

CREDIT OPINION

26 June 2025

Update

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RATINGS

Electricity Supply Board (ESB)

Domicile	Dublin, Ireland
Long Term Rating	A3
Type	LT Issuer Rating
Outlook	Positive

Please see the [ratings section](#) at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

Contacts

Phil Cope +44.20.7772.5229
VP-Senior Analyst
phil.cope@moodys.com

Edoardo Gasparoni +44.20.3314.2277
Lead Ratings Associate
edoardo.gasparoni@moodys.com

Federica Carollo +39.02.9148.1999
AVP-Analyst
federica.carollo@moodys.com

Paul Marty +33.1.5330.3371
Associate Managing Director
paul.marty@moodys.com

Electricity Supply Board (ESB)

Update to credit analysis

Summary

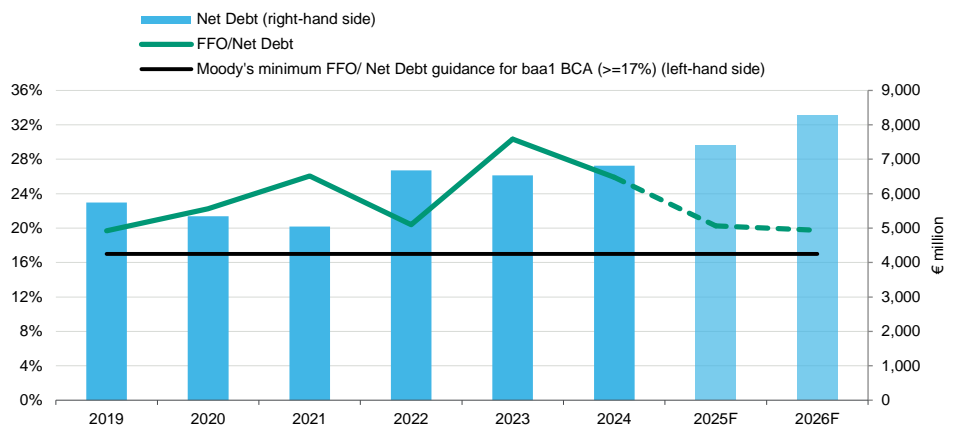
[Electricity Supply Board \(ESB\)](#)'s (A3/P-2 positive) credit quality is supported by: (1) the majority of the group's earnings, typically nearly 70% of EBITDA, derived from its position as the monopoly onshore electricity transmission asset owner and electricity distribution system operator in both the Republic of Ireland and Northern Ireland; (2) the well-established and transparent regulatory regimes governing these operations; and (3) ESB's solid financial profile, which has been supported by higher earnings from its generation and trading business in recent years and a continued prudent financial policy.

ESB's credit quality is, however, constrained by (1) the material portion of the group's earnings coming from unregulated generation and its supply businesses; (2) the group's large capital investment programme, €13.4 billion over 2025-29 with the majority in its electricity networks businesses; and (3) increasingly material additional debt in the group's joint ventures.

ESB's A3 rating incorporates a one-notch uplift from its Baseline Credit Assessment (BCA), of baa1, reflecting our expectation of a strong likelihood of support from the [Government of Ireland](#) (Aa3 positive), which owns 97.1% of ESB, in case of financial distress.

Exhibit 1

Execution of the group's large and growing investment programme will absorb some of the financial flexibility that ESB has at the current BCA / rating level



All ratios are based on adjusted financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations. Periods are financial year-end unless indicated. Moody's forecasts are Moody's opinion and do not represent the views of the issuer.
Source: Moody's Financial Metrics, Moody's Ratings forecasts

Credit strengths

- » Majority of earnings, typically around 70%, derived from monopoly electricity network businesses operating under well-established and transparent regulatory frameworks
- » Consistently strong financial metrics underpinned by prudent financial policy
- » Higher capacity market income and growing renewables portfolio, underpinned by contracts for difference, improve the quality and quantity of generation earnings
- » Government ownership

Credit challenges

- » A material portion of the group's earnings come from unregulated generation and supply businesses
- » Execution of the group's large and growing capital investment programme will increase leverage; impact accentuated by slow cost recovery of investments in electricity networks under the current regulatory framework
- » Material additional debt in the group's joint ventures which may increase further as the group progresses towards its 2030 renewables targets

Rating outlook

The positive outlook reflects (1) the positive outlook on the Government of Ireland's ratings; and (2) our expectation that ESB will maintain financial metrics in line with our ratio guidance for the baa1 BCA, namely funds from operations (FFO)/net debt of at least 17%.

Factors that could lead to upgrade

- » The ratings could be upgraded if the sovereign rating of the Government of Ireland was upgraded, assuming unchanged support and ESB maintaining financial metrics in line with our ratio guidance for the baa1 BCA
- » Upwards rating pressure could also arise if, following the regulatory determination for its electricity network business in the Republic of Ireland for the next regulatory period, ESB was expected to maintain FFO/net debt in the low 20s, in percentage terms, on a sustained basis, with no increase in business risk

Factors that could lead to downgrade

- » Downwards pressure on the BCA is not currently anticipated given our expectation that ESB will retain significant financial flexibility at the current level as it executes its planned investment programme. However, downwards rating pressure on the BCA could arise if ESB appeared unlikely to maintain FFO/net debt of at least 17%. A one-notch downgrade of the BCA may not necessarily lead to a rating downgrade
- » A deterioration in the group's business risk profile, either as a result of growth in the group's non-regulated businesses or substantial increase in investments in debt-funded minority shareholdings (as a percentage of the consolidated group's net debt), could lead to a tightening of the upgrade and downgrade financial metric thresholds

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the issuer/deal page on <https://ratings.moody's.com> for the most updated credit rating action information and rating history.

Key indicators

Exhibit 2

Electricity Supply Board (ESB)

	2020	2021	2022	2023	2024	2025F	2026F
FFO Interest Coverage	8.2x	9.6x	9.2x	9.6x	7.9x	6.2x-6.7x	6.2x-6.7x
Net Debt / Fixed Assets	48.4%	44.1%	57.0%	52.6%	51.4%	50%-55%	52%-57%
FFO / Net Debt	22.2%	26.1%	20.4%	30.3%	25.9%	19%-23%	19%-23%
RCF / Net Debt	21.3%	24.5%	18.5%	25.3%	22.7%	17%-21%	17%-21%

All data based on adjusted financial data, which follow our Financial Statement Adjustments in the Analysis of Nonfinancial Corporations methodology.

Moody's forecasts are Moody's opinion and do not represent the views of the issuer.

