in a constrained or unconstrained location of the network.
MIC = 1 MVA - <10 MVA (Behind-the-meter, Autoproducer Category) 	Data centres with an MIC above the De-Minimis Level (ie, equal to or greater than 1 MVA) but less than 10 MVA must provide onsite generation. This onsite generation must meet 100% of the data centre's MIC on a 'de-rated' basis and the facility must be registered as a behind-the-meter autoproducer. The facility will need to run on an operational basis (ie, not be limited by run hours outside of agreed levels of routine necessary maintenance). If a data centre satisfies the autoproducer requirements then no separate Mandatory Demand Curtailment ("**MDC**") will apply. MDC involves a customer being required by the SOs to reduce their energy demand on the grid to prevent system blackouts or failure in times of extreme constraint).

Data Centre Capacity	LEU Decision Impact
MIC = ≥10 MVA (Dispatchable Generation / Storage Category) 	Data centres with an MIC equal to or greater than 10 MVA will have to provide dispatchable onsite or proximate generation and / or storage capacity at least equal to the data centre's MIC (subject to de-rating requirements). This onsite / proximate generation or storage must be separately connected and metered (ie, it will be separate to any back-up generation which the data centre may require). Under current market rules, this generation or storage must participate in the wholesale electricity and capacity markets and will therefore be subject to various market rules and codes. If a data centre satisfies its onsite / proximate generation requirements then no separate MDC will apply. The grid connection for these data centres cannot become operational, or ramp up to its full MIC, without the necessary onsite or proximate generation and / or storage having been delivered.

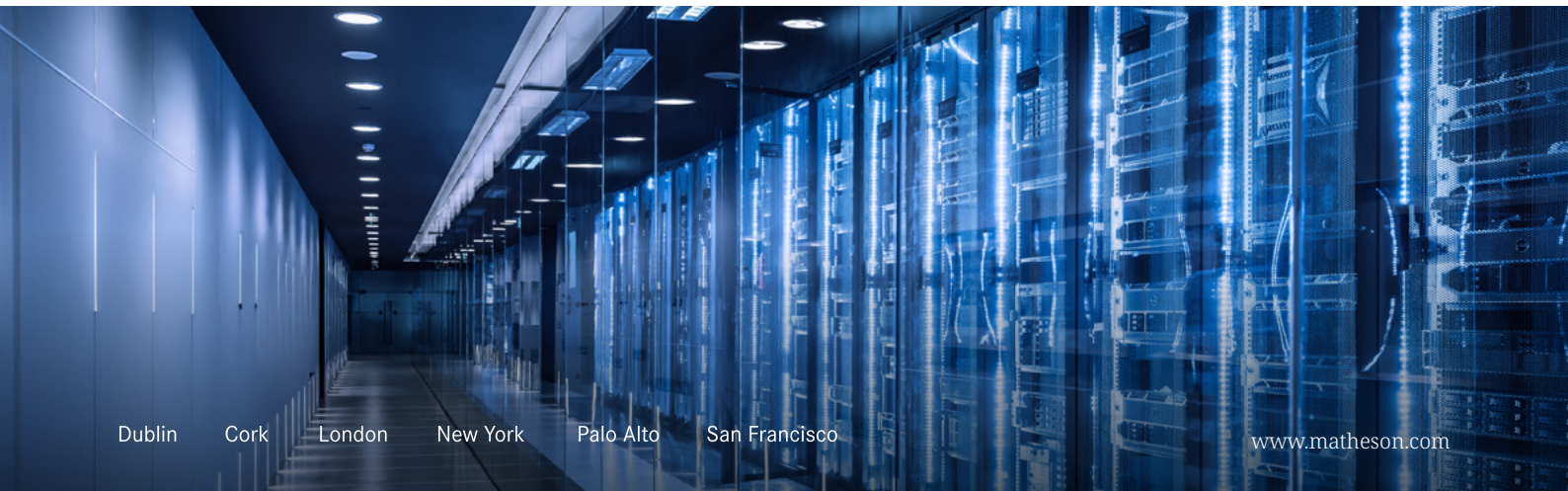
Renewable Electricity Requirement

- Under the LEU Decision, data centres with an MIC equal to or greater than the De-Minimis Level (1 MVA) must meet at least 80% of their annual demand with additional renewable electricity generated in Ireland (the "**Renewable Electricity Requirement**").
- The Renewable Electricity Requirement is intended to encourage the development of renewable generation to meet Ireland's emissions targets. Helpfully, any generation capacity used to meet the Renewable Electricity Requirement can be counted (on a de-rated basis) against the autoproducer requirement or onsite / proximate generation requirement.
- Data centres can satisfy the Renewable Electricity Requirement by entering into corporate power purchase agreements ("**CPPAs**") with developers or by directly developing renewable assets themselves.
- As part of their grid connection application process, data centres will have to demonstrate that they have a credible plan to satisfy the Renewable Electricity Requirement. Data centres will have a 6-year 'glide' path from the date on which they are energised to achieve full compliance with the Renewable Electricity Requirement. See further below for the potential consequences of non-compliance.

