



An Coimisiún
um Rialáil Fóntas
**Commission for
Regulation of Utilities**

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Commission for Regulation of Utilities

Decision Paper

Public Service Obligation Levy 2025/26

Decision Paper

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CRU Strategic Plan 2025-27

Vision, Purpose, and Values



OUR VISION:

Resilient, efficient, sustainable, and safe energy and water services for Ireland.



OUR PURPOSE:

We actively serve the public interest by regulating the provision of energy and water to Irish homes and businesses, while supporting the transformation to net zero.



OUR VALUES:

• Integrity • Professionalism • Openness • Accountability

Executive Summary

The positive impact of renewable energy in lowering the levels of carbon emissions is important in helping Ireland reach its carbon targets and reducing the impact of fossil fuels on the environment.

As part of the transition to a lower carbon future, it is necessary to support and encourage the development of renewable energy projects and that the cost of this support, as decided by Government policy, should be shared across electricity customers as fairly and equitable as possible.

The Public Service Obligation (PSO) is a charge distributed across all final electricity customers in Ireland and is used to fund Irish Government schemes to support the construction and operation of sources of renewable electricity. The PSO currently supports the Government Renewable Energy Feed-In Tariff (REFIT), the Renewable Electricity Support Scheme (RESS) and newly established Small-Scale Renewable Electricity Support Scheme (SRESS) all of which support renewable electricity generation projects.

SRESS, which was launched by the Government in January 2025 supports small renewable energy projects (50 kW to 6 MW) with a 15-year tariff, providing stable revenue for community projects, farms, and Small Medium Enterprises (SMEs). This scheme promotes local economic benefits and community ownership and will help contribute to Ireland meeting its Climate Action Plan targets.

The PSO Levy is entirely related to renewable electricity supports and is key in enabling Ireland to meet its national targets in terms of the generation of electricity from renewables and aligns with the CRU's vision of achieving a secure, low carbon future. The PSO levy currently supports 4667 Megawatts (MWs) of renewable generation in Ireland. Ireland continues to make significant progress in advancing renewable energy. In June 2025, renewable sources met 38% of the country's electricity demand. Record levels of solar generation was measured, included a peak level of 768 MW¹ on 19th June. Similarly, 30% of electricity demand was met by wind generation during the month of June. Wind farms generated 939 GWh, the highest levels of wind generation ever recorded during the month of June.²

¹ Not including rooftop (embedded) solar

² EirGrid Group - <https://www.eirgrid.ie/>

Government policy determines the form of subsidy provided to generators supported under the PSO. The CRU's primary role is the calculation of the PSO Levy or PSO Payment annually and to help ensure appropriate and efficient administration of the scheme. The CRU has therefore prepared this Final Decision Paper (CRU/2025108), which sets out the final PSO Levy to apply to electricity customers from 1 October 2025 to 30 September 2026. Following the publication of the Proposed PSO Decision on 12th of June the CRU has revised the PSO calculation to incorporate more recent price projections and updated data inputs. It is important to note that these revisions are not a result of any modifications to the underlying PSO methodology or its associated regulatory framework.

Following a review of the PSO cost submissions from eligible suppliers, and a revision of the benchmark prices, **a final PSO Levy of €162.37 million will be required for the 2025/26 PSO year**, which represents a decrease of €89.42 million on the 2024/25 PSO Levy which was €251.79 million. As represented in the graph below, this indicates a €6.15 million increase from the indicative PSO Levy which was estimated to be €156.22 million as published in the Proposed Decision Paper of 12th June 2025 ([CRU202574](#)).

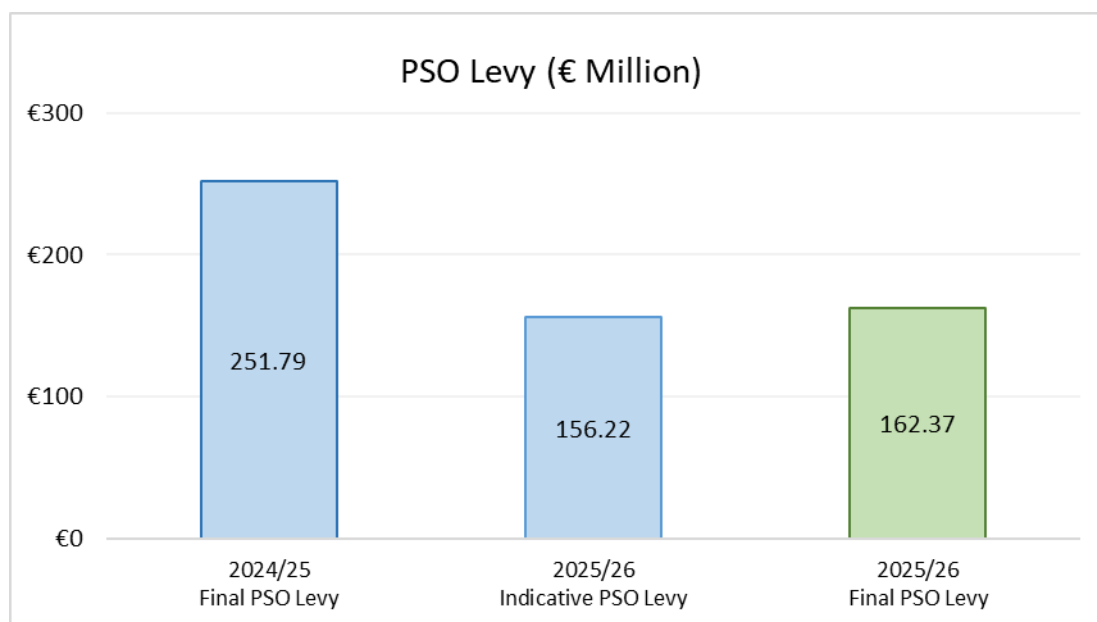


Figure 1: PSO Levy comparisons

The increase in the PSO Levy since the Proposed Decision has predominantly been driven by a decrease in the revised benchmark price and the amended submissions incorporated in the PSO calculation as a result of the CRU's post-proposed decision review of all data received by suppliers. Updated Indexation figures for RESS 3 strike prices and the inclusion of SRESS projects also contributed to the overall change

The factors mentioned above has resulted in an increase of estimated costs for renewables generation for 2025/26 from €34.74 million (Proposed) to €39.17 million (Final) and an increase in the 2023/24 R-factor of €0.9 million.

As per the proposed decision, for the PSO period 2025/2026 the key drivers for the PSO Levy funding requirement remain the same:

- a) **Inclusion of the 2023/24 R-factor:** PSO support payments are calculated based on estimated generation and estimated wholesale electricity market prices for the year ahead. These ex-ante payments are then corrected for actual generation and prices based on submitted, audited statements through the R-factor. This R-factor amount is normally paid out or collected, as applicable, two PSO periods later. The 2023/24 R-factor which is included in the 2025/26 PSO final decision, is positive because actual market revenues in 2023/24 were significantly less than the estimates on which 2023/2024 ex-ante payments were based. This divergence between estimated and actual market revenues has predominantly been driven by a decrease in the price of the key commodities that determine the price of electricity (i.e., gas) after the proposed Benchmark Price has been modelled. The 2023/24 R-factor is an upward driver, as it increases the funding requirement of the 2025/26 PSO.

- b) **The Benchmark Prices:** The forecasted prices used for the PSO year 2025/26 are less than those used for the 2024/25 calculation. The reduction in the forecast Benchmark Price between the 2024/25 PSO period and the 2025/26 PSO period was driven by a decrease in the forward prices of the key commodities that determine the price of electricity. The Benchmark Price is currently slightly less than the REFIT Reference price for the majority of technologies, resulting in a relatively low level of €50.22 million in support payments being due to suppliers contracting with generators under REFIT. The RESS scheme is a two-way Contract for difference (CFD), meaning unlike the REFIT schemes, RESS projects can owe monies back to the PSO, in the event of a project's Benchmark Price being higher than the Strike Price. For the first time, a small number of RESS suppliers are receiving support from the PSO levy because their strike price exceeds the Benchmark Price. This has resulted in RESS projects owing -€11.1 million to the PSO for 2025/26. The addition of SRESS projects has increased the required support payments by €0.05 million. The net of these renewable ex-ante costs results in a small upward drive, increasing the funding requirements of the 2025/26 PSO Levy.

This year the PSO Levy is positive. A positive PSO Levy will result in a charge on, rather than a payment to the final customers.

Figure 2 below gives a history of the PSO Levy over recent years and outlines the total levy and its constituent parts. As illustrated below, the final 2025/26 PSO Levy has decreased relative to the previous PSO year.

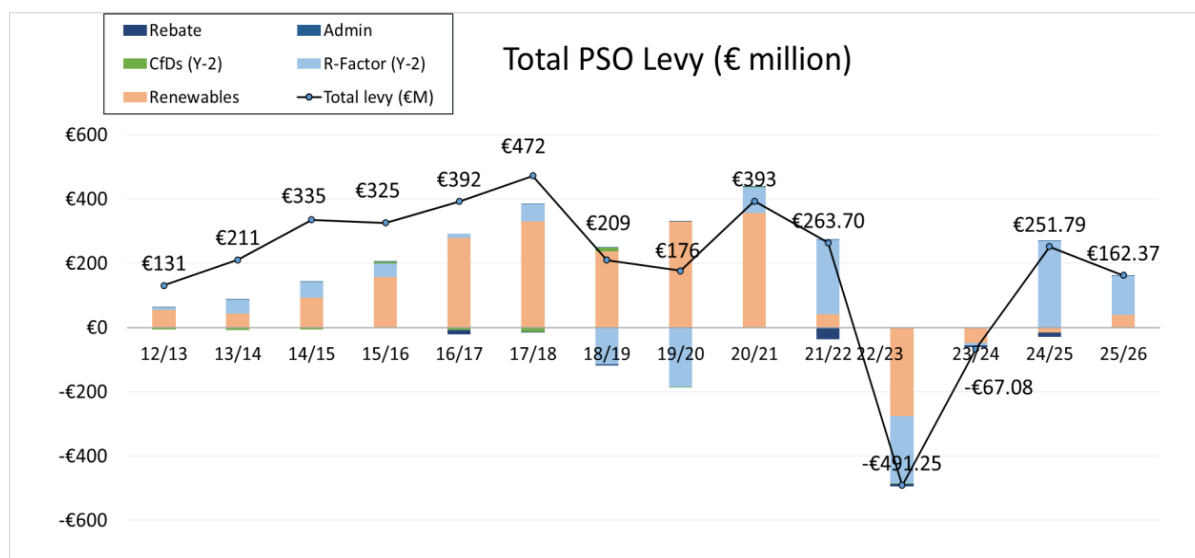


Figure 2: The PSO Levy Trend Graph

The R-factor which is an adjustment made to ensure that any overpayments or underpayments from previous PSO periods (in this case 23/24) are corrected on a T+2 basis. The impact of the 2022/23 correction on the 2025/2026 PSO levy, as illustrated above is significant, accounting for €122.15 million of the total PSO costs for 2025/26.

