



PRESS RELEASE

Revised Electricity and Gas Prices for 2007

Friday 1 December 2006

The Commission for Energy Regulation (CER) has decided to direct both ESB and Bord Gáis (BGE) to amend their prices for 2007. This decision follows a review by the CER of the costs which these regulated companies will face in 2007, mainly on the back of recent reductions in international fuel prices.

ESB electricity prices will now increase by the following levels on 1 January 2007:

Domestic	12.6%
SME	12.5%
Large Industrial	12.2%

These figures are a reduction of on average 7.1% in the price increase which was due to be implemented on 1 January 2007.

The CER has decided to reduce Bord Gáis prices by 10% from 1 February 2007. BGE's prices had increased by on average 33.8% on 1 October 2006. This decision refers to domestic and small and medium sized industrial and commercial gas customers.

The main driver of this decision to amend the previously approved prices downwards has been the significant and consistent reduction in fuel prices on the international markets where both ESB and BGE purchase their fuels.

Wholesale gas prices have fallen by around 12% since the start of October, while oil prices have fallen by 14% over a similar timeframe. The reduction in fuel price coupled with other operational savings and changes has resulted in significant cost reductions for ESB and BGE, compared to projections earlier in the year.

The CER has decided to reduce ESB Power Generation income as a result of poorer than expected performance of generation plant. An incentive to encourage plant availability is built into calculations for ESB Power Generation revenues. Since ESB has not achieved its 2006 targets, the CER has reduced their revenues through this mechanism by around €30 million.

The impact of these issues is that there is now a requirement for an average 12.6% increase in electricity prices, rather than 19.7% as was published on 10 October.

Independent suppliers have agreed to pass similar reductions in their tariffs on to their customers also.

Announcing the decision, the Commission said that it had required both ESB and Bord Gáis to examine their costs in detail, against the changes in international fuel prices in order to get the best deal for the customer at this time.

The Commission will publish full details of these tariffs next week.

ENDS.

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Note to Editors:

The electricity price increase of 12.6% will be implemented on 1 January 2007. The gas price decrease of 10% will be implemented on 1 February 2007. It is not possible to implement this price change from January as BGE has already purchased gas to cover January consumption at a higher price than is now available.

The Commission's initial proposals on Bord Gáis prices for the gas year 2007 were published on 28 July 2006, with a decision made on 8 September 2006.

The Commission's initial proposals on ESB prices for 2007 were published on 8 September 2006, with a decision made on 10 October 2006.

All of these papers can be viewed on the Commission's website, www.cer.ie.

The impact of today's decisions is that the average ESB bill for 2007 will fall by around €60 per annum (compared to previously approved prices), while the average gas bill will fall by around €25 per annum.