



Costing Analysis on Electricity and Gas Price Caps and the Abolition of Household Standing Charges

15 October 2026

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Overview

This document publicly releases a costing analysis prepared on a confidential basis by the Parliamentary Budget Office (PBO) upon request from Deputy Richard Boyd Barrett. The request involves the costing of electricity and gas price caps and the abolition of household standing charges.



1. Summary of Request

- To estimate the cost of imposing a price cap of 25 cents per unit (kWh) on electricity and a price cap of 8 cents per unit (kWh) on gas, as well as the cost of abolishing standing charges for both electricity and gas. The price caps apply to the final amount paid including taxes and levies. The reference prices against which the price caps are compared are the average prices per unit of electricity and gas at the time of analysis.
- For the purpose of this costing, it is assumed that the State would compensate suppliers for the difference between the reference price and the capped price for each eligible unit of energy, and for the revenue forgone from abolishing household standing charges. The measures would not, in themselves, necessarily give rise to equivalent Exchequer costs in the absence of such compensation arrangements.

2. Overview of Data and Methodology

Standing Charges

- A series of representative standing charges for 24-hour meters, day/night meters, and smart meters was sourced from Bonkers.ie, which is a price comparison website that has been accredited by the Commission for Regulation of Utilities (CRU).¹
- These standing charges were then weighted by the market share of each provider using market data available on the website of the Commission for Regulation of Utilities. The electricity and gas providers included in this analysis cover 99.79% and 99.99% of their respective markets.²
- In the case of electricity, the standing charges were further weighted to account for the proportions of households on standard, day/night, or smart tariffs and the ratio of urban meters to rural meters. Data on household tariff proportions was sourced from the Central

¹ [Price Comparison Websites](#), Commission for Regulation of Utilities. Representative standing charges were retrieved from Bonkers.ie on 14 July, 2026.

² [Retail Market Monitoring Portal](#), Commission for Regulation of Utilities, 1 August 2026.



Statistics Office's (CSO) latest statistical release from the *Environment Household Survey*.³

We used data on metered electricity consumption by urban and rural residential units, to proxy for the proportions of urban and rural electricity meters.⁴

- The number of residential electricity meters was taken from the CSO, and the average of annual growth rates from 2016 to 2025 was applied to estimate the number of meters in 2026 and 2027.⁵
- The number of residential gas meters was taken from the CSO's *Networked Gas Consumption 2024* release, and the average of annual growth rates from 2015 to 2024 was applied to estimate the number of meters in 2026 and 2027.⁶
- It was not feasible, given the available data, to arrive at a representative series of standing charges for businesses in this analysis. This is partially due to the fact that standing charges for businesses are more diverse than for households and are more likely to be negotiated. The estimated cost of abolishing standing charges therefore relates to households only.
- The estimated cost of abolishing standing charges is calculated by multiplying the weighted average annual standing charge by the projected number of residential meters. For 2026, the annual standing charge is apportioned to the final quarter of the year.

Price Caps

- Data for residential and non-residential metered electricity consumption was sourced from the CSO's *Metered Electricity Consumption 2025* release.⁷
- Data for residential metered gas consumption was sourced from the CSO's *Metered Gas Consumption* data set.⁸
- Data for non-residential metered gas consumption, excluding power plants, was sourced from the CSO's *Networked Gas Consumption 2024* release. It is worth noting that the majority of natural gas demand is associated with power plants that use natural gas to

³ [Household Environmental Behaviours – Energy Use 2024](#), CSO, 25 November 2025

⁴ [Metered Electricity Consumption](#), CSO, 7 July 2026

⁵ [Number of Residential Electricity Meters](#), CSO, 7 July 2026

⁶ [Networked Gas Consumption 2024](#), CSO, 30 October 2025

⁷ [Metered Electricity Consumption 2025](#), CSO, 7 July 2026

⁸ [Metered Gas Consumption](#), CSO, 30 October 2025



generate electricity.⁹ However, this is an intermediate process that does not count toward final energy consumption and is not captured in statistics such as Eurostat's electricity prices and gas prices series, as these relate only to final non-household consumers. Moreover, power plants tend to pay very low unit costs compared to other natural gas users and are therefore assumed not to exceed the threshold for the given price cap.