Sources: Moody's Financial Metrics, Moody's Ratings forecasts

Profile

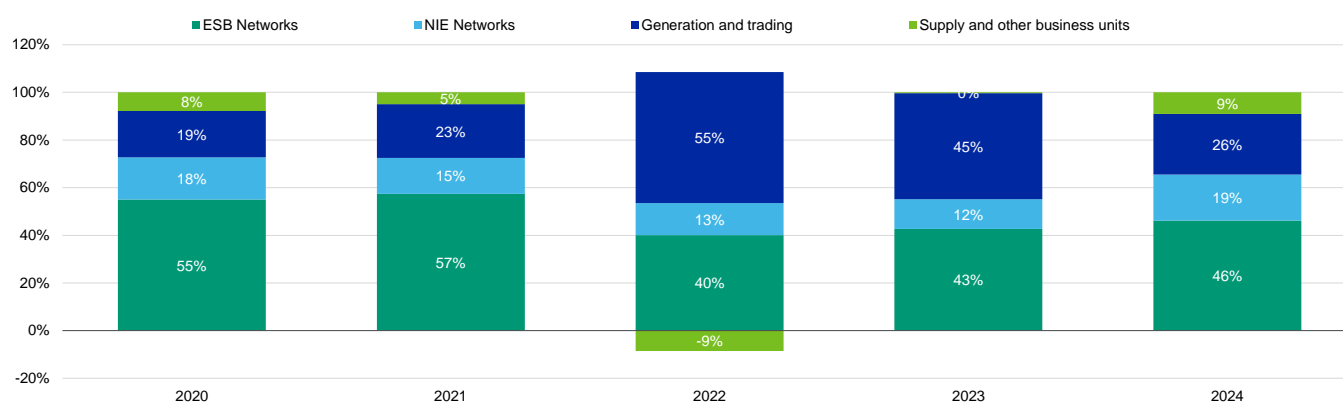
Electricity Supply Board (ESB) is the former incumbent vertically integrated electric utility in the Republic of Ireland (RoI). It holds leading market positions in power generation (25%) and electricity supply (40%) and is the monopoly onshore electricity transmission asset owner and electricity distribution system operator across RoI and Northern Ireland (NI).

Regulated businesses contribute most of the group's earnings (typically 65-70% of EBITDA). ESB's networks businesses (ESB Networks in RoI and NIE Networks in NI) had a combined regulatory asset base (RAB) of €14.1 billion as of 31 December 2024. As of 31 December 2024, ESB's generation fleet had an installed capacity of over 6 gigawatts¹ (GW) and operate across the all-island Irish Single Electricity Market (I-SEM) and Great Britain markets. Of this capacity 1.8 GW was in either renewables (1.2 GW across wind and hydro) or renewables enabling assets (batteries and pumped storage). Its supply businesses, Electric Ireland (electricity and gas in RoI and in NI) and So Energy (electricity and gas in Great Britain), serve 1.9 million customer accounts throughout the island of Ireland and Great Britain.

ESB is 97.1% owned by the Government of Ireland, through the Minister for Public Expenditure, Infrastructure, Public Service Reform and Digitalisation and the Minister for Climate, Energy and the Environment. The remaining stake is held by an employee share ownership trust.

Exhibit 3

Regulated networks typically account for nearly 70% of ESB's EBITDA



EBITDA breakdown before exceptional items and impairments.

Sources: Company reports and Moody's Ratings

Detailed credit considerations

Majority of earnings from electricity network businesses operating under consistent and transparent regulatory frameworks

Over the last three years (2022-24), the group's price-regulated transmission and distribution businesses in the island of Ireland have together delivered average annual EBITDA of over €1 billion. These businesses typically account for around 70% of the ESB group's EBITDA, see Exhibit 3, although the percentage will be impacted by (1) the performance of the group's non-network businesses, in particular generation and trading businesses which performed exceptionally strongly over 2022-23; and (2) to a lesser extent, regulatory timing differences that affect collected networks revenue and EBITDA.

Both network businesses, ESB Networks in RoI and NIE Networks in NI, are governed by transparent, stable and predictable regulatory regimes and have good cash flow visibility through 2025 under the regulatory determinations for the current price controls. ESB Networks comprises around 80% of the group's networks RAB and usually accounts for a similar proportion of the group's networks EBITDA. Both ESB Networks businesses and NIE Networks are undertaking material investment programmes as they facilitate the ambitious decarbonisation objectives set out in Ireland's and Northern Ireland's Climate Action Plans.

Exhibit 4

Price control summary

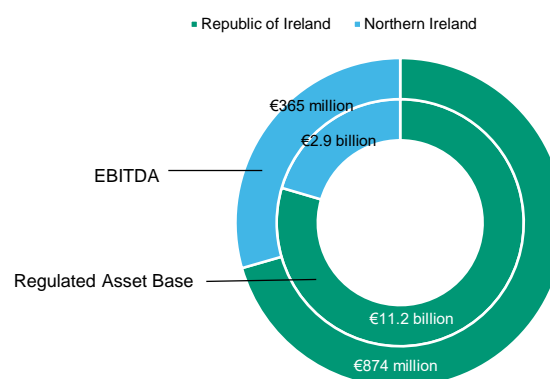
Republic of Ireland	
Regulated Business	ESB Networks
Regulator/Price Control	Commission for Regulation of Utilities (CRU) / PR5
Price control term	Jan 2021 - Dec 2025
Allowed return	3.80% pre-tax real
Regulated Asset Base	€11.2 billion (Dec-2024); €3.4bn tx; €7.8bn dx
Northern Ireland	
Regulated Business	NIE Networks
Regulator/Price Control	Utility Regulator (UR) / RP7
Price control term	Apr 2025 - Mar 2031
Allowed return	4.53% ¹ (vanilla real, CPIH-stripped)
Regulated Asset Base	£2.4 billion / €2.9 billion (Dec-2024)

(1) True-ups for differences in predefined components of the calculation will take place either during or at the end of RP7.

Source: ESB, CRU, UR

Exhibit 5

Relative size of networks, 2024



NIE Networks 2024 EBITDA uplifted by favourable timing differences.

Source: ESB

Republic of Ireland (RoI)

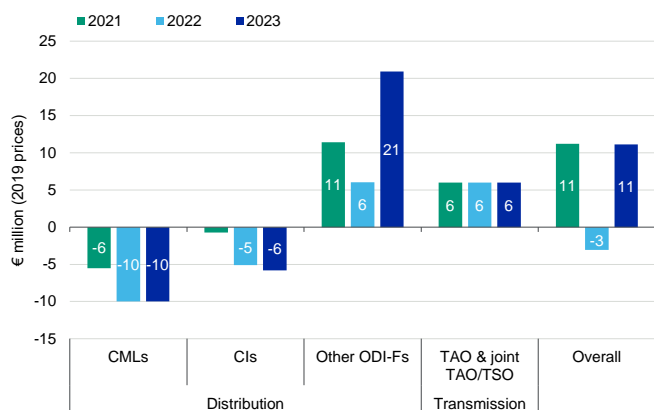
ESB's transmission and distribution networks in the RoI benefit from a very transparent, stable and predictable regulatory regime based on clearly defined risk and reward principles. They are overseen by an experienced regulator, the Commission for Regulation of Utilities (CRU), which has a long track record of consistent decision making.