The CRU notes that PSO Levy payments are calculated based on estimated generation and estimated wholesale electricity market prices for the year ahead. These payments are then corrected for actual generation and prices through the R-factor. The CRU notes that due to the ex-ante nature of the PSO Levy and given that wholesale electricity market prices and generation from renewables fluctuate from year to year, the PSO funding requirements and the associated Levy or Payment can vary from year to year. In Quarter 3 2021, the CRU issued a decision addressing the volatility of the PSO, in particular regarding Suppliers obligations to submitted accurate estimate generation data, and the modelling of technology specific Benchmark Prices ([CRU/21/076](#)). These changes were in an effort to mitigate against year-on-year volatility; however, the CRU note due to the design of the scheme that it is not feasible to remove the risk of volatility occurring in the PSO completely. Notwithstanding this, the CRU (as detailed in Section 7.4 of this paper) intends to consider the impact of volatility, and consequently the impact of the resulting R-factor requirements on working capital for RESS and ORESS suppliers.

Role of the Commission

Policy and terms associated with the generators eligible for support from the PSO Levy under the various schemes are set out in legislation and documents published by DCEE. The CRU has no discretion over the terms of the various schemes. The CRU's role in relation to the PSO is to calculate the levy and payments in respect of supported generators in accordance with Government policy, and to ensure the scheme is administered appropriately and efficiently.

Public/Customer Impact Statement

For the PSO year starting on 1 October 2025, the CRU has calculated that the monthly PSO Levy will be €2.01 and €7.77 for domestic and small commercial customers, respectively. This compares to the current (2024/25) PSO levy which is set to €3.23 and €12.91 and will result in a 38% and 39% decrease respectively. Customers in the medium/large commercial category will be subject to a monthly charge of €0.96/kVA, compared to the current PSO Levy which is set to €1.57/kVA which is a decrease of 39%. Table 1 below summarises the 2025/26 final change in the levy charged for each customer category³.

PSO Customer Category	Monthly Levy Amount (2024/25) (€/customer)	Monthly Levy Amount (2025/26) (€/customer)	% Change
Domestic	€3.23	€2.01	-38%
Small commercial (MIC < 30 kVA)	€12.91	€7.77	-40%
Medium/Large commercial (MIC ≥ 30 kVA) (€/kVa)	€1.57/kVa	€0.96/kVa	-39%

Table 1: Monthly PSO Levy 2025/26

Figure 3 below provides a breakdown of monthly PSO Levy paid by each customer category since the 2011/12 PSO year.

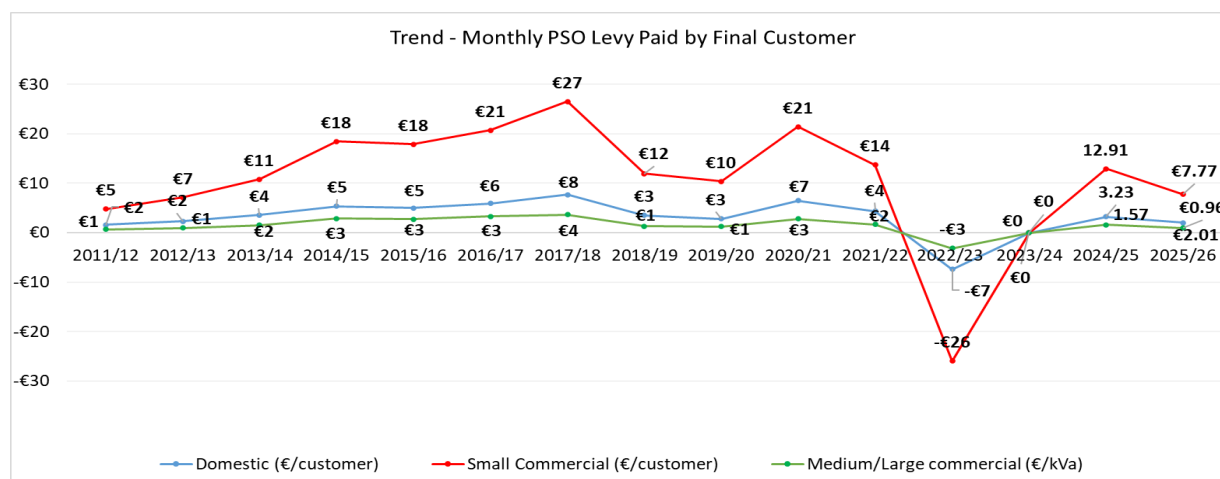
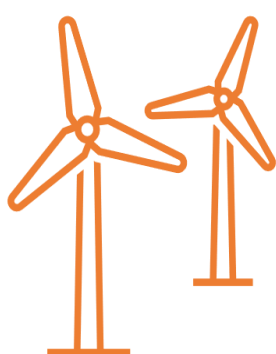


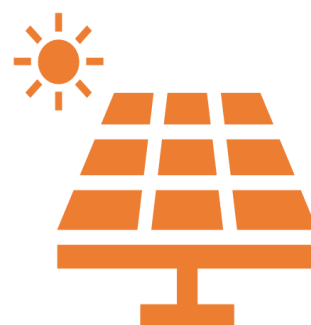
Figure 3: Monthly PSO Levy Trend Graph

³ The table shows that domestic customers will be charged €1.22 less per month and small commercial customers will be charged €5.14 less per month. The monthly charge for medium / large commercial customers is charged on a capacity basis, for clarity and by way of example, a 100 MW demand site (approximated as 100MVA) will be charged €96,000 per month.

Renewable energy is power that can be generated using natural sources such as the sun and wind. Unlike fossil fuels these sources are not finite and have low carbon emissions. Renewable energy also contributes to Ireland's security of supply and reduces our dependencies on countries which export fossil fuels. The cost of the PSO levy is shared across all electricity customers to support renewable electricity generation projects, such as wind and solar.



The PSO Levy is collected from electricity customers to fund schemes to support national policy objectives related to renewable energy for Ireland. The PSO is key to enabling Ireland to meet its national targets in terms of the generation of electricity from renewables.



The PSO Levy is important in supporting clean energy and in helping Ireland meet its Climate Action Plan targets in 2030. A number of factors determine how much the PSO Levy is each year. The wholesale price of electricity has the biggest influence on the PSO Levy size. This is because there is an inverse relationship between the PSO Levy and the wholesale electricity price.



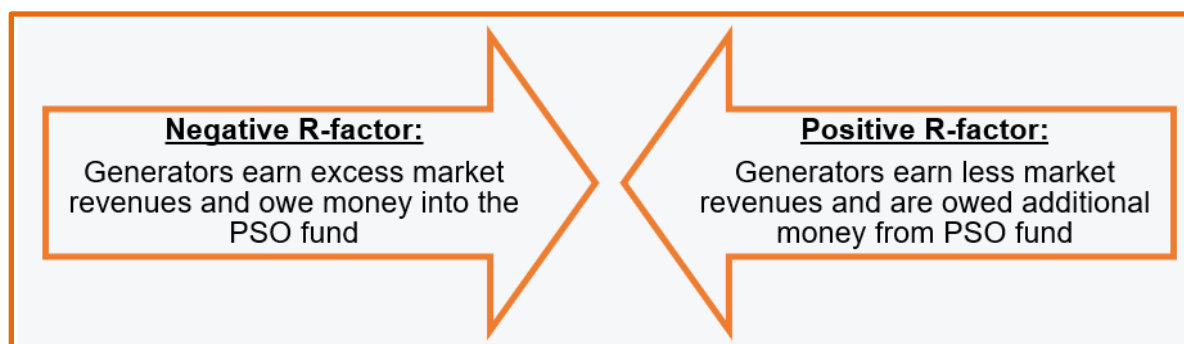
If wholesale electricity prices are forecasted to be high, less money is required to be raised through the PSO Levy to subsidise PSO supported generators.

This is because:

- it is anticipated that these generators will receive more money from the wholesale market for the electricity they produce;
- generation in the newer RESS scheme are obligated to pay money into the PSO fund.

This is what happened in the 2022/23 and 2023/24 PSO period(s) and resulted in a PSO Payment to customers in 2022/23 and the PSO Levy being set to zero in 2023/24.

If it transpires that there has been a significant divergence between forecasted and actual market prices, a reconciliation will need to occur, this process is known as the “R-factor”. The R-factor can either be negative or positive.



For the 2025/26 PSO period the R-factor is positive as generators earned less market revenues in 2023/24 than expected. This has resulted in a positive indicative PSO Levy for 2025/26.

The CRU notes that the increase in the PSO Levy will increase the fixed charge element of electricity bills, the variable rate i.e. the price per unit of electricity can vary depending on your electricity supplier. The CRU emphasises that customers can save money on their electricity bill by switching supplier and through energy efficiency. A guide to switching supplier can be found [here](#).

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Glossary of Terms and Abbreviations

Abbreviation or Term	Definition or meaning
ACPS	Annual Capacity Payment Sum
AD	Anaerobic Digestion
CfD	Contract for Difference
CHP	Combined Heat and Power
CPI	Consumer Price Index
DCEE	Department of the Climate, Energy and the Environment
DSO	Distribution System Operator
FiP	Feed-in Premium
HICP	Harmonised Index of Consumer Prices
I-SEM	Integrated Single Electricity Market
MIC	Maximum Import Capacity
MWh	Megawatt Hours
PPA	Power Purchase Agreement
PSO	Public Service Obligation
REFIT	Renewable Energy Feed-In-Tariff
RESS	Renewable Electricity Support Scheme
SEM	Single Electricity Market
S.I.	Statutory Instrument
SRESS	Small-Scale Renewable Electricity Support Scheme
TSO	Transmission System Operator

1. Introduction

1.1 The Commission for Regulation of Utilities Strategic Plan 2025-27

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1.2 Purpose of this document

This document explains the Public Service Obligation (PSO) levy to apply to electricity customers in Ireland from 1 October 2025 to 30 September 2026. This follows a proposed decision paper ([CRU202574](#) “Proposed Decision”) which contained the preliminary determination of the PSO levy for the 2025/26 PSO year.

1.3 Structure of paper

The remainder of this document is structured as follows:

Section 2 – Background: Provides detail on the PSO levy, and an overview of the legislation governing the PSO levy and State Aid Decisions.

Section 3 – Key Assumptions: Provides detail on the Benchmark Price and the capacity payment applied in calculating the PSO levy for 2025/26.