- For each consumption data series, the average of quarterly growth rates from 2015 to 2024 (for gas) and from 2016 to 2025 (for electricity) was applied to estimate the levels of consumption in 2026 and 2027. For 2026, only projected consumption in the final quarter is included in the costing.
- Residential and non-residential electricity and gas prices, inclusive of all taxes and levies, were sourced from Eurostat. The latest available prices at the time of analysis are from the second half of 2025. These prices have therefore been updated to July 2026 using the *natural gas through networks* and *electricity* sub-indices of the Consumer Price Index.¹⁰
- As per Regulation (EU) 2016/1952 which sets out the legal requirements for reporting natural gas and electricity price statistics for household and non-household customers, electricity and gas prices sourced from Eurostat include all charges payable.¹¹ In particular, the Eurostat price data that were used to estimate the costs of price caps are inclusive of standing charges. Although there are three different levels of prices that include and exclude taxes and levies to varying degrees, there is no subset of this data that specifically removes standing charges. Therefore, the cost of abolishing standing charges and the cost of implementing price caps for electricity and gas cannot be summed to arrive at an accurate overall cost for this package.
- As requested, the reference prices against which the capped prices are compared are the average price per kilowatt-hour (kWh) at the time of analysis (July, 2026). We assume that electricity and gas prices will remain fixed at this level from October 2026 until the end of 2027. The estimates should therefore be interpreted as constant-price scenarios.

⁹ [Networked Gas Consumption 2024](#), CSO, 30 October 2025

¹⁰ [Consumer Price Index](#), CSO, 13 August 2026

¹¹ [Regulation \(EU\) 2016/1952](#) of the European Parliament and of the Council of 26 October 2016 on European statistics on natural gas and electricity prices and repealing Directive 2008/92/EC



- Average unit prices vary by consumption band, meaning that it was also necessary to determine the proportions of energy consumption associated with each consumption band.¹² This information was also sourced from Eurostat, except for the latest proportions of industrial gas consumption in Bands I1 (consumption less than 1,000 GJ) and I5 (consumption between 1 million GJ and 4 million GJ), which are confidential. We therefore took a simple average over the three most recent available years of data (2021-2023) to arrive at an estimated proportion of gas consumption attributable to Band I1. Given recent prices for non-residential metered gas, it seems highly likely that the unit price for gas in Band I5 is below the proposed price cap. The cost associated with this band is therefore taken to be zero.
- For each customer category and consumption band, the estimated cost is calculated by multiplying projected consumption by the positive difference between the estimated reference price and the relevant proposed cap. Where the estimated reference price is at or below the cap, the associated cost is taken to be zero.
- The estimates are gross costs and do not include possible tax interactions or the administrative, compliance and implementation costs associated with the measures.

3. Cost Estimates

This section separately presents (1) the estimated cost of abolishing household standing charges for electricity and gas, and (2) the estimated cost of imposing price caps for residential and non-residential electricity and gas. As mentioned in the Overview of Data and Methodology section, because of the nature of the Eurostat price data, these two types of costs cannot be summed to reach the overall cost of the policy package.

¹² Further details on the consumption bands for [electricity](#) and [gas](#) in the household and final non-household sectors are available on Eurostat's website.



Table 1 presents the estimated cost of abolishing household standing charges for both electricity and gas. As requested, it is assumed in Table 1 that the reform would be introduced in October 2026, and the policy is therefore costed for the final quarter of 2026 and all of 2027.

In 2026, on a first-year basis, the policy would result in an estimated cost of €179 million for electricity standing charges and €25 million for gas standing charges. On a full-year basis, the reform would result in an estimated cost of €724 million for electricity standing charges and €102 million for gas standing charges in 2027. The total estimated cost would therefore be €204 million in Q4 2026 and €826 million in 2027.

Table 1: Cost of abolishing energy-related household standing charges

	Electricity	Gas	Total Cost
2026 Q4	€179 million	€25 million	€204 million
2027	€724 million	€102 million	€826 million

Source: PBO's own modelling.

Notes: Because of rounding, the sum of the costs for electricity and gas might not necessarily match the total cost value.

Table 2 outlines the estimated costs associated with imposing price caps for both electricity and gas. These costs are separated into residential and non-residential use. As requested, it is assumed in Table 2 that the price caps would be introduced in October 2026, and the policy is therefore costed for the final quarter of 2026 and all of 2027.

In 2026, on a first-year basis, the policy would overall cost €0.65 billion. In 2027, on a full-year basis, it would cost €2.65 billion. These estimates are conditional on the assumed July 2026 reference prices remaining unchanged and on the State compensating suppliers for the full difference between the reference and capped prices for all projected eligible consumption.



Table 2: Cost of imposing price caps on electricity and gas

	Electricity		Gas		Total Cost
	Residential	Non-Residential	Residential	Non-Residential	
2026 Q4	€349 million	€196 million	€82 million	€22 million	€649 million
2027	€1,444 million	€783 million	€335 million	€89 million	€2,650 million

Source: PBO's own modelling.

Notes: Because of rounding, the sum of the costs for residential and non-residential electricity and gas might not necessarily match the total cost value.

4. Areas of Uncertainty

Some points of uncertainty and important caveats are listed below.