At the end of each price control, the CRU conducts an ex-post reviews of ESB Networks' capex. The regulator compares (1) actual costs incurred, compared to the assumption used to set the ex-ante revenue allowance; and (2) whether ESB Networks' actual capex was efficiently incurred and delivered the intended output. While ESB Networks' actual capex was below regulatory allowances during the first half of the current control (PR5, which began on 1 January 2021 and runs until 31 December 2025), primarily due to delays to planned work with the Covid-19 pandemic and the subsequent disruption to supply chains, we understand the company's outturn capex will be close to the ex-ante assumption. This largely mitigates the risk of a sizeable downward adjustment to revenue and the ramp up in capex during this control helps moderate the execution risk of delivering its proposed investment programme for PR6.

ESB Networks' allowed revenue is adjusted for its performance on output delivery incentives carrying financial rewards or penalties (ODI-F) which, in turn, impacts operating cash flow. ESB has earned modest net rewards over PR5 to the end of 2023 as the sizeable penalties accrued on the largest incentives, that tied to network reliability, have partially offset rewards earned in other areas.

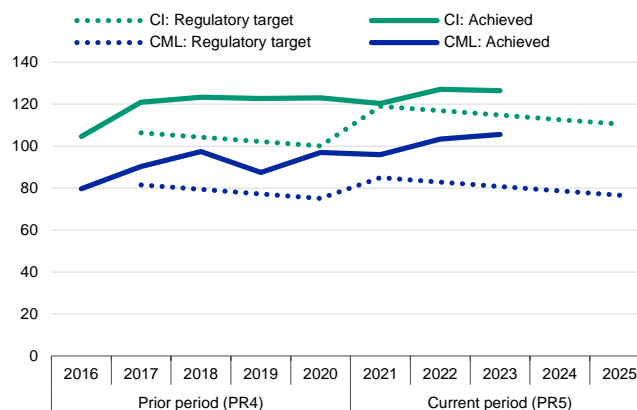
Exhibit 6
ESB has earned €18.6 million of incentive income in PR5 until the end of 2023

Breakdown of earned rewards/penalties by ODI-F



Source: ESB annual performance reports

Exhibit 7
But incentive income would have been much higher if network reliability targets had been met



Source: ESB's Distribution Annual Performance Reports; CRU; Moody's Ratings

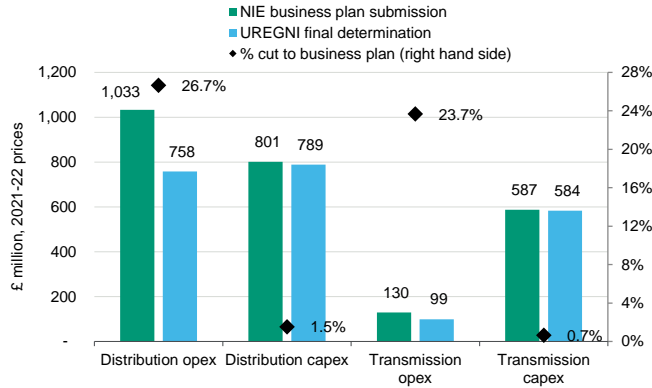
In January 2025, Storm Éowyn brought unprecedented, widespread and extensive damage to electricity infrastructure across the island of Ireland. ESB Networks incurred material network restoration costs, which the company has the potential to recover through the annual revenue adjustment mechanism.

We expect the CRU to publish its draft determination for the upcoming price control (PR6, which will run from 1 January 2026 to 31 December 2030) imminently. ESB Networks is seeking faster cost recovery of its investment costs as the current arrangements depress key cash-flow based metrics, including FFO/net debt, when a material investment programme is being undertaken (regulatory asset lives on most transmission and distribution assets are 50 and 45 years respectively, while the real return framework defers a portion of returns into the future). The company is also seeking a modest increase in allowed returns (from 3.8% to 4.23%, both real, pre-tax) and a softening of regulatory targets on ODI-F. The CRU's decision on approved capex allowances – the company has proposed a baseline €10.1 billion capital investment programme, with the potential to increase it up to €13.4 billion through reopeners and uncertainty mechanisms – will impact how quickly ESB's financial flexibility at the current rating level is absorbed, absent mitigating action to protect credit quality.

Northern Ireland

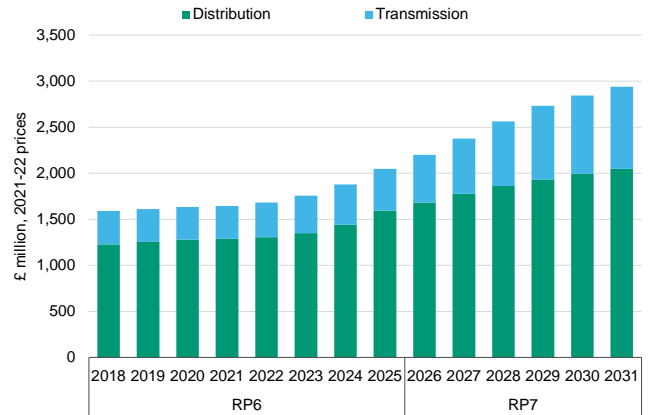
NIE Networks, which owns Northern Ireland's electricity transmission network and owns and operates its distribution network, has good cash flow visibility through March 2031 under its regulatory determination for the current price control which began in April 2025. We expect NIE Networks to perform broadly in line with regulatory cost allowances (it is exposed to 50% of any over- or under-spend on opex) which despite being materially higher (59%) than in the previous price control represent a 13% cut to the company's business plan request. The step-up in regulatory allowances (totaling £2.23 billion in 2021/22 prices) reflects the large investment programmes in both the transmission and distribution businesses necessary to facilitate the country's decarbonisation commitments. The higher cash return than in the prior period (4.53%, compared to 3.18%), coupled with the higher operational cash flow from being remunerated on a larger RAB, will boost EBITDA from this segment. However, the benefit to FFO is moderated by much of the increase in allowed returns being driven by higher financing costs and most of NIE Networks' embedded debt falling due at the start of the period.

Exhibit 8
UREGNI's cuts to NIEN's requested cost allowances are larger for opex than capex items



The majority of transmission capex is for major transmission projects governed by reopeners and uncertainty mechanisms (D5 capex), £493 million. UREGNI did not assess NIEN's submission as D5 capex allowances are determined during the price control period - the £587 million of transmission capex allowances includes NIEN full D5 capex request.
 Source: UREGNI

Exhibit 9
NIEN's RAB will grow by more than 40% in real terms over RP7 under the final determination
 RAB figures as of March in each year

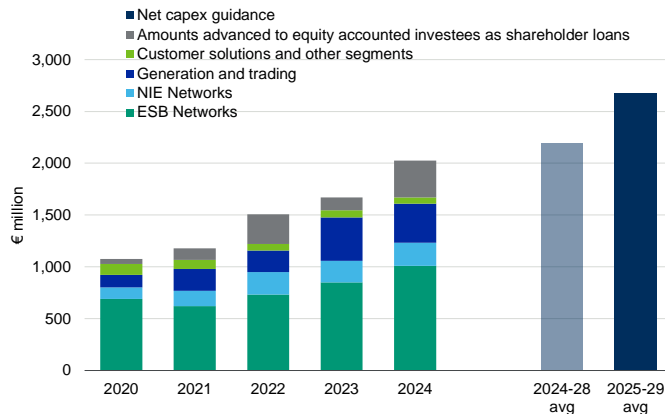


[1] Transmission figures include NIEN's requested D5 capex. [2] RAB figures for Mar-18 to Mar-24 from UREGNI's final determination for RP6. RAB figures for Mar-25 to Mar-31 from UREGNI's final determination for RP7.
 Source: UREGNI, Moody's Ratings