Section 4 – 2025/26 PSO Levy: Gives a high-level overview of the PSO levy in terms of total cost and total generation capacity supported, as well as the allocation of the cost to different customer categories.

Section 5 – Key Comments Received: Summarises the main comments received to the Proposed Decision, along with CRU’s responses to these comments.

Section 6 – Cost Breakdown of Levy: Provides a breakdown of the PSO levy in terms of the support schemes and generation technologies that it supports.

Section 7 – Ongoing PSO developments: Outlines the ongoing and potential future developments of the PSO process.

Section 8 – Next Steps.

Appendix 1 – Contains key data from ESB Networks’ model used to allocate the PSO levy to the different categories of customer.

Appendix 2 – Compares the forecast commodity prices used in the calculation of the 2023/24 Benchmark Price with actual commodity prices.

1.4 Related documents

Relevant Legislation

- Electricity Regulation Act, 1999
- [S.I. No. 217 of 2002](#), “Electricity Regulation Act 1999 (Public Service Obligations) Order 2002”, as amended.
- [S.I. No. 119/2023](#) - Electricity Regulation Act 1999 (Public Service Obligations) (Amendment) Order 2023

Relevant CRU Papers

- [CRU/19/126](#), “Information Paper: Arrangements for PSO Invoicing and Collection”, 11 October 2019;
- [CRU/20/013](#), “Decision Paper: Arrangements for the Calculation of the Public Service Obligation Levy Post I-SEM Implementation”, 27 January 2020;
- [CRU202277](#), “Decision Paper: Public Service Obligation Levy 2022/23”, 29th July 2022
- [CRU/21/045](#), “Decision Paper: Arrangements for Calculation of the PSO Levy: Renewable Electricity Support Scheme & Clean Energy Package”, 16 April 2021;

- [CRU/21/17](#), “Managing Volatility of the Public Service Obligation Levy”, 25 February;
- [CRU202455](#) “Proposed Decision Paper: Public Service Obligation Levy 2024/25”, 11 June 2024.
- [CRU202406](#), “Notification to Suppliers – Submissions to the CRU for the 2024/25 Public Service Obligation (PSO) Levy”, 12 February 2024
- [CRU202406a](#), “Notification to Suppliers – Engagement of Auditor for 2024/25 Public Service Obligation (PSO) Levy”, 12 February 2024

Relevant EU State Aid Notifications and Clearance Decisions

- [EC C\(2012\) 8](#), “State aid SA.31236 (2011/N) – Ireland, Renewable Feed In Tariff” (REFIT 2);
- [EC C\(2020\) 4795](#), “State Aid SA.54683(2020/N)–Ireland Renewable Electricity Support Scheme (RESS)”, 20 Jul 2020;
- [EC C\(2007\) 4317](#), State aid N 571/2006 – Ireland, “RES-E support programme” (REFIT 1);
- [EC C\(2020\) 4795](#), “State Aid SA.54683(2020/N)–Ireland Renewable Electricity Support Scheme (RESS)”, 20 Jul 2020;

2. Background

2.1 The Difference between REFIT and RESS

The REFIT schemes are the main financial support provided to renewable electricity generators at this time, with approximately 3,127 MW of REFIT supported capacity. Specifically, there are three REFIT support schemes (REFIT 1, REFIT 2 and REFIT 3). These schemes are feed-in tariffs, with various REFIT reference prices to support a number of technologies being set by the Department⁴. In all three schemes, support has been allocated to eligible suppliers, on a first-come-first-served basis.

Generators that have been accepted into a REFIT scheme contract with licensed electricity suppliers via PPAs of 15-year duration (or for the remainder of the duration of the REFIT scheme, if shorter)⁵. The supplier thereby undertakes to purchase electricity generated by the REFIT-supported generator, with whom it has concluded a PPA. The price (the “PPA price”) paid by the supplier to the generator is a matter for commercial negotiation between the two parties, except that the PPA price must be greater than or equal to a REFIT reference price⁶, as specified in the terms and conditions of the scheme published by the Department.

In February 2020, the Department established RESS. Currently 1,531 MW and 9 MW of renewable capacity is supported by RESS and SRESS. As with REFIT, RESS provides support primarily in the form of contracts for differences (CfDs), with payments being calculated as a metered quantity times the difference between a strike price and a deemed market price.

In December 2024, the Department of Climate, Energy and the Environment (the “Department”) established its new Small-Scale Renewable Electricity Support Scheme (SRESS) and published the Terms and Conditions of this scheme which opened for applications on 27th January 2025. Since this is the first year of the scheme, submissions were accepted until 2nd June 2025, currently 9MW of renewable capacity is supported under this scheme.

⁴ REFIT reference price (expressed in €/MWh) refers to the price for a particular category of electricity (e.g. large-scale wind, small scale wind, hydro, biomass, etc.) which has been set by the Department and adjusted annually by way of indexation, based on the Consumer Price Index (CPI).

⁵ The backstop dates for REFIT support under the various schemes are as follows REFIT 1 – 31 December 2027, REFIT 2- 31 December 2032 and REFIT 3 – 31 December 2030.

⁶ Refer to Section 3.6 of REFIT 2 and 3 terms and conditions for further detail.

RESS differs from REFIT primarily by the fact that:

- (i) CfDs are two-way rather than one-way, meaning it is possible for the supplier to owe, rather than be owed, payments under RESS (see Figures 4 and 5); and support is allocated, not on a first-come-first-served basis, but through technology-specific auctions run by the Auction Administrator⁷, in which eligible projects compete on strike price, with the successful projects being those offering the lowest strike prices.

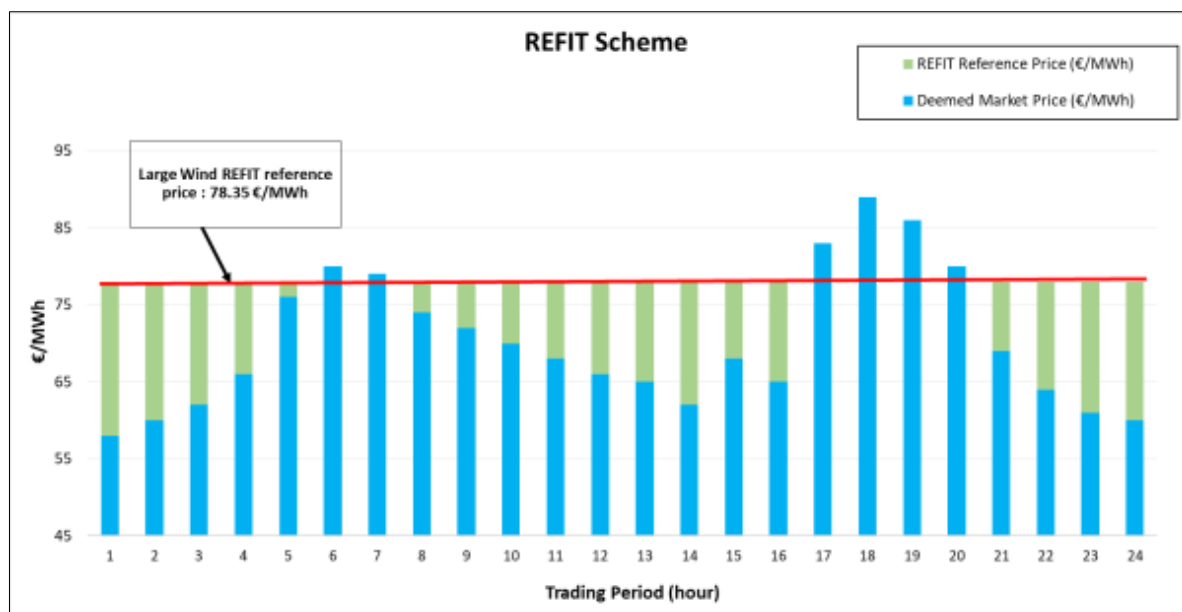


Figure 4: Illustration of REFIT Scheme (one-way CfD)

As illustrated in Figure 4 above, the REFIT reference price, as set by DCEE, can be considered a price floor. This means a REFIT project earns a “top up” amount equal to the difference between the actual market revenues for the power generated and the REFIT reference price for a given technology. For example, the green portion of the bar in trading period 1 represents a top up to the applicable generator, up to the REFIT reference price. In trading periods (for example trading period 18) when the price exceeds the REFIT reference price, no top-up is required.

⁷ The current Auction Administrator is EirGrid.

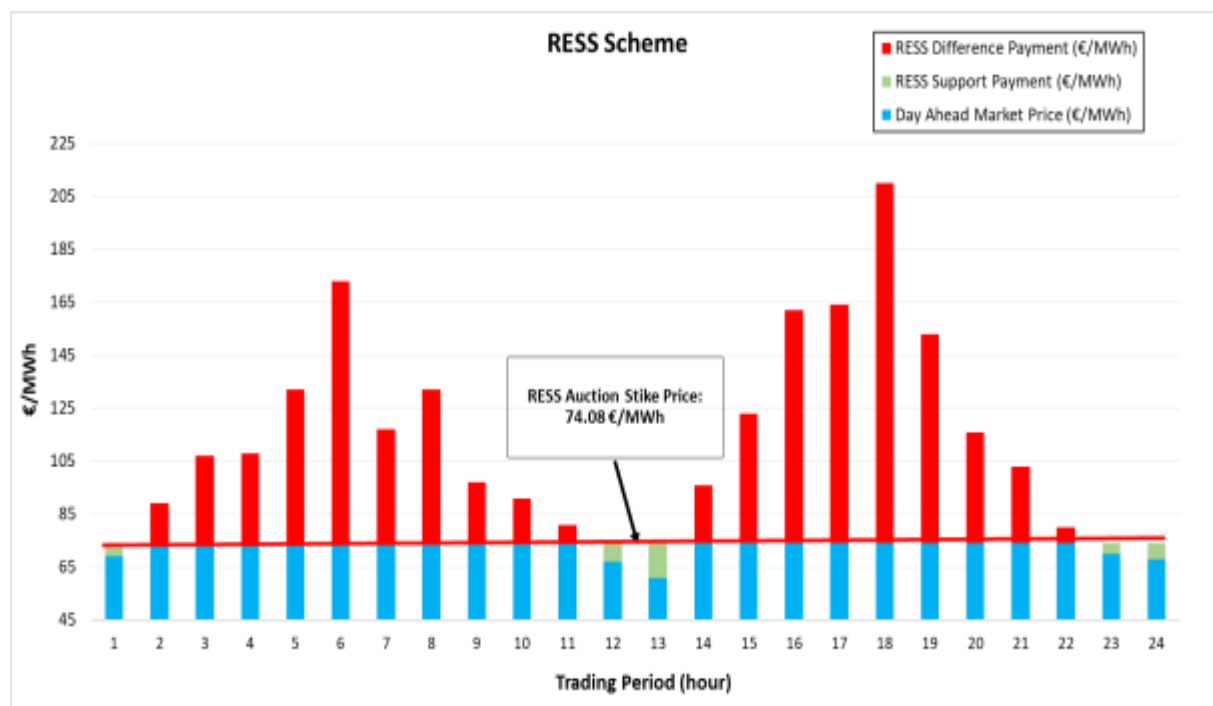


Figure 5: Illustration of RESS Scheme (two-way CfD)

RESS Strike Prices, as set by auction, can be considered a price cap. Similar to REFIT, RESS supported generation receive a “top up” amount up to the Strike Price, however revenues earned above the Strike Price represented as the red portion of the bar in figure 5 above, represent payments made back from RESS generators to the PSO and ultimately the customer under the terms of the scheme.