Matheson Commentary

The CRU had previously floated the potential for a renewable electricity requirement. Interestingly though, this was not a feature of the Proposed LEU Policy and so its re-introduction was somewhat unexpected.

Matheson has extensive experience advising buyers on renewable energy procurement, having advised on almost all CPPAs entered into in Ireland.



Interaction with Capacity Market

- The LEU Decision notes that concerns were raised that new data centre demand (and any related onsite / proximate generation) could distort the capacity market auction process. It also notes that any non-delivery of onsite / proximate generation could negatively impact the capacity market.
- The CRU will therefore only allow new data centres to bid for one-year capacity market contracts, with their maximum bid volume being limited to either (1) their contracted MIC (on a de-rated basis) or (2) their maximum MIC that is contracted to ramp up for the delivery year of the contract.

Matheson Commentary

The standard capacity contract duration for new capacity is ten years. As such, the LEU Decision puts data centre generation at a disadvantage to other generation in the market.

Location Assessment

- The CRU has noted the prevalence of grid constraints resulting from data centres, particularly in Dublin where 97% of data centres in Ireland are located.
- Accordingly, when determining a data centre's grid connection application, the SOs will assess whether a proposed data centre is in an constrained or unconstrained area. This assessment will influence whether a connection can proceed and under what conditions. This assessment criterion has been a feature of data centre grid applications since 2021 and so the LEU Decision requirement is not new.
- What is new though is that the LEU Decision states that the SOs must publish regular up to date locational information in relation to the availability of capacity on the electricity network and network constraint to provide transparency on available capacity. This data will be helpful for data centre developers and users.

Other

'Proximate' Generation / Storage

The LEU Decision does not define 'proximate' by reference to a geographic basis but does state that, at a minimum, generation should be 'electrically close' to the data centre (eg, the same node).

Reporting Requirements

Data centres must report to the SOs on their compliance with the Renewable Electricity Requirement, which the CRU views as complementary to the data centre reporting obligations under the EU Energy Efficiency Directive.

Gas Supply Connections

The LEU Decision re-confirms that 'islanded' data centres (ie, connected to the gas network, but not the electricity network, and powered mostly by on-site fossil fuel generation) are not in line with national policy. However, the LEU Decision does not otherwise include any particular requirements as regards data centre gas connection applications.

Non-Compliance

- SOs will have the ability to reduce the MIC of a data centre demand and / or to reclassify the connection as 'non-firm' if (1) the data centre fails to meet its autoproducer requirement or onsite / proximate generation requirement; or (2) the data centre does not comply with the Renewable Electricity Requirement.

Matheson Commentary

The LEU Decision does not explicitly state that any such MIC reduction or non-firm reclassification would be temporary. However, we expect that this will be the case in practice and will hopefully be confirmed as part of the implementation process.

What Now?

- The LEU Decision will apply to all new connection applications or additional capacity applications captured by it. Applications submitted prior to the LEU Decision will continue to be processed under previous LEU policies.
- By 31 March 2026 the SOs must submit: (1) their proposed engagement and connection processes; and (2) initial proposal for publishing locational capacity and constraint maps to the CRU.

Large Energy User Action Plan (LEAP)

- On 13 January 2026, just over a month after the LEU Decision, the Irish government announced its Large Energy User Action Plan (**"LEAP"**).
- LEAP is a government policy intended to encourage the development of data centres. It builds on the 2022 Government Statement on the Role of Data Centres in Ireland's Enterprise Strategy.
- LEAP's most notable feature is that it supports a plan-led approach which involves locating very large energy users nearby renewable energy generation – including through the use of 'green energy parks' – especially from 2030 onwards. This proposal was previously floated in the Proposed LEU Decision (see our previous update here). LEAP also identifies various actions which can support data centres in Ireland (eg, electricity grid investment, private wire legislation, etc.).

Contact Us

If you have any questions on the LEU Decision or any data centre topics please get in touch with the contacts listed below or your usual Matheson contacts.

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