Latest five-year plan shows further step-up in level of planned investments with core focus on regulated networks and renewable generation

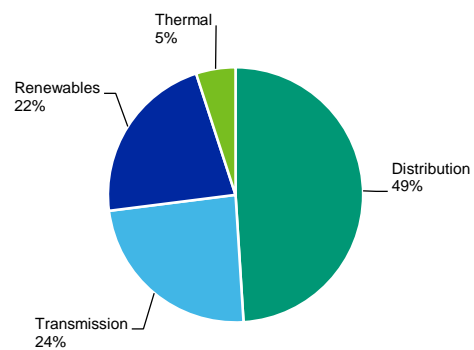
In March 2025, alongside publication of its FY2024 results, ESB published its 5-year plan for 2025-29. ESB expects planned investments over this period to total €13.4 billion. The associated annual average level of planned investments (€2.7 billion) is more than double that undertaken over the 2019-21 period and equates to 15-17% of net PP&E per year, representing a material step-up compared to the previous 2024-28 guidance of €11 billion announced in March 2024.

Exhibit 10
ESB's total investment has grown materially in recent years, with latest guidance increasing from previous indications
 Breakdown of net capex



(1) Networks expenditure shown on a net basis. Allocation of network supply contribution between NIE Networks and ESB Networks not disclosed in ESB's accounts. However, NIE Networks discloses 'customer cash contributions' and we have assumed this is NIE Networks share. (2) ESB's net capex guidance uses net repayment of shareholder loans but only new shareholder loans advanced disclosed for historical numbers.
 Source: ESB, NIE Networks

Exhibit 11
Almost 75% of planned investment (on a net basis) will be in electricity networks businesses
 Breakdown of ESB's planned investments over 2025-29 period



Source: ESB

ESB anticipates that almost 75% of all investments will be in its electricity network businesses, with the final amount depending on the regulatory determination for PR6.

ESB has guided to €2.9 billion of investments in renewables over the 2025-29 period. These investments will facilitate the group making significant progress towards its target of having 5 GW of installed renewable capacity by 2030 and 63% of its output coming from zero carbon sources by 2030 (19% in 2024). As of December 2024, ESB's share of installed renewable capacity was 1.2 GW with the company having either secured renewable subsidies or taken investment decision on a further 1.7 GW (all in Great Britain or on the island of Ireland).

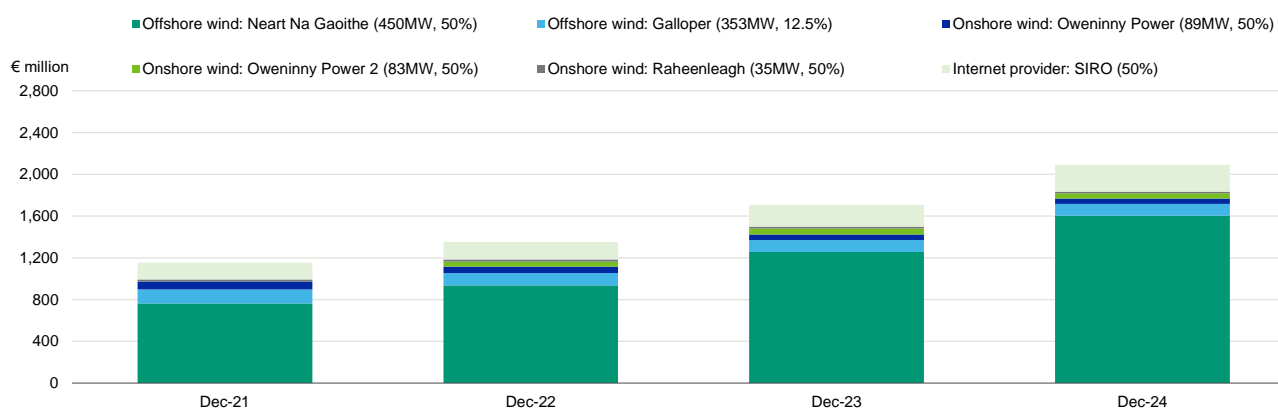
This 1.7 GW comprises offshore wind (45%), solar (26%) and onshore wind (29%) for projects that were successful in the last two renewable auctions held in GB (Allocation Rounds [AR] 4, 5 and 6 [plus AR1 for Neart Na Gaoithe]) and Ireland (Renewable Energy Support Scheme [RESS] 2, 3 and 4). Out of this total, ESB's share of successfully awarded first-time contracts was 385 MW in the framework of the most recent AR 6 and RESS 4 auctions, whose results were published in early September 2024. The technology split will depend on contract awards in future renewable auctions which typically happen annually.

Material additional debt in the group's joint ventures which may increase further as the group progresses towards its 2030 renewables targets

ESB uses a partnership model for the development of certain renewable assets, primarily offshore wind but also for some solar and onshore wind projects. In addition to shareholder loans from ESB and other partners, the company's joint ventures have raised significant project-level debt to finance the construction of new assets, particularly wind farms in the UK and Ireland. At December 2024, ESB's share of off-balance sheet debt stood at around €2 billion (around 30% of the consolidated group's adjusted net debt). As these joint ventures are equity-accounted, the debt is not reflected on ESB's balance sheet or in Moody's-adjusted credit metrics. Material additional debt in joint ventures means, once more projects are operational, that there is sizeable share of cash flows over which ESB does not have full control and may be structurally subordinated to project finance debt.

Exhibit 12

Off-balance sheet debt is a material proportion of the group's consolidated net debt Evolution of composition of external debt in JVs



All renewable projects bar Inch Cape are currently operational, which is scheduled to be commissioned in 2027.

Source: ESB, Moody's Ratings

ESB's share of external debt in joint ventures increased materially since 2021, mostly driven by the development of the now operational Neart Na Gaoithe offshore wind project. We expect debt in joint ventures to further increase following the [final investment decision on Inch Cape offshore wind project](#) (a 1.08 GW project of which ESB owns 50%). ESB investment decision on Inch Cape was delayed due to the material increase in project costs comparing to initial estimates, with the project then successfully rebidding in the AR 6 a portion (25%) of the previously contracted CfD capacity, securing a 45% higher strike price compared to AR 4.

The future evolution of joint venture debt will depend on which projects in ESB's development pipeline, currently over 10 GW, are taken forward, in turn dependent on the results of future renewable auctions, as it seeks to deliver its 2030 renewables targets.