The newly introduced SRESS scheme is based on a two-way Feed-in Premium (FiP) tariff structure. When electricity market prices fall below the established tariff, the supplier will receive a payment from the PSO Levy to cover the difference. Conversely, if market prices exceed the tariff, the supplier is required to return the excess revenue to the PSO Levy.

2.2 The PSO Levy or PSO Payment

The PSO funds various schemes designed by the Government to support national policy objectives related to renewable energy.

Before PSO Year 2022/23, the PSO Levy was charged to all electricity final customers in Ireland, and the proceeds used to compensate the:

- i. Additional costs⁸ incurred by market participants in generating or purchasing electricity from PSO-supported generators⁹. In the case of in-market generators, these are the additional costs over and above the revenues received from selling that electricity into the market, and in the case of out-of-market generators, they are the additional costs over and above the avoided cost of buying that electricity from the market; and
- ii. Administrative expenses incurred by suppliers, the Distribution System Operator (“DSO”), i.e., ESB Networks, and the Transmission System Operator (“TSO”), i.e., EirGrid, in collecting payment of the PSO Levy.

However, in PSO Year 2022/23, high market prices, together with the design of the recently introduced RESS scheme, resulted in suppliers (on whom obligations to purchase renewable electricity have been placed) receiving benefits, rather than incurring additional costs, and a PSO Payment being owed to, rather than a PSO Levy being imposed on, final customers.

Consequently, payments that had previously been paid to REFIT and RESS suppliers from final customers were now due to be paid to the customers. The associated arrangements to allow for payments to be from REFIT and RESS Suppliers to final customers as applicable were implemented in 2023.

⁸ “Additional costs” as referenced in the 2002 Order does not define what is meant by such costs other than to state in Article 2(3) of the 2002 Order that they include costs incurred by the Board (i.e. ESB) in complying with its obligations under Article 5(1) and (b) (i.e. Public service obligations for Peat), Article 6A or 6B (i.e. Public service obligation for short-term peaking capacity), Article 6(C) (i.e. CADA), and the costs incurred by a supplier in complying with its obligations under Article 6D (i.e. Public service obligations for REFIT contracts). Under the CRU’s current arrangements for the PSO Levy, the relevant market participants are not entitled to recover such additional costs, unless those costs are in accordance with the relevant State Aid Notifications, legislation and the terms and conditions of the relevant schemes.

⁹ Under PSO support schemes such as REFIT, this electricity is procured via Power Purchase Agreements (PPAs) that suppliers (also referred to as off-takers) enter into with electricity generators.

Before the start of each PSO Year, which runs from 1 October to 30 September, the CRU calculates the PSO Levy/ PSO Payment based on:

- i. its forecast wholesale electricity price (“the Benchmark Price”) and an estimate of generation output determined and submitted to the CRU by each relevant market participant; and
- ii. a reconciliation of the additional costs actually or deemed to have been incurred in the preceding PSO year and the forecast estimates of that PSO year.

For example, the PSO Levy calculation for PSO Year 2025/26 includes a reconciliation of the costs incurred during PSO Year 2023/24 with the support payments made during PSO Year 2023/24. These resulting reconciliation payments are referred to as “R-factor payments”, and may be positive or negative, depending on whether the costs are higher or lower than the estimates, in PSO 2025/26 it is positive. Such differences arise primarily due to differences between the estimated and the actual amount of electricity generated, and between forecast and actual market prices.

Different procedures will apply depending on whether any given PSO Year is a “Levy Period”, during which a levy is charged on final customers and used to fund the additional costs of REFIT and RESS Suppliers, or a “Payment Period”, during which Payments due from REFIT and RESS Suppliers are used to fund PSO Payments to final customers, whereby:

- (i) The DSO and TSO collect the PSO Levy from suppliers of final customers connected to the distribution and transmission systems, respectively.
 - (ii) the payment to the TSO of amounts in respect of the PSO Levy collected by the DSO; and
 - (iii) payment of support payments by the TSO to REFIT and RESS Suppliers,
- or
- (i) The TSO collects payment of benefits collected from REFIT and RESS Suppliers.
 - (ii) the payment by the TSO to the DSO of amounts in respect of PSO Payments to be paid by suppliers of final customers connected to the distribution system; and

- (iii) the payment by the DSO and TSO to suppliers of final customers connected to the distribution and transmission systems, respectively.

Although the PSO Levy is paid to the supplier, generators receive support through the price specified in the Power Purchase Agreement (PPA)¹⁰.

2.3 Legislation Governing the PSO Levy

Electricity Regulation Act 1999

Section 39 of the Electricity Regulation Act 1999, as amended (“the Act”), gives the Minister the power to direct, by order, the CRU to impose obligations on holders of licenses or authorisations in relation to security of supply, environmental protection and use of indigenous energy sources, including the collection of a levy from final customers. In accordance with Schedule 2 of the Act, the calculated PSO Levy or PSO Payment is allocated annually across three categories of electricity customer (i.e., Domestic Accounts, Small Accounts & Medium-Large Accounts based on the maximum demand in respect of each category, as a proportion of the sum of the three maximum demand figures. The attribution of the maximum demand in respect of each category of electricity account is carried out by the DSO for each PSO year, in accordance with Section 39(5A) (b) of the Act. CER/17/073 provides further details.

The 2002 Order

The Electricity Regulation Act 1999 (Public Service Obligations) Order 2002 (Statutory Instrument No. 217 of 2002) (as amended) (“the 2002 Order”) sets out more detail in relation to issues such as:

- PSO Calculations
- Duties of suppliers
- Duties of the DSO
- Duties of the TSO
- Duties of final customers
- Recovery of contract debt

¹⁰ Under PSO support schemes such as REFIT, this electricity is procured via Power Purchase Agreements (PPAs) that suppliers (also referred to as off-takers) enter into with electricity generators.

- Recovery of contract debt

Subsequent S.I.s have amended the 2002 Order to provide for the recovery of costs under new various schemes, as they have been introduced, and to add new projects to the PSO.

3. Key Assumptions

3.1 Benchmark Price

The Benchmark Price is a forecast of the average wholesale market price of electricity over the relevant PSO Year. It is used by the CRU, together with estimates of generation output provided by suppliers, to forecast the market revenue of generation plants supported under the PSO for the relevant PSO Year. The Benchmark Price is compared to the Technology Reference Price (REFIT) or the Strike Price (RESS), in order to determine either the support to be paid to the REFIT or RESS Supplier from the PSO Levy or the Difference Payments to be paid by the RESS Supplier to fund the PSO Payment. The lower the Benchmark Price, the higher the top up required from the PSO Levy and vice versa.

In accordance with the CRU's Decision Paper on Managing Volatility within the PSO Levy ([CRU/21/076](#)), technology-specific Benchmark Prices are applied for wind and solar projects that are in receipt of PSO support, based on the different seasonal and diurnal patterns of generation. The current time-weighted Benchmark Price applies to all other technologies.

The CRU used a PLEXOS model of the SEM to calculate the Benchmark Prices ([SEM-25-010](#)). The final Benchmark Prices for PSO Year 2025/26 are:

- **Wind-weighted: €96.22/MWh.**
- **Solar-weighted: €98.16/MWh.**
- **Time-weighted is €108.08/MWh.**

The foreign exchange rates and forward fuel and carbon prices used in the modelling of the benchmark prices are from 4th July 2025. The main determinant of the Benchmark Price is the forward fuel prices. The commodity prices, exchange rates, and consequently the final Benchmark Prices have slightly changed since the proposed Decision Paper. Table 2 below shows the difference between the final Benchmark Price and the indicative Benchmark Price while Table 3 compares the 2024/25 final Benchmark Price to the 2025/26 final benchmark price.

PSO Benchmark Price	2025/26 Indicative Benchmark Price (€/MWh)	2025/26 Final Benchmark Price (€/MWh)	Decrease Benchmark Price (€/MWh)	Decrease Benchmark Price (%)
Time-weighted	109.62	108.08	-1.54	-1.4%
Onshore Wind	98.32	96.22	-2.1	-2.1%
Solar	98.74	98.16	-0.58	-0.6%

Table 2: Indicative and final 2025/26 Benchmark Price Comparison

PSO Benchmark Price	2024/25 Final Benchmark Price (€/MWh)	2025/26 Final Benchmark Price (€/MWh)	Decrease Benchmark Price (€/MWh)	Decrease Benchmark Price (%)
Time-weighted	120.38	108.08	-12.3	-10.22%
Onshore Wind	117.50	96.22	-21.28	-18.20%
Solar	124.99	98.16	-26.83	-21.47%

Table 3: 2024/25 and 2025/26 Benchmark Price Comparison

Figure 6 below graphs the impact that changes in commodity prices had on the Final 2025/26 time-weighted Benchmark Price relative to the Indicative Benchmark Price.

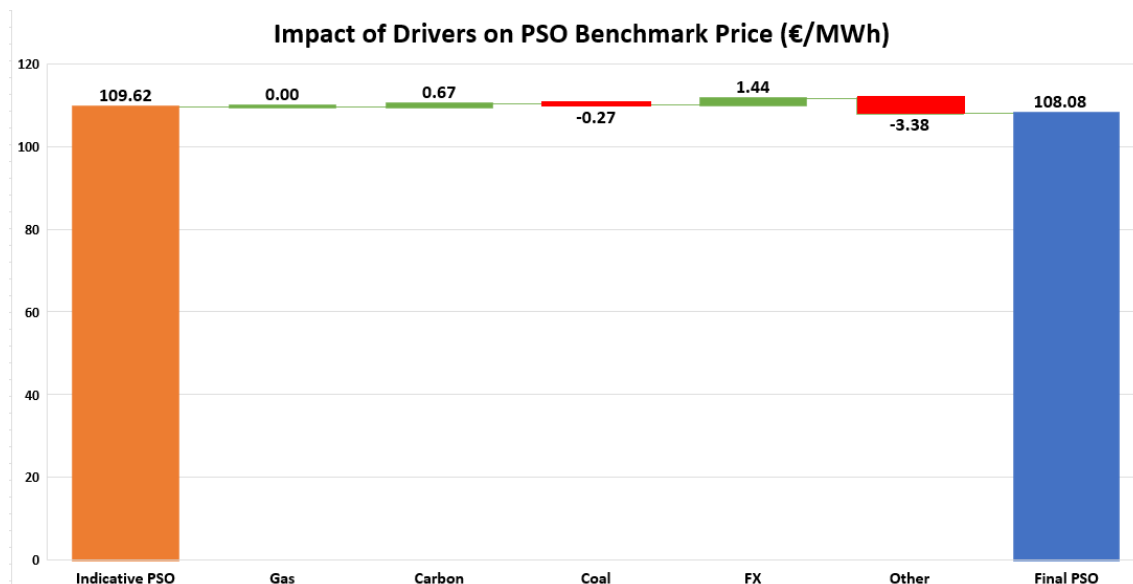


Figure 6: The relative impact that changes in each commodity price had on the Final 2025/26 time-weighted Benchmark Price by comparison to the 2025/26 indicative Benchmark Price.