Data uncertainty

- There is **medium** data uncertainty in the analysis.
- While the Environment Household Survey, our source for data on household tariff proportions, is administered by the CSO, survey data carry increased uncertainty compared with administrative data due to issues including sampling error and response biases. It should also be noted that these data relate to energy use in 2024 and may not fully reflect the current distribution of electricity tariffs.
- Market Share data were obtained from the Retail Market Monitoring Portal on the CRU's website. While the data is provided to the CRU by suppliers and networks and validated prior to being published, it is noted by the CRU that this portal is not yet a fully accessible or finalised service.
- The remaining data sources used in this analysis are associated with low data uncertainty. The CSO is Ireland's national statistical institute and Eurostat is the statistical office of the European Union. While Bonkers.ie is a consumer website, its accreditation by the CRU provides assurance regarding data quality.



Modelling uncertainty

- There is **high** modelling uncertainty in the analysis.
- The calculation for arriving at a weighted electricity standing charge relies on several assumptions, some of which are highlighted below. This estimate should be interpreted as being more accurate than taking a simple average but is still subject to these assumptions.
- Notably, we restricted our weighting to 24-hour meters, day/night meters, and smart meters. A minority of households still retain other meter types such as night storage meters in conjunction with a 24-hour meter or day/night meter, for which they may pay a small additional standing charge.
- We also assumed that the shares of these meter types are the same in urban and rural areas, as we could not source data on these shares for each of these areas.
- As the distribution of electricity meter types was sourced from survey data, a number of respondents were unsure of their tariff type. We assumed that these unknown responses had the same shares of tariff types as the known responses. We therefore allocated these respondents accordingly across standard tariffs, day/night tariffs, and smart tariffs.
- The projected future energy consumption levels and future numbers of electricity and gas meters are subject to uncertainty around the projection assumptions and macroeconomic developments.
- Due to data confidentiality, the proportion of industrial gas consumption associated with Band I1 was estimated by taking the average figure between 2021 and 2023, which are the three most recent years for which data are currently available. While this figure does not tend to be particularly volatile, this modelling assumption adds to uncertainty.
- The assumption that Band I5 gas prices are below the proposed cap results in a zero estimated cost for this band. If the applicable average price were instead above the cap, the total cost would be higher.
- Electricity and gas prices are assumed to remain at their estimated July 2026 levels from October 2026 until the end of 2027. Actual prices may vary significantly over this period. If prices fall towards or below the relevant caps, the cost would decline; if prices rise, the cost would increase.



- As requested, the assumed baseline unit price per band is the uprated Eurostat average unit price data for that band. As a result, the implied assumption is that, if the assumed baseline unit price is above the cap value, all customers pay a price beyond the cap value (and, if the assumed baseline unit price is below the cap value, all customers pay a price below the cap value). In reality, this assumption may not hold.
- The estimates do not incorporate possible tax interactions, including changes in VAT receipts, or the administrative, compliance, audit, financing and IT costs associated with implementing compensation arrangements. The figures should therefore be interpreted as gross support costs rather than net Exchequer costs.

Behavioural uncertainty

- There is **medium** behavioural uncertainty in the analysis.
- This analysis assumes no second-round effects, such as adjustments to household or non-household energy demand due to lower prices. Price elasticity of demand tends to be relatively low for most types of energy, but it is not negligible. It would be expected that lower effective energy prices would elevate demand to some extent. A greater consumption level in response to the proposed policy would increase the cost of the policy.

5. Appendix - Request (as submitted)

We would like to know the total yearly cost of imposing a maximum price on energy and abolishing standing charges for electricity and gas. More specifically, we want to know what would be the total cost of using legislation to impose price caps on electricity at 25 cent per unit, gas at 8 cent per unit, and abolishing standing charges for all households. The reference price against which to compare the capped unit price should be the average price of unit of electricity at the time of analysis.

When performing this analysis, the PBO requested and received clarification as follows:



PBO: Do the standing charges only refer to the “standing charges” line item in gas/electricity bills, or should we also incorporate the PSO (the Public Service Obligation, which is applicable only to electricity)?

Client: Standing charge refers to both gas and electricity, so how much would it cost to abolish both. If the analysis could separate how much of the total cost would come from abolishing standing charges for electricity and gas, that would be great. On the standing charge question, the analysis should abolish the standing charge only and not the PSO.

PBO: Are we correct to understand that both the caps and the abolition of standing charges in electricity and gas bills apply only to households and not to non-household customers?

Client: We would like to know the cost of price caps for all energy paying units and separately for households and non-households. Similarly, the cost of abolishing standing charges for all paying units and for households and non-households separately.

PBO: Do the caps apply to the final amount paid by households per unit of energy and litre of fuel (including all respective taxes and levies, minus abolished standing charges) or do they apply to the “base price” excluding taxes and levies?

Client: Price caps apply to the final amount paid, which includes taxes and levies but excludes abolishing the standing charge.

PBO: Are the caps on electricity and gas bills the same regardless of urban vs. rural rates, standard vs. smart meters, all-day vs. variable rates, and debit vs. prepay customers?

Client: Yes, price caps are the same for all energy customers.