While we expect the contribution of the consolidated ESB's group earnings from joint ventures to remain minimal, with annual dividends received being well below 1% of net debt (at least over the period to FY2027), we note that the build-out of ESB's renewable portfolio is imperative to delivering the company's 2030 renewable targets (as well as its Net Zero by 2040 strategy, published in February 2022)² and government policy objectives. The company may choose to provide financial support to the wind joint ventures, should this become necessary, given the importance of renewables to the company's strategy.

Thermal generation and energy supply also contribute to earnings, though businesses are higher risk

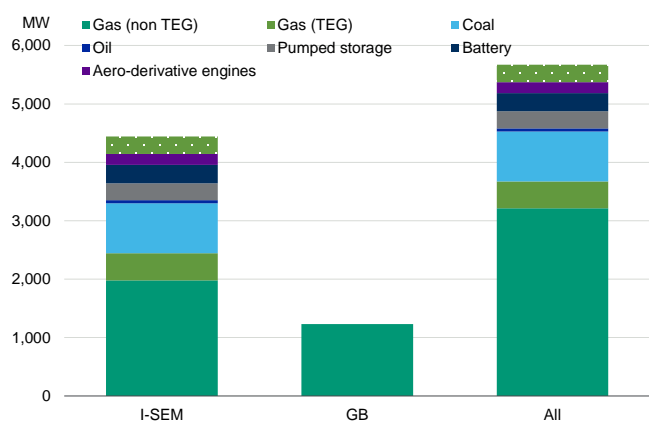
A material portion of the group's earnings come from its higher risk businesses - generation, principally thermal, and customer solutions, principally ESB's energy supply businesses. These accounted for nearly half, compared to up to a third more typically, of ESB's EBITDA in both FY2022 and FY2023 due to the exceptionally strong earnings from ESB's generation and trading (GT) business when wholesale power prices were exceptionally high in 2022 and still high, despite moderating, in 2023.

As of December 2024, ESB had almost 5.4 GW³ of non-renewable capacity, with its six CCGT plants comprising over 3 GW, of this. A growing portion of its non-renewable capacity provides ancillary services to the system operators (EirGrid in RoI, SONI in NI) in the Irish Single Electricity Market (I-SEM) and contributes to ensuring security of supply, particularly in the Greater Dublin area where constraints are most acute, which ESB is remunerated for.

Over the last three years, ESB commissioned 766 MW of batteries and temporary emergency generation (TEG) facilities, most recently in 2024 with the commissioning of the Shannonbridge TEG for 262 MW and further 180 MW of battery capacity. The TEG contracts with EirGrid are for an initial term of three years, though EirGrid can elect to extend for a further two years, and allow ESB to recover its cost on a timely basis, a credit positive.

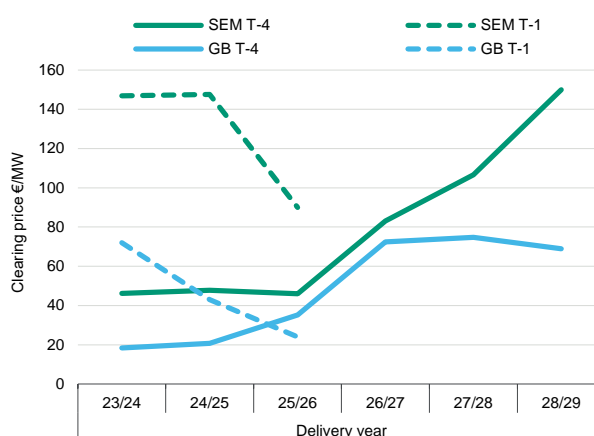
ESB has also entered into a Targeted Capacity Mechanism contract for the provision of capacity from the Moneypoint plant (855 MW) for the period 2025 to 2029, having also secured planning permission for the conversion of the plant to use heavy fuel oil rather than coal after 2025, a move which reduces carbon intensity. (See [CRU: Security of Electricity Supply - Retention of Moneypoint Units \(MP1, MP2 & MP3\)](#), October 2023, for more information.)

Exhibit 13
ESB's non-renewable capacity increasing beyond 5 GW
 Installed capacity as of December 2024 by market (dotted bars are capacity under construction)



Coal capacity refers to the Moneypoint station, which will cease to burn coal by December 2025 and will run on fuel oil thereafter.
 Source: ESB; Moody's Ratings

Exhibit 14
Recent T-4 capacity auctions have cleared at increasingly higher prices



[1] Delivery year runs from October (year t) - September (year t+1). [2] GB clearing prices converted to Euros using a GBPEUR exchange rate of 1.20.
 Source: SEMO and EMR Portal

Wholesale power prices normalisation and improving operating environment mark customer solutions' business return to profitability

ESB's retail energy supply businesses in Ireland (Electric Ireland) and in Great Britain (So Energy), which have over 1.4 million and 0.5 million customer accounts respectively, comprise most of the group's 'customer solutions' reporting segment. The segment reported

€113 million operating profit in 2024, after reporting operating losses in each of the last three years, with a contribution to group EBITDA below 10%.

We expect that most of this segment's earnings will come from Electric Ireland, which has an electricity all-island market share of 40% and a 21% share of the residential gas market in the Republic of Ireland. We expect ESB will need to achieve EBIT margins above the low single digits (in percentage terms) from its energy supply businesses in order for customer solutions to return to delivering annual EBITDA of at least €100 million per annum.

Planned investments will increase leverage, but ESB's financial profile will remain solid thanks also to higher quality of generation earnings

ESB has exhibited consistently strong financial metrics in recent years, with FFO/net debt averaging more than 25% over the last three financial years (FY2022-24), and maintained net debt/fixed assets around 50%. ESB's solid financial profile has been supported by higher earnings from its generation and trading business in recent years and a continued prudent financial policy. ESB has had a long-standing dividend policy, agreed with its owner the Irish Government in 2013, of a payout ratio of 40% of normalised profit after tax. We expect the government to act in a flexible manner and to support ESB in its explicit aim to sustain a standalone minimum Baa1 credit rating (before uplift for government ownership, discussed below).

ESB's material investment programme per 2025-2029 plan will significantly increase consolidated net debt (Moody's adjusted), which excludes debt in joint ventures - from €6.8 billion as of December 2024 to above €11 billion by December 2029 we project. Since earnings will not grow as quickly as borrowings, execution of the group's large investment programme will absorb some of the significant financial flexibility that ESB has at the current BCA / rating level (see Exhibit 1).

However, since over 90% of ESB's planned investments are in the group's electricity network business and in the build-out of its renewables portfolio, the investment programme reaffirms the group's strong business risk profile. This reflects that based on our assumptions of key regulatory parameters for the upcoming PR6 regulatory determinations, and power prices remaining elevated, we expect ESB to derive 65-70% of its EBITDA from its regulated network operations over the 2025-29 period.