3.2 Capacity payment

The CRU has used the results of the Final Capacity Auction Results 2025/2026 T-1¹¹ to estimate the capacity revenues generators are likely to receive during the PSO Year, which revenues are taken into account in the calculation of support or Difference Payments for the purpose of the 2025/26 PSO calculation.

4. 2025/26 PSO Levy

4.1 Total levy cost and generation capacity supported

The total PSO Levy for the 2025/26 year, calculated based on the Benchmark Price and capacity payment assumptions described in Section 3, is **€162.37 million**. A high-level breakdown of the 2025/26 PSO Levy into its components is shown in Table 4.

Component	Generation Capacity Supported (MW)	Forecast Cost 2025/26 (€ million)	R-Factor 2023/24 (€ million)	Total PSO support 2025/26 (€ million)
Renewables	4667	€39.17	€122.15	€161.32
Admin	-	-	-	€1.05
Total	4667	€39.17	€122.15	€162.37

Table 4: Breakdown of the annual proposed PSO Levy Costs

Additionally, Figure 7 provides an annual breakdown of the total PSO Levy since 2012-13 and presents the overall trend in the cost of the PSO.

¹¹ [2025/2026 T-1 Final Capacity Auction Results Report](#)

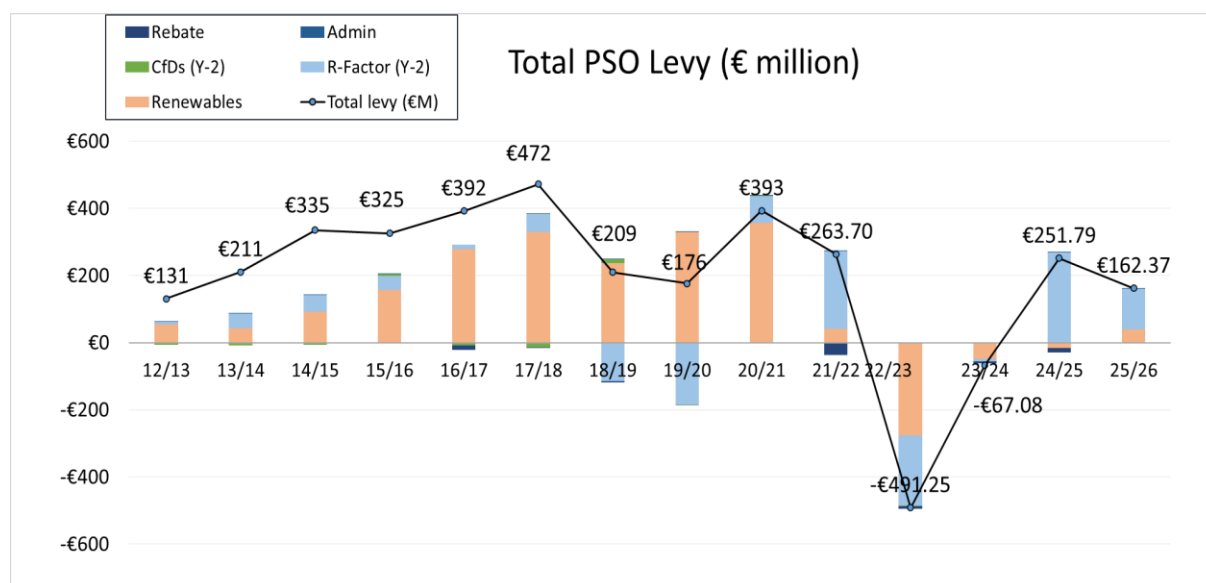


Figure 7: Historical breakdown of total PSO Levy

4.2 Drivers of year-on-year change

The final PSO Levy for 2025/26 of €162.37 million represents a decrease of €89.42 million as compared to 2024/25 levy of €251.79 million. A number of drivers are contributing to this decrease, principally the significant R-factor from 2023/24 PSO, and the decrease in the 2025/26 PSO Benchmark Price relative to the 2024/25 Benchmark Price and the negative ex-ante RESS payments.

Upward Drivers of the 2025/26 PSO Levy funding requirement

i. Positive R-factor:

A positive 2023/24 R-factor is included in the 2025/26 PSO Levy calculation. The 2023/24 R-factor accounts for the difference between the PSO monies paid by suppliers in the 2023/24 year, calculated ex-ante, and the actual PSO monies owed to suppliers for 2023/24 PSO year, certified ex-post. The R-factor for the 2023/24 PSO year is positive, meaning suppliers overpaid in the 2023/24 PSO year. This 2023/24 R-factor of €122.15 million is however significantly less (-55%) compared to last year's R-Factor value of €269.25 million. A positive R-factor increases the PSO funding requirement for the proposed 2024/25 PSO Levy.

ii. Positive ex-ante REFIT Payments :

While the forecast Benchmark Prices are significantly lower than the Benchmark Prices used in calculating the 2023/24 and 2024/25 PSO Levy¹² they still remain high relative to historic Benchmark Prices. Nevertheless, a number of REFIT suppliers are due some support as the Benchmark is lower than the respective REFIT reference rate. The REFIT ex-ante payments for 2025/26 are currently €50.22 million compared to €35.56 million last year.

Downward Drivers of the 2025/26 PSO Levy compared to 2024/25 PSO Payment

i. Negative Ex-Ante RESS Payments:

Unlike the REFIT schemes, RESS projects pay back the PSO Levy if the project's Strike Price is less than the market price. The CRU's 2025/26 indicative Benchmark Prices are higher than most of the Strike Price of RESS units that have made ex-ante submissions for the PSO Year 2025/26. Based on the CRU's current 2025/26 PSO projection, these projects will owe -€11.1 million ex-ante difference payments to the PSO in the 2025/26 PSO year. This is less than the difference payments due last year -€48.31 million. These payments reduce the overall funding requirement for the 2025/26 PSO year.

4.3 Allocation of costs

The cost of the PSO Levy or Payment is allocated across three categories of customer – Domestic, Small Commercial (MIC < 30kVA) and Medium/Large Commercial (MIC ≥ 30kVA). ESB Networks calculates the peak demand for each category based on standard load profiles, metered data and forecast demand data. The PSO Levy or Payment is then allocated in proportion to the ratio of these demand peaks.

ESB Networks' 2025/26 PSO Cost Allocation Model contains final projections of customer numbers and demands for the PSO Year 2025/26, which has slightly changed as compared to indicative projections of customer numbers and demands for 2025/26 PSO year.

Table 5 below shows the monthly proportion of the final 2025/26 PSO Levy of €162.37 million allocated to each of the three customer categories by ESB Networks' final model.

¹² The Benchmark Prices for the 2023/24 PSO payment were: Wind-weighted €139.32/MWh, Solar-weighted €155.23/MWh, and Time-weighted €145.58/MWh. The Benchmark Price for 2024/25 PSO payment were: Wind-weighted €117.50/MWh, Solar-weighted €124.99/MWh, and Time-weighted €120.38/MWh

PSO Customer Category	Monthly Levy Amount (2024/25) (€/customer)	Monthly Levy Amount (2025/26) (€/customer)
Domestic	€3.23	€2.01
Small commercial (MIC < 30 kVA)	€12.91	€7.77
Medium/Large commercial (MIC ≥ 30 kVA) (€/kVa)	€1.57/kVa	€0.96/kVa

Table 5: Cost of Final 2025/26 levy by customer category.

One of the factors influencing the allocation across PSO customer categories is the share of peak demand applied to each category of customer for this period, as outlined below.

- **Domestic Customers:** For PSO Year 2025/26, updated forecast demand data results in a decrease of 0.47%. Domestic customers account for 34.23% of peak demand, compared to 34.7% in the PSO Year 2024/25 PSO year. This decreases the domestic customers' allocation of the PSO Levy relative to other PSO customer categories.
- **Small Commercial Customers:** updated For PSO Year 2025/26, the updated forecast demand figures show a slight decrease of 0.64%. Small Commercial Customers account for 10.06% of peak demand, as opposed to 10.7% for the 2024/25 PSO year.
- **Medium & Large Commercial Customers:** For 2025/26, the updated forecast demand data resulted in an increase of 1.11% in allocation of the total PSO Levy to Medium & Large Customers. In PSO Year 2025/26, Medium & Large Customers account for 55.71% of peak demand as compared to 2024/25 PSO Year 54.6%.

Other factors which impact the year-on-year change to the charge or payment to each customer category is the variations in the total number of customers in the Domestic and Small Commercial categories, and in total Maximum Import Capacity (MIC) for the Medium & Large Commercial category.

In ESB Networks' explanatory note it noted that its "demand forecasting is based on a robust regression analysis which considers forecast population growth, customer numbers, GDP/GNP and various other inputs from reliable sources such as the CSO or the Department of Finance. The forecasts also consider the demand impact of the government's Climate

Action Plan targets. ESNB also noted that “In the years 2020 and 2021” it “witnessed a significant disruption to ‘business as usual’ electricity demand, primarily driven by the effects of COVID19. As such these years are omitted for the purposes of regression analysis” Furthermore ESNB noted that “2024 saw an increase of 2.2% in electricity demand on the distribution network. This was primarily due to an increase in domestic consumption with more modest increases across the other DG groups. There was no obvious migration of larger customers to the transmission network evident in 2024 nor was there any new large connections registered”. The explanatory note will be published alongside this paper¹³.

¹³ ESNB Explanatory Note (CRU2025108a) – PSO Cost Allocation Model 2025-26.

5. Key Comments Received

This section provides a summary of responses received to the CRU's proposed 2025/26 PSO Proposed Decision Paper (CRU202574), along with CRU responses to the key points made.

List of respondents

Two responses from organisation were received and are listed below.