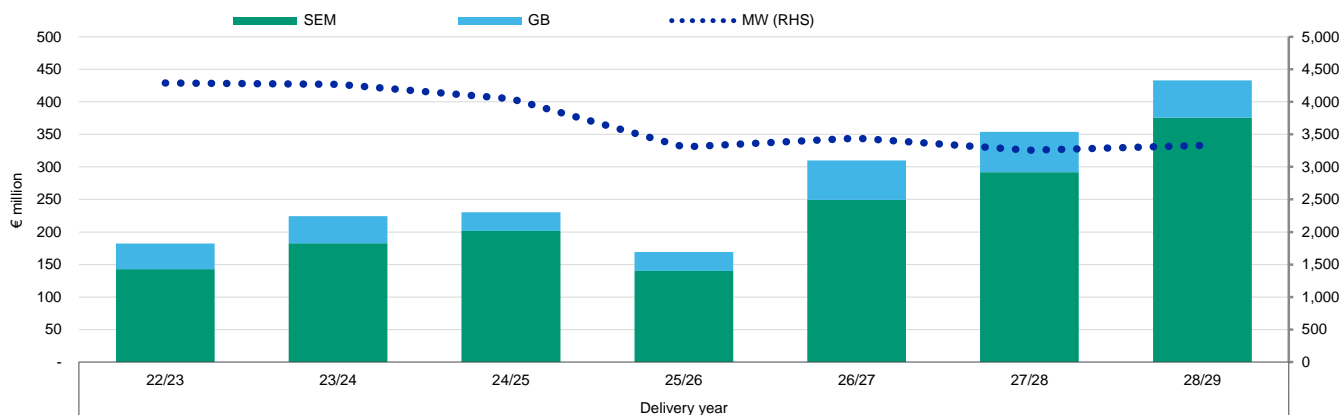
In addition, ESB's earnings quality and visibility in the generation segment have improved, supported by higher capacity market revenues and driven both by elevated clearing prices in recent auctions for existing assets and the award of multi-year contracts for new generation (including assets contributing to security of supply). This is complemented by the continued expansion of ESB's renewables portfolio, which benefits from the contracted revenue stream, once projects are operational, that is either partially (Ireland, for projects successful in renewable auctions held after 2023) or fully (Great Britain) inflation-linked for at least 15 years from the start date of the renewable contract (contracts for difference [CfDs] in Great Britain and renewable energy support scheme [RESS] on the island of Ireland). However, supply chain cost pressures and the higher interest rate environment have created a more challenging operating environment for renewable developers in recent years. This is particularly relevant for the capex-intensive offshore wind developments, on which ESB is relying to achieve its ambitious decarbonisation targets.

We expect earnings from ESB's generation and trading business to average around €0.4-0.5 billion per annum reflecting our expectation that power prices remain at elevated levels, albeit well below 2022, and excluding the impact of any one-off gains that supported prior performance.

In conclusion, we expect that ESB's FFO/net debt will be around 20% in the following two-three years, decreasing from the recent higher levels due to the increase in leverage as it executes its large investment programme.

Exhibit 15

Capacity auction revenue expected to rise from c. €200 million per annum currently to c. €350 million by 2027/28



Source: Moody's Ratings estimates

Government ownership supports ESB's credit quality

ESB's A3 rating incorporates a one-notch uplift from its Baseline Credit Assessment (BCA) of baa1. The uplift to the BCA reflects the credit quality of its owner, the Government of Ireland, and our assessment of a strong probability of government support for the company in the event of financial distress, as well as our view of high default dependence between Ireland and ESB.

The government maintains control over ESB through its holding of 97.1% of voting rights and is involved in the supervision of the company through its representatives on the company's board of directors - all appointments to the board are made by the government, with the exception of four Worker Board Members, elected by ESB employees. Delivery of ESB's Net Zero by 2040 Strategy will play a key role in facilitating government decarbonisation objectives, as set out in Ireland's [Climate Action Plan 2025](#) published in April 2025.

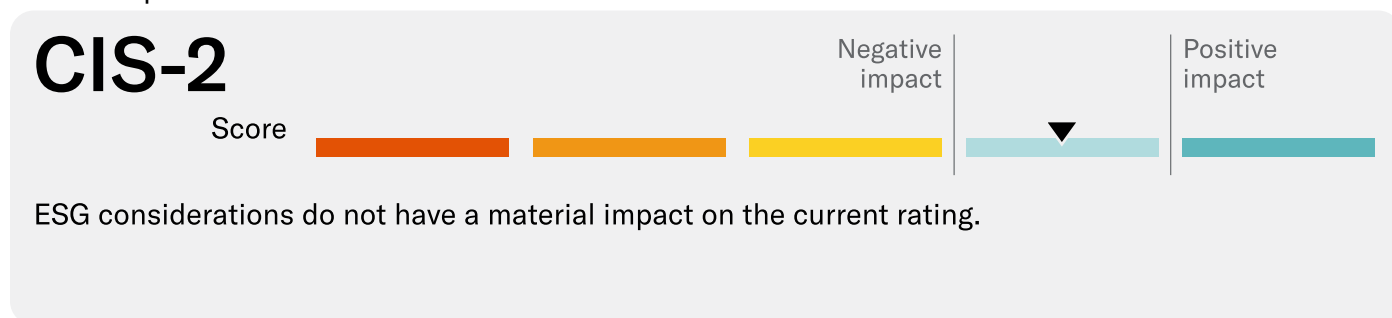
Our assessment of high default dependence reflects ESB's significant exposure to the Irish economy, because most of the company's revenue and cash flow are generated from domestic activities.

ESG considerations

Electricity Supply Board (ESB)'s ESG credit impact score is CIS-2

Exhibit 16

ESG credit impact score

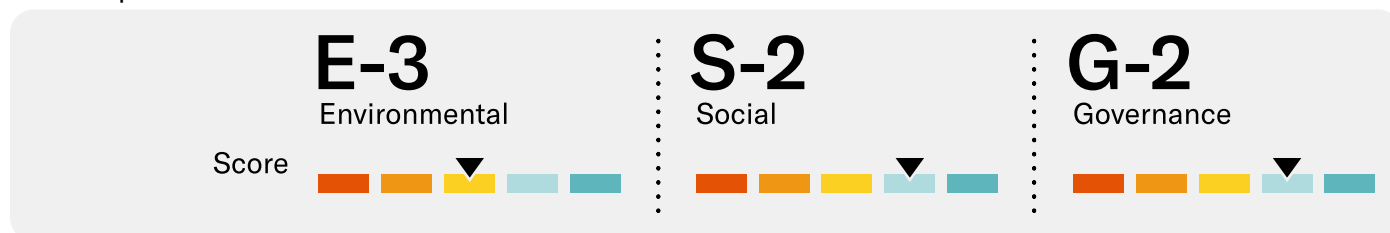


Source: Moody's Ratings

ESB's **CIS-2** indicates that ESG considerations are not material to its credit rating. This reflects moderate environmental and low social and governance risks. The effect of ESG risks to the rating is mitigated by our expectation that its government shareholder would support the company if this were to become necessary.