1. National Traveller MABS
2. Energia

5.1 Support for Proposed PSO Levy Reduction

Comments Received

One respondent welcomed the CRU's proposed reduction of the PSO levy from €3.23 to €1.94 per month, adding that this, equates to an annual saving of approximately €23 per household. For low-income Traveller families in energy-inefficient housing, this modest reduction offers meaningful financial relief and contributes to more stable energy budgeting.

CRU Response

The CRU acknowledge this comment. The CRU takes very seriously its statutory duty to protect the interests of customers and understands that anything reducing the fix element of customers' electricity bill is welcome. The CRU would like to reiterate that there is an implicit inverse relationship between the PSO levy and wholesale prices and remind customers that they can save money on their electricity bill by switching supplier and through energy efficiency. A guide to switching supplier can be found [here](#).

5.2 Differentiated or rebated PSO rates for households experiencing energy-poverty.

Comments Received

One respondent proposed an introduction of differentiated PSO levy rates for households in energy-poor accommodation with an aim to address unequal energy burdens. Furthermore, the respondent proposed the introduction of an automatic PSO rebate for low-income and

energy vulnerable households, identified through the Department of Social Protection, SEAI, CSO data, or working with organisations like MABS to identify households in need.

CRU Response

The CRU's role regarding the PSO is to comply with legislation, to calculate the PSO levy and to help ensure the PSO levy is administered appropriately and efficiently. The CRU is not able to reduce or suspend the PSO levy nor can it differentiate the charge applied to different customer categories. Furthermore, the CRU does not have discretion regarding the magnitude of the PSO levy, as the CRU calculates the PSO levy in accordance with the governing legislation.

5.3 Ring-Fenced PSO levy for Energy Efficiency scheme.

Comments Received

One respondent proposed that a portion of PSO revenue is directed toward retrofitting energy inefficient Traveller accommodation and renewable micro-generation grants.

CRU's Response

As previously stated, the CRU's role regarding the PSO is to comply with legislation, to calculate the PSO levy and to help ensure the PSO levy is administered appropriately and efficiently. The CRU has no discretion as to what support schemes or initiatives receive PSO funding, this is a government decision.

5.4 Engagement with Traveller Organisations

Comments Received

One respondent suggested that the CRU and electricity suppliers should partner with National Traveller MABS, Traveller NGOs and community groups to communicate changes, assist with energy literacy, and promote switching support.

CRU's Response

The CRU engages regularly to communicate key changes of relevance with consumer organisations including National Traveller MABS via its Consumer Stakeholder Group'.

In addition, in accordance with the Suppliers Handbook, Suppliers and their representatives are required to apply the principles of Universal Design (SI 463/2011) as set out in the current

Irish Standard, when implementing the requirements of and developing the services referred to in the Codes of Practice and Customer Charters and in all associated communications with customers. Furthermore, as per 7.7.1 of the supplier handbook Suppliers are required to put in place alternative communication formats for customers who have additional requirements not catered for within Universal Design.

The CRU recognises that some suppliers already collaborate with consumer organisations to enhance customer engagement. We encourage all suppliers to reflect on whether further opportunities exist to strengthen their efforts in this area.

5.5 Benchmark Price Forecast

Comments Received

One respondent stated that CRU's proposed benchmark price for forecasting market revenues for 2025/26 exceeded those modelled by their analysts by 10%. The respondent stated that there appears to be a propensity for the CRU's forecast to over-estimate prices. They also stated that there may be merit in discussing CRU's assumptions and sharing information. The respondent also noted that this had been raised as part of last year's (24/25) proposed decision response.

CRU's Response

The CRU uses an agreed upon methodology and industry best practice for modelling Benchmark Prices. Moreover, an historical comparison of outturn market and Benchmark Prices shows that differences have occurred in both directions.

In Q2 2025 the Regulatory Authorities (RAs) in conjunction with NERA Economic Consulting completed a SEM PLEXOS Model Back cast and Validation project ([SEM-25-010](#)). Stakeholder engagement was a critical element of the project. The RAs invited comments from market participants on the approach of the SEM PLEXOS Model prior to the project commencing. Intensive communication and engagement with market participants also occurred throughout the project, and key aspects of the model, such as the representation of generators and interconnecting regions, was integral to many discussions. An online information webinar was also held. As part of this project a back cast using out-turn market data was undertaken to test model settings and parameters and evaluate the model's ability to predict DAM prices. Overall, the back cast results gave a high level of correlation in the patterns of prices over time and provides confidence that the SEM PLEXOS Model is fit for purpose for the RAs to use for their regulatory purposes.

Lastly, as previously stated the CRU welcome the sharing of analytical data from stakeholders. As decided in “Managing Volatility of the Public Service Obligation (PSO) Levy” (CRU/21/076) “Suppliers will have the option to submit their own estimates of Benchmark Prices to the CRU, as part of their annual PSO submission. Where provided these estimates will be used for comparison with the CRU’s own estimates, with a view to helping refine future calculation of Benchmark Prices”. The CRU notes, while commentary on the benchmark prices has been forthcoming by one respondent, no estimates or analytical data, to allow the CRU to compare forecasts has been provided by any supplier since the implementation of this decision in 2021.

5.6 Working Capital and R-Factor

Comments Received

One respondent noted their previous comments and positions in response to CRU202477 “The Public Service Obligation Levy 2024/25 Decision Paper”. Their previous comments had related to RESS cash flow misalignment in recent years and the challenges this has for suppliers. These cash flow mismatches are a consequence of the design of the PSO, which mandates the process of estimating and then reconciling the PSO amounts for each year. This issue has been exacerbated in recent years when there was a significant divergence between actual market and Benchmark prices.

CRU’s Response

The CRU has been cognisant of volatility and the consequence that this has for both the consumer and industry, and it is this that prompted the initial consultation in 2021. Notwithstanding this the CRU acknowledges that in recent years, the introduction of RESS at a time of high wholesale prices has reemphasised the importance of such matters. As noted in Section 7 of this paper, the CRU has noted its intention to consider this further in advance of 2026/27 PSO period.

It should be noted however that in accordance with the governing PSO legislation, the CRU’s role is to calculate the PSO Levy annually and to help ensure that the scheme is administered appropriately and efficiently. The CRU does not have any discretion to revise the legislation governing the PSO Levy or the Terms & Conditions of the PSO schemes (e.g. REFIT 1-3, RESS 1-4 & SRESS), and any necessary amendments to the Order or T&Cs of the relevant PSO schemes would need to be overseen by the Department.

6. Cost breakdown of levy

6.1 Overview of support schemes

Table 6 provides a breakdown, by scheme and technology type, of the support rates during PSO Year 2025/26. Indicative REFIT Support Rates for the last nine months of the forthcoming PSO period are calculated by indexing the REFIT Reference Price (as published by DCEE) for the first three months of the forthcoming period to an estimate of CPI for the current calendar year. For the 2025/26 PSO levy calculation, the CRU is applying Euribor interest rates¹⁴, currently estimated at 2.3%. The CRU also applied index adjusted strike prices for RESS3 and RESS4 as calculated by DCEE.

¹⁴ [Euribor 2025](#)

Support Scheme & Technology	2025 support rates (€/MWh)	2026 Indicative support rates (€/MWh)
RESS 1		
All Projects average Strike Price	82.74	82.74
RESS2		
All Projects average Strike Price	105.45	105.45
RESS 3		
All Projects average Strike Price	105.15	105.15
RESS 4		
All Projects average Strike Price	105.38	105.38
SRESS 1		
ALL Projects average Export Tariff Price	120.00	120.00
REFIT 1		
Biomass	107.42	109.90
Hydro	107.42	109.90
Landfill	104.44	106.85
Large Wind	85.04	87.01
Small Wind	88.03	90.06
REFIT 2		
Hydro	107.42	109.90
Landfill	104.44	106.85
Large Wind	85.04	87.01
Small Wind	88.03	90.06
REFIT 3		
AD CHP > 500 kWe	166.62	170.46
AD CHP ≤ 500 kWe	192.24	196.68
AD (non-CHP) ≤ 500kWe	140.98	144.24
AD (non-CHP) > 500kWe	128.17	131.13
Biomass CHP ≤ 1500 kWe	179.43	183.58
Biomass CHP > 1500kWe	153.80	157.35
Biomass Energy Crops	121.76	124.57
Other Biomass Combustion	108.94	111.46

Table 6: PSO Support rates¹⁵ for 2025 and 2026

¹⁵ The Average RESS strike stated in the above table is the average price for the scheme. PSO support payments are calculated using the successful projects individual strike price.

Table 7 provides a breakdown, by support scheme and technology type of the capacity supported, and the ex-ante cost estimates covered under the levy for 2025/26. The individual support schemes will be discussed in more detail in the sections that follow.

Support Scheme and Technology	Ex-ante PSO payment 2024/25 (€ million)	Ex-ante PSO payment 2025/2026 (€ million)	% Change in Payment	Capacity supported in 2024/25 (MW)	Capacity supported in 2025/26 (MW)	% Change in Capacity
RESS 1						
Solar	-€2.78	-€1.04	-63%	36.0	44.0	22%
Onshore Wind	-€31.76	-€16.70	-47%	272.8	266.9	-2%
Sub-total	-€34.54	-€17.74		308.8	310.9	
RESS 2						
Solar	-€10.39	€5.78	-156%	775.4	822.2	6%
Onshore Wind	-€1.37	-€0.14	-90%	20.4	23.8	16%
Sub-total	-€11.76	€5.65		795.8	846.0	
RESS 3						
Solar	-€0.10	€1.49	-1589%	10.1	177.8	1660%
Onshore Wind	-€6.04	-€0.77	-87%	104.4	144.2	38%
Sub-total	-€6.14	€0.72		114.5	322.0	
RESS 4						
Solar	N/A	€0.27	N/A	N/A	52.0	N/A
Sub-total	N/A	€0.27			52.0	
SRESS 1						
SME Solar 50kW to 1MW	N/A	€0.01	N/A	N/A	0.5	N/A
SME Solar 1 to 6MW	N/A	€0.03	N/A	N/A	8.9	N/A
Sub-total	N/A	€0.05			9.4	
REFIT 1						
Biomass	€1.98	€0.55	-72%	18.2	18.2	0%
Hydro	€0.05	€0.00	-95%	0.5	0.1	-72%
Landfill	€0.71	€0.50	-30%	7.0	2.4	-65%
Large Wind	€27.15	€19.71	-27%	849.1	594.3	-30%
Small Wind	€2.59	€1.73	-33%	72.8	57.7	-21%
Sub-total	€32.47	€22.49		947.6	672.7	
REFIT 2						
Hydro	€0.00	€0.02	N/A	0.5	0.5	0%
Landfill	€0.00	€0.43	N/A	14.0	11.7	-17%
Large Wind	€0.00	€0.00	N/A	2109.6	2251.1	7%
Small Wind	€0.00	€0.00	N/A	123.9	68.3	-45%
Sub-total	€0.00	€0.45		2248.0	2331.6	
REFIT 3						
AD CHP > 500 kWe	€0.21	€2.82	1241%	1.1	5.6	425%
AD CHP ≤ 500 kWe	€2.42	€2.80	16%	4.0	5.2	29%
AD (non-CHP) ≤ 500kWe	€0.00	€0.00	N/A	0.0	0.0	N/A
AD (non-CHP) > 500kWe	€0.00	€0.00	N/A	0.0	0.0	N/A
Biomass CHP ≤ 1500 kWe	€0.46	€0.56	22%	1.2	1.2	0%
Biomass CHP > 1500kWe	€0.00	€16.82	N/A	0.0	72.0	N/A
Biomass Energy Crops	€0.00	€0.00	N/A	0.0	0.0	N/A
Other Biomass Combustion	€0.00	€4.25	N/A	38.4	38.4	0%
Sub-total	€3.09	€27.25	782%	44.7	122.3	174%
Total REFIT	€35.56	€50.22	41%	3240	3127	-4%
Total RESS	-€52.44	-€11.1	-79%	1219	1531	26%
Total SRESS	N/A	€0.05	N/A	N/A	9	N/A
Total	-€16.88	€39.17	-332%	4459	4667	5%