Exhibit 17

ESG issuer profile scores



Source: Moody's Ratings

Environmental

ESB's **E-3** score primarily reflects its exposure to physical climate risk. Whilst the island of Ireland has less extreme weather than many other countries, severe storms or flooding creates risks of physical damage to ESB's network assets, e.g. substations, and may reduce network reliability which carries a financial output delivery incentive under its regulatory frameworks. This exposure is mitigated by (1) weather proofing of the network; and (2) regulatory protections that allow the majority of the network restoration costs post an extreme weather event to be recovered. ESB's carbon transition risk is low, because the company's strategy is aligned with Ireland's Climate Action Plan - the company has committed to delivering net zero by 2040 - and 65-70% of ESB's EBITDA typically comes from regulated electricity networks.

Social

ESB's **S-2** score reflects that although all regulated utilities face the risk that public concern over environmental, social or affordability issues could lead to adverse regulatory or political interventions, ESB benefits from a very stable and predictable regulatory framework.

Governance

ESB's **G-2** score reflects that whilst we assess that, as a government-owned company, the independence of ESB's board is relatively weak, board appointments are made from a shortlist drawn up by Ireland's independent Public Appointments Service, and board members are required to act "at all times in good faith and in the best interests of ESB, while having regard to the interests of the shareholder(s), employees and other stakeholders". Government ownership is also associated with positive governance features such as transparent reporting and oversight.

ESG Issuer Profile Scores and Credit Impact Scores for the rated entity/transaction are available on Moody's.com. In order to view the latest scores, please click [here](#) to go to the landing page for the entity/transaction on MDC and view the ESG Scores section.

Liquidity

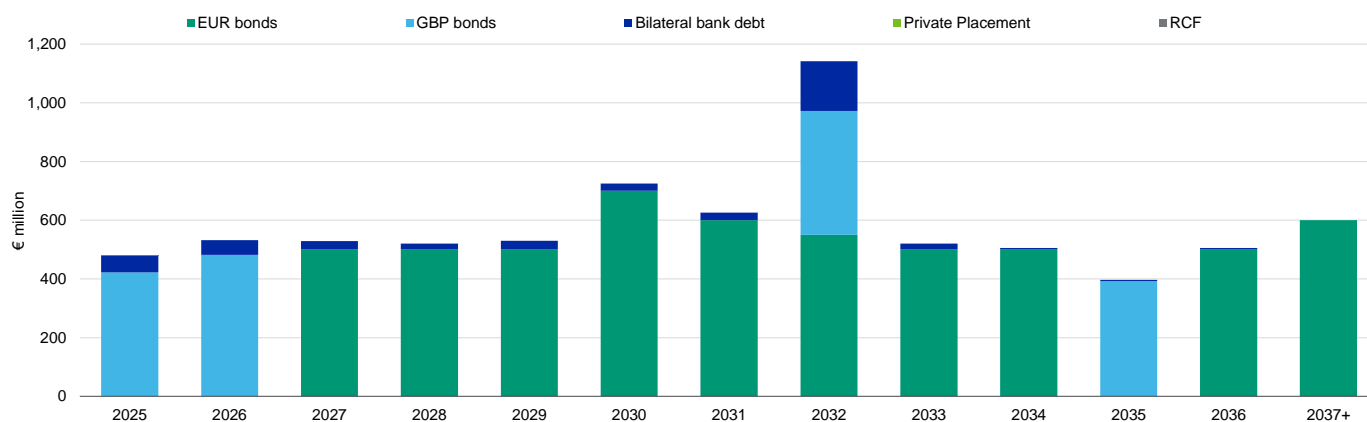
We view ESB's liquidity as good over the period to December 2026, reflecting the (1) stable and predictable cash flow generated by its regulated electricity networks businesses that allows it to fund the majority of its capex requirements; (2) large unrestricted cash and cash equivalents, €858 million as of December 2024; (3) access to a €1.4 billion revolving credit facility (RCF) not expiring until February 2027 that was fully undrawn as of December 2024, we understand, and which contains no financial covenants; and (4) the refinancing, executed in April 2025, of most of its 2025 maturities (NIE Networks £350 million October 2025 bond).

ESB has a well-spread debt maturity profile, with less than €0.6 billion of debt maturities per annum through 2029, with another NIE Network bond, £400 million due in June 2026, accounting for most of the group's debt maturities in 2026.

Exhibit 18

ESB has a well-spread debt maturity profile

As of 31 December 2024



(1) Excludes debt at joint ventures (JVs). (2) EUR denominated bonds are issued by ESB's finance subsidiary, [ESB Finance Designated Activity Company](#) (ESB Finance, A3 positive). (3) GBP bonds are issued by the finance subsidiary of NIE Networks' business, NIE Finance. The 2035 GBP bond (£325m 1.875% July 2035) was issued by ESB Finance.

Source: Company

Methodology and scorecard

We use our global Regulated Electric and Gas Networks and Government-related Issuers methodologies as the primary methodologies for analysing ESB. The scorecard indicates an A2 outcome both for our current and 12-18 months forward view, which is two notches above the actual assigned baa1 BCA. The main reason for the notching difference is the additional risk compared with peers rated under the Regulated Electric and Gas Networks methodology posed by the material contribution to group earnings from unregulated businesses, such as power generation and electricity supply.

Exhibit 19

Rating factors

Electricity Supply Board (ESB)

Regulated Electric and Gas Networks Industry Scorecard		Current FY Dec-24		Moody's 12-18 month forward view	
Factor 1 : Regulatory Environment and Asset Ownership Model (40%)	Measure	Score	Measure	Score	Score
a) Stability and Predictability of Regulatory Regime	Aaa	Aaa	Aaa	Aaa	Aaa
b) Asset Ownership Model	Aa	Aa	Aa	Aa	Aa
c) Cost and Investment Recovery (Ability and Timeliness)	A	A	A	A	A
d) Revenue Risk	Aa	Aa	Aa	Aa	Aa
Factor 2 : Scale and Complexity of Capital Program (10%)					
a) Scale and Complexity of Capital Program	Ba	Ba	Ba	Ba	Ba
Factor 3 : Financial Policy (10%)					
a) Financial Policy	Baa	Baa	Baa	Baa	Baa
Factor 4 : Leverage and Coverage (40%)					
a) FFO Interest Coverage (3 Year Avg)	8.8x	Aaa	6.2x-6.7x	Aa	Aa
b) Net Debt / Fixed Assets (3 Year Avg)	53.5%	A	50%-57%	A	A
c) FFO / Net Debt (3 Year Avg)	25.5%	A	19%-23%	A	A
d) RCF / Net Debt (3 Year Avg)	22.2%	Aa	17%-21%	A	A
Rating:					
Scorecard-Indicated Rating from Grid Factors 1-4		A2		A2	A2
Rating Lift					
a) Scorecard-Indicated Outcome		A2		A2	A2
b) Actual Baseline Credit Assessment					baa1
Government-Related Issuer					
a) Baseline Credit Assessment					baa1
b) Government Local Currency Rating					Aa3 Positive
c) Default Dependence					High
d) Support					Strong
e) Actual Rating Assigned					A3 Positive

All figures and ratios are based on adjusted financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.
Source: Moody's Financial Metrics™ and Moody's Ratings forecasts