Table 7: Breakdown of ex-ante PSO Payment and capacity supported by support scheme and technology type

REFIT

The first Renewable Energy Feed-in-Tariff (REFIT 1) scheme was introduced in 2006, followed by REFIT 2 and 3 both in 2012. The technologies covered under each scheme are summarised in Table 8.

Scheme	REFIT 1	REFIT 2	REFIT 3
Technologies supported	• Biomass • Hydro • Landfill • Large Wind • Small Wind	• Hydro • Landfill • Large Wind • Small Wind	• AD (non CHP) > 500 kWe • AD (non CHP) ≤ 500 kWe • AD CHP > 500 kWe • AD CHP ≤ 500 kWe • Biomass CHP ≤ 1500 kWe • Biomass CHP > 1500 kWe • Biomass Combustion (non-CHP) ➤ Energy Crops ➤ Other Biomass

Table 8: Technologies supported under the three REFIT schemes

The ex-ante PSO amount finalized for the 2025/26 PSO year for the REFIT schemes is €50.22 million. This represents an increase of €14.66 million from the €35.56 million support for these contracts included in the 2024/25 PSO Levy year. The REFIT generation capacity supported under the PSO in the 2025/26 PSO year is 3,127MW.

RESS

The Renewable Electricity Support Scheme (RESS) is a government support scheme for renewable generators in Ireland. Under this scheme, renewable generators receive PSO support up to a guaranteed Strike Price. The Strike Price of each generator in this scheme is determined through an auction.

In accordance with Government policy, the CRU has accepted ex-ante PSO submissions for RESS support in the PSO Year 2024/25 from projects that were successful in the RESS auctions. The CRU has received submissions from 65 RESS 1,2,3,4 and SRESS 1 projects for 435 MW wind and 1,105 MW solar.

A key difference between RESS and REFIT is that suppliers may owe money back to the PSO Levy where market prices exceed a project's Strike Price. The 2025/26 indicative Benchmark Price is higher than the RESS Strike Price for many of the RESS submissions received. As a result, the net monies owed to suppliers under RESS in 2025/26 is negative - €11.1 million.

Scheme	RESS 1	RESS 2	RESS 3	RESS 4	SRESS
Technologies Supported	- Onshore Wind - Solar	- Onshore Wind - Solar	- Onshore Wind - Solar	- Onshore Wind - Solar	- Onshore Wind - Solar

Table 9: Technologies supported under the four RESS and SRESS schemes.

Summary of support schemes

The breakdown by technology of total ex-ante PSO cost and generation supported under the 2025/26 levy for REFIT and RESS is shown in Figure 8, with similar categories grouped together. As there are different support rates for the different technologies, the breakdown by cost differs from the breakdown by generation supported.

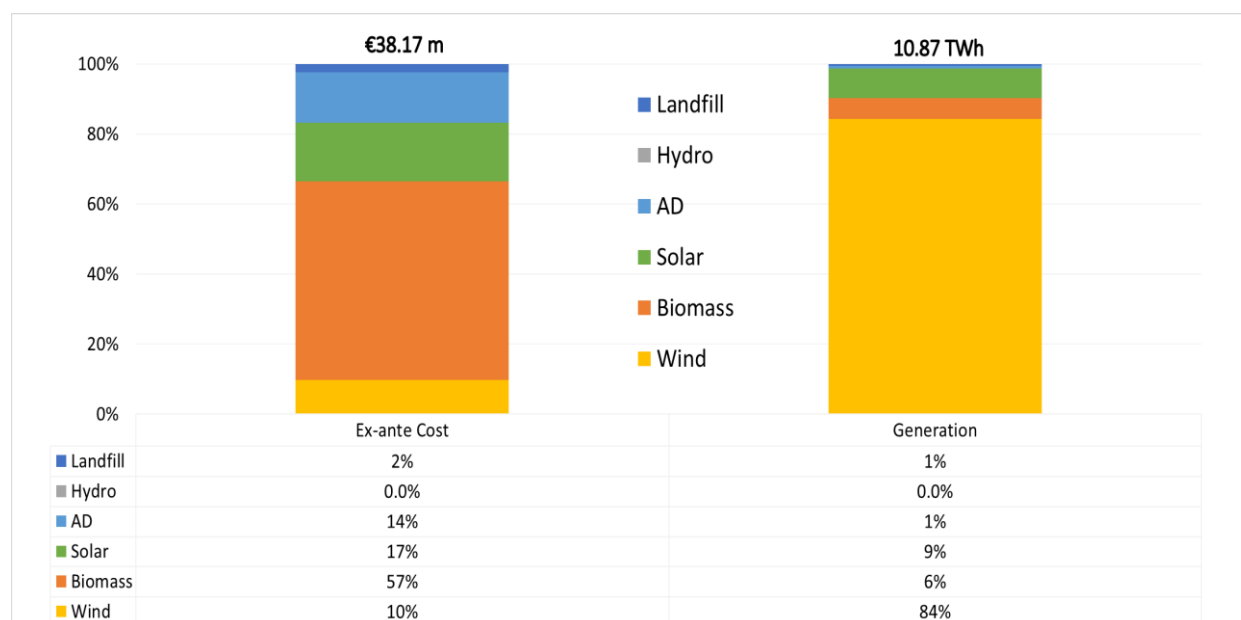


Figure 8: Breakdown of ex-ante costs and generation supported by technology type under the 2025/26 PSO Levy

6.2 R-factor

While the ex-ante estimates constitute part of the final 2025/26 PSO Levy. The R-factor i.e., the settlement of the ex-ante estimate component of the 2023/24 PSO Levy, based on actual outturn costs and market revenues, is the most significant component. The 2023/24 R-factor, included in the 2025/26 PSO Levy, accounts for the difference between the costs and revenues estimated for 2023/24 ex-ante and the actual costs and revenues for 2023/24 certified ex-post. Further detail on the methodology used in calculating the R-factor can be found in [CRU/20/013](#).

A positive R-factor of €122.15 million has been included in the calculation of the final 2025/26 PSO Levy.

The main reason for the significant 2023/24 R-factor is the difference between the 2023/24 Benchmark Price, as calculated by the CRU, and the out-turn market prices that occurred during the 2023/24 PSO year. The 2023/24 Benchmark Price was calculated using the CRU's SEM PLEXOS model ([SEM-21-086](#)).

The CRU observed a notable decrease in the commodity prices used to calculate the 2023/24 Benchmark Price(s) and the actual outturn market prices that occurred during the PSO Year 2023/24. Prices remain high by historical standards. On average, the CRU observed a 28% decrease in outturn gas prices and a 22% decrease in carbon prices. Outturn coal prices increased by 14%.

Lower SEM prices resulted in PSO generators receiving lower market revenue than anticipated, and hence REFIT and RESS Suppliers over-paying their additional costs during PSO Year 2023/24 through the ex-ante payments. This over-paid has been partially removed through the Interim R-factor in 2023/24 and will be fully reconciled through the 2024/25 PSO payments to suppliers.¹⁶ In addition, outturn generation by REFIT supported generators for PSO Year 2023/24 was higher than the estimates of generation submitted beforehand. In recent years, the CRU has observed significant variance between estimated generation submitted by suppliers to the CRU and actual generation submitted by suppliers' ex-post. This has led to volatility in the PSO Levy. In Q3 2021, the CRU issued a decision addressing the

¹⁶ Refer to Appendix 2 for summary of the forecast commodity prices used in the calculation of the 2023/24 Benchmark Prices, relative to actual commodity prices in 2023/24.

volatility of the PSO, in particular regarding Suppliers obligations to submitted accurate estimate generation data [CRU/21/076](#).

6.3 Publication of PSO Levy Data

As part of its 2025/26 PSO Decision Paper, the CRU will publish an Annex of additional data in relation to the PSO. This Annex details inter-alia, the estimated generation quantities and actual outturn generation for each individual REFIT project in the 2016/17 - 2019/20 PSO years, the Actual REFIT Payment associated with each REFIT project in the 2016/17 - 2023/24 PSO years, and the R-factor associated with each supply company in recent PSO years.

As noted in the “Notification to Suppliers - Submissions to the CRU for the 2025/26 Public Service Obligation (PSO) Levy” ([CRU202509](#)), the CRU will continue to publish data in relation to Actual REFIT Payments, estimated and actual REFIT generation and REFIT R-Factor payments for each supplier in receipt of PSO support. Furthermore, as stated in CRU202509, the CRU intends publishing the following information, in conjunction with its 2025/26 PSO decision paper:

- i. the REFIT starts dates and REFIT end dates for each PSO supported project, as detailed by each supplier in their 2025/26 PSO submission.

This information is being published (as an Annex to this Decision Paper) to facilitate further transparency on the calculation of the PSO levy.

The CRU notes that as part of its recent Decision Paper on Managing Volatility of the PSO Levy, the CRU will now require suppliers’ estimates of generation to be the average of actual generation data, when three full PSO years of data is available, or an unbiased P50 exceedance probability, otherwise. This should facilitate a reduction in the continuous overestimation of forecasted generation that currently occurs in the PSO levy.

6.4 Bad Debt

In accordance with the PSO Invoicing and Collection Procedures, in the case where a supplier has a net negative PSO payment, this amount is to be paid to the TSO (EirGrid) on a monthly basis. The recovery of the PSO monies owed will be pursued by EirGrid in accordance with its statutory responsibilities. CRU and the TSO will continue to pursue all relevant parties regarding the recovery of PSO monies owed.