Appendix

Exhibit 20

Peer Comparison

Electricity Supply Board (ESB)

(in € millions)	Electricity Supply Board (ESB)			Iberdrola S.A.			SSE plc			National Grid Electricity Transmission plc		
	A3 Positive			Baa1 Stable			Baa1 Stable			Baa1 Stable		
	FY Dec-22	FY Dec-23	FY Dec-24	FY Dec-22	FY Dec-23	FY Dec-24	FY Mar-23	FY Mar-24	LTM Sep-24	FY Mar-22	FY Mar-23	FY Mar-24
Revenue	7,507	8,684	7,155	53,949	49,335	44,739	14,465	12,120	11,843	2,394	2,301	3,170
EBITDA	1,759	2,053	2,061	12,770	14,146	15,074	3,717	4,353	4,686	1,880	1,829	2,615
Total Debt	7,110	7,958	7,676	53,759	55,703	62,404	11,371	11,772	12,605	10,946	11,808	11,970
Net Debt	6,680	6,530	6,818	49,151	52,684	58,322	10,357	10,562	11,537	10,931	11,808	11,965
(FFO + Interest Expense) / Interest Expense	9.2x	9.6x	7.9x	5.8x	4.8x	4.9x	6.6x	7.4x	7.9x	4.7x	3.1x	4.8x
Net Debt / Fixed Assets	57.0%	52.6%	51.4%	55.5%	58.6%	60.4%	59.3%	54.7%	55.3%	63.7%	68.4%	62.7%
FFO / Net Debt	20.4%	30.3%	25.9%	21.3%	20.6%	19.6%	26.1%	29.4%	29.1%	13.8%	11.3%	17.2%
RCF / Net Debt	18.5%	25.3%	22.7%	14.9%	11.7%	13.2%	20.6%	18.9%	24.4%	9.8%	8.4%	14.3%

All data based on adjusted financial data, which follow our Financial Statement Adjustments in the Analysis of Nonfinancial Corporations methodology. LTM = Last 12 months.

Source: Moody's Financial Metrics™

Exhibit 21

Moody's-adjusted debt reconciliation

Electricity Supply Board (ESB)

(in € millions)	2020	2021	2022	2023	2024
As reported debt	5,368.4	5,482.7	7,021.6	7,875.1	7,602.1
Pensions	223.2	101.4	88.7	83.1	74.2
Moody's-adjusted debt	5,591.6	5,584.1	7,110.3	7,958.2	7,676.3
Cash & Cash Equivalents	(248.7)	(537.0)	(430.6)	(1,428.3)	(858.3)
Moody's-adjusted net debt	5,342.9	5,047.1	6,679.7	6,529.9	6,818.0

All data based on adjusted financial data, which follow our Financial Statement Adjustments in the Analysis of Nonfinancial Corporations methodology.

Source: Moody's Financial Metrics™

Exhibit 22

Moody's-adjusted funds from operations reconciliation

Electricity Supply Board (ESB)

(in € millions)	2020	2021	2022	2023	2024
As reported funds from operations (FFO)	931.6	1,406.6	1,417.8	2,026.0	1,754.6
Pensions	22.4	22.4	23.6	23.7	4.4
Capitalized Interest	(24.2)	(23.9)	(28.6)	(31.9)	(43.6)
Alignment FFO	44.6	57.4	84.6	294.0	143.8
Cash Flow Presentation	14.5	9.4	46.1	(156.5)	107.9
Non-Standard Adjustments	199.4	(156.2)	(181.0)	(174.0)	(200.7)
Moody's-adjusted funds from operations (FFO)	1,188.3	1,315.7	1,362.5	1,981.3	1,766.4

All data based on adjusted financial data, which follow our Financial Statement Adjustments in the Analysis of Nonfinancial Corporations methodology.

Source: Moody's Financial Metrics™

Exhibit 23

Overview of selected historical Moody's-adjusted financial data

Electricity Supply Board (ESB)

(in € millions)	2020	2021	2022	2023	2024
INCOME STATEMENT					
Revenue	3,653	5,319	7,507	8,684	7,155
EBITDA	1,260	1,365	1,759	2,053	2,061
EBITDA Margin	34.5%	25.7%	23.4%	23.6%	28.8%
EBIT	453	424	842	1,105	1,055
EBIT Margin	12.4%	8.0%	11.2%	12.7%	14.7%
Interest Expense	164	153	167	230	257
Net income	220	200	565	769	651
BALANCE SHEET					
Total Debt	5,592	5,584	7,110	7,958	7,676
Cash & Cash Equivalents	249	537	431	1,428	858
Net Debt	5,343	5,047	6,680	6,530	6,818
Net Property Plant and Equipment	11,030	11,443	11,709	12,423	13,270
Total Assets	13,818	15,967	19,212	19,641	19,210
CASH FLOW					
Funds from Operations (FFO)	1,188	1,316	1,363	1,981	1,766
Cash Flow From Operations (CFO)	1,290	1,382	523	2,206	1,553
Dividends	50	81	126	327	220
Retained Cash Flow (RCF)	1,138	1,235	1,236	1,654	1,546
Capital Expenditures	(870)	(926)	(1,129)	(1,496)	(1,486)
Free Cash Flow (FCF)	370	375	(732)	384	(154)
INTEREST COVERAGE					
(FFO + Interest Expense) / Interest Expense	8.2x	9.6x	9.2x	9.6x	7.9x
LEVERAGE					
FFO / Net Debt	22.2%	26.1%	20.4%	30.3%	25.9%
RCF / Net Debt	21.3%	24.5%	18.5%	25.3%	22.7%
FCF / Net Debt	6.9%	7.4%	-11.0%	5.9%	-2.3%
Debt / EBITDA	4.4x	4.1x	4.0x	3.9x	3.7x
Net Debt / EBITDA	4.2x	3.7x	3.8x	3.2x	3.3x
Net Debt / Fixed Assets	48.4%	44.1%	57.0%	52.6%	51.4%

All data based on adjusted financial data, which follow our Financial Statement Adjustments in the Analysis of Nonfinancial Corporations methodology.

Source: Moody's Financial Metrics™

Ratings

Exhibit 24

Category	Moody's Rating
ELECTRICITY SUPPLY BOARD (ESB)	
Outlook	Positive
Issuer Rating	A3
Senior Unsecured MTN -Dom Curr	(P)A3
ST Issuer Rating -Dom Curr	P-2
ESB FINANCE DESIGNATED ACTIVITY COMPANY	
Outlook	Positive
Bkd Senior Unsecured	A3

Source: Moody's Ratings

Endnotes

- 1 Excluding temporary emergency generation (TEG) facilities
- 2 ESB: Driven to make a difference: Net Zero by 2040, ESB Strategy 2040 (February 2022) - available at https://cdn.esb.ie/media/docs/default-source/sustainability/esb-net-zero-to-2040-strategy---driven-to-make-a-difference.pdf?sfvrsn=5e132f8b_0
- 3 Including temporary emergency generation (TEG) facilities

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