6.5 HECHP Certification

The CRU requires ([CRU202509](#)) that suppliers contracted with a HE CHP generator that is supported under the PSO include a valid HE CHP certificate issued by the CRU covering the period to which the outturn calculations relate in their annual PSO submission¹⁷. If a valid certificate is not provided only the appropriate non-CHP rate for the relevant technology is applicable and suppliers will be requested to resubmit their outturn calculation based on the non-CHP rate.

The onus is on suppliers and their contracted generators to inform themselves of the requirements and to apply for HE CHP certification sufficiently in advance of the applicable PSO period.

7. Ongoing PSO Developments

The CRU notes engagement with stakeholders on the following topics will be conducted via separate consultation processes.

7.1 Unrealised Available Energy Compensation (UAEC)

The CRU notes an Unrealised Available Energy Compensation (UAEC) mechanism has been included in the Terms and Conditions of RESS 3. The purpose of UAEC is to compensate successful RESS projects for system wide curtailment. The CRU notes the methodology of implementing UAEC is currently being finalised by the TSO. The CRU will notify market participants with regard to RESS 3 outturn submissions once the methodology has been completed.

¹⁷ Planned plant certificates remain valid until 14 months after commissioning for the purposes of CHP plants to be able to collect operational/performance data (12 months) and to submit the relevant data to the CRU's HECHP Team for the performance certification. Once a CHP plant receives a performance certificate, the ex-post REFIT payment is updated to reflect the performance certificate (i.e., a Planned Plant Certificate cannot be used to calculate outturn REFIT costs & the supplier should not assume a generator unit is 100% certified on the basis of a Planned Plant Certificate). All queries relating to HECHP Certification should be emailed to hechp@cru.ie

7.2 Change of Market Time Unit (MTU) within the SEM Day-Ahead Market

The CRU notes from the 1st October 2025 the SEM Day-Ahead Market will move to a 30-minute market time unit (MTU) instead of the current hourly MTU. This change is required to comply with the Clean Energy Package requirements that markets must provide day-ahead products that are at least equal to the Imbalance Settlement Period (ISP). Within the SEM this is 30-minutes. Through engagements with SEMOpx, the CRU understands that SEMOpx will publish a reference hourly MTU price for the SEM that will be the average of two x 30 minute MTU prices for the relevant hour period. The CRU intends to engage with stakeholders and market participants ahead of the 2027/28 PSO calculation process regarding the potential impact that the change may have on the ex-post settlement of costs associated with PSO funded schemes.

7.3 Consideration to Streamline the PSO Process

Cognisant of the statutory duties of the CRU outlined within the PSO order, the CRU is considering streamlining the PSO calculation and consultation process in future PSO Years. In the current format, the PSO Proposed Decision is published by the end of Quarter 2 each year and it allows for stakeholders to comment on the indicative levy through the proposed decision process. The indicative results that are published are guaranteed to change before the final decision is published 1st August each year. The streamlining of this process and the publication of only one decision i.e. the PSO Final Decision Paper, would potentially avoid mixed messaging and would provide consumers and market participants with certainty and could increase efficiencies within other PSO workstreams. Pertinent PSO administrative and policy issues could instead be consulted through a specific and more focused consultation process.

7.4 Working Capital and the R-factor for RESS and ORESS

The CRU is aware of certain market participants concerns regarding the R-factor and resulting potential for cash flow mis matches. These cash flow mismatches are a consequence of the design of the PSO, which mandates the process of estimating and then reconciling the PSO amounts for each year and have been exacerbated in recent years as a result of a divergence between estimate revenues and actual outturn prices. As discussed in section 5 of this paper, the CRU has been cognisant of volatility and the consequence that this has for both the consumer and industry, the CRU therefore intends to consider such views in advance of the 2026/27 PSO calculation process and will engage with industry regarding the matter.

8. Next Steps

As mentioned in the CRU's "Notification to Suppliers: Submissions to the CRU for the 2025/26 Public Service Obligation (PSO) Levy" ([CRU202406](#)), the CRU has in recent years published an increasing amount of data in relation to its calculation of the PSO levy. The purpose of this has been to increase transparency in the CRU's calculation of the PSO levy.

The CRU will continue to publish this data alongside future PSO Decision Papers. To facilitate further transparency in the calculation of the PSO levy, the CRU also intends publishing the REFIT start dates and end dates for each PSO supported project that are provided by the supplier (such dates will be subject to further review). As applicable, the CRU may also publish similar data in relation to its calculation of RESS payments under the PSO.

The PSO levy for the year 1 October 2025 to September 2026 is to be set out, as in Section 4.4 and Appendix 1 of this decision paper and will be applied to the electricity bills of all customers by their electricity suppliers over the applicable period.

PSO payments or settlements will only be made in respect of generation projects that have been included in the calculation of the PSO levy as published in this decision paper and that are listed in the forthcoming S.I. amending the 2002 PSO Order.

Between the publication of this decision paper and the making of the S.I., the CRU will continue to liaise with the DCEE regarding eligibility of REFIT & RESS projects for inclusion in the 2025/26 PSO.

Appendix 1: Allocation of 2025/26 PSO Levy

Allocating 2025-26 PSO									
	Individual Peak	% of Individual Peak	PSO Allocation €m	Total Mkt Cust Nos Mid Year (excl PL a/cs i.e. DG3)	Total Non-domestic mkt MICs kVA	Annual Charge € per Cust €/kVA		Monthly Charge Monthly €	Monthly Charge
Domestic Profile	2,011,838	34.23%	55.59	2,303,243		24.13		2.01	€ per Customer
Small Profile ie. non-domestic (excl PL) <30kVA	591,223	10.06%	16.34	175,135		93.27		7.77	€ per Customer
Medium & Large Profile	3,273,675	55.71%	90.45		7,856,281		11.51	0.96	€/kVA
TOTAL	5,876,735	100.00%	162.37						

Number of months to recover charge

12

Figure 9: Cost Allocation Model 2025/26 provided by ESNB

The “Annual cost” detailed for each customer category above is provided for information purposes. The monthly PSO Levy amount to be charged to Domestic Customers in 2025/26 PSO year is €2.01 per month. The monthly PSO levy to be charged to small commercial customers in the 2025/26 PSO year is €7.77 per month. The monthly PSO levy to be charged to medium/large commercial customers in the 2025/26 PSO year is €0.96/kVa per month.

Appendix 2: 2023/24 Benchmark Price

The time-weighted benchmark price for the 2023/24 PSO Levy was €145.58/MWh. The actual outturn average market price during the 2023/24 PSO Levy period was €103.11/MWh, which is approximately 29% lower than originally forecasted. The reason for the decrease is due to the volatility of commodity prices. Table 10 below shows how gas and carbon prices decreased considerably throughout the PSO Levy period, particularly in Quarter 1 2024. On average, gas prices decreased by 28%, carbon prices decreased by 22% and the price of coal increased by 14%.

	Gas Price (p/Therm)			Coal Price (\$/Tonne)			Carbon Credits (€/Tonne)		
	Forecast	Actual	% Change	Forecast	Actual	% Change	Forecast	Actual	% Change
Q4 23	104.4	99.1	-5%	96.3	124.0	29%	85.8	76.3	-11%
Q1 24	125.5	68.7	-45%	100.2	105.1	5%	86.9	59.7	-31%
Q2 24	116.6	76.6	-34%	100.6	111.4	11%	87.7	68.1	-22%
Q3 24	115.6	81.9	-29%	103.0	113.9	11%	89.1	67.5	-24%
Average			-28%			14%			-22%

Table 10: Forecast versus actual commodity prices for PSO Benchmark Price.

Figure 10 below graphs the impact that each commodity had on how the actual wholesale electricity market price deviated from the original forecasted benchmark price.

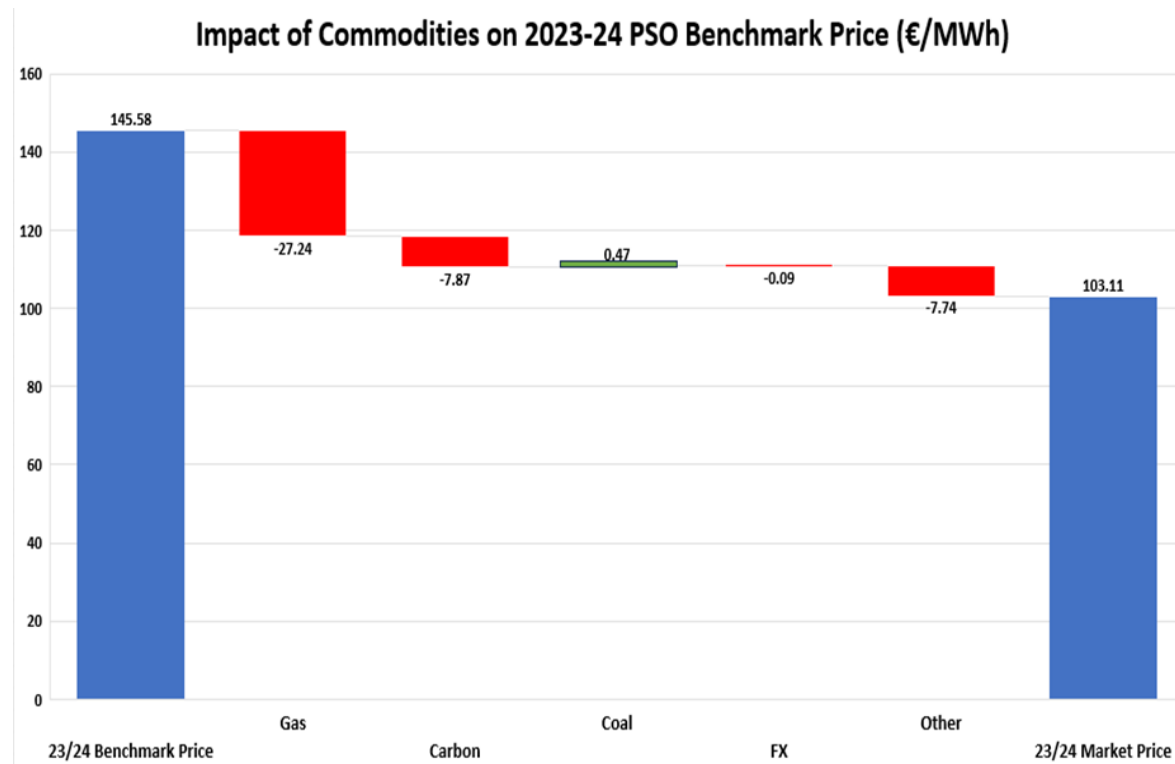


Figure 10: Impact of commodity volatilities on 2023/24 Benchmark Price