



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

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Commission for Regulation of Utilities

Decision Paper

Public Service Obligation Levy 2026/27

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 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 REFIT, RESS and newly established 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's achievement of its Climate Action Plan targets while supporting the transition to a more sustainable and low-carbon energy system.

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 5,002 Megawatts (MW) of renewable generation in Ireland. Ireland continues to make significant progress in advancing renewable energy. In May 2026, renewable sources met 39% of the country's electricity demand. May was a significant month for solar energy on the power system, contributing 7.8% to the overall fuel mix. This compares to 6% in May 2025. A new peak for grid-scale solar was achieved on 25 May contributing 1,222 MW to Ireland's electricity mix.¹

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

¹ EirGrid Group - <https://www.eirgrid.ie/>

and to help ensure appropriate and efficient administration of the scheme. The CRU has therefore prepared this Decision Paper (CRU2026107), which sets out the PSO Levy to apply to electricity customers from 1 October 2026 to 30 September 2027.

Following a review of the PSO cost submissions from eligible suppliers, the CRU's calculation is that **a PSO Levy of €41.48 million will be required for the 2026/27 PSO year**, which represents a decrease of €83.9 million on the 2025/26 PSO Levy which was €125.38 million.

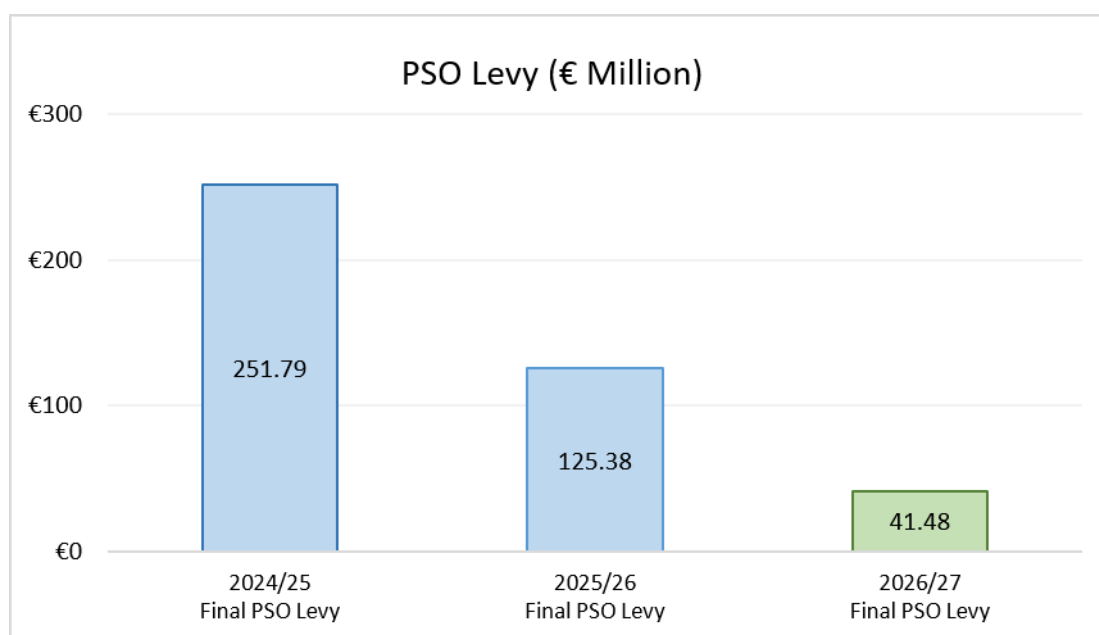


Figure 1: PSO Levy comparisons

Specifically, for the PSO period 2026/2027 the key drivers for the PSO Levy requirement are:

- a) **Inclusion of the 2024/25 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 2024/25 R-factor which is included in the 2026/27 PSO decision, is positive because actual market revenues in 2024/25 were less than the estimates on which 2024/2025 ex-ante payments were based. This divergence between estimated and actual market revenues has predominantly been driven by the difference in estimated versus actual generation volumes (MWh). Actual generation was approximately 12.58% lower than forecast. As a result, many suppliers (particularly RESS projects operating under a two-way CfD) may have made PSO payments in 2024/25 based on expected generation volumes that ultimately did not materialise. These payments are now owed

back to Suppliers. The 2024/25 R-factor is an upward driver, as it increases the funding requirement of the 2026/27 PSO.

- b) **The Benchmark Prices:** The forecasted prices used for the PSO year 2026/27 are higher than those used for the 2025/26 calculation. The increase in the forecast Benchmark Price between the 2025/26 PSO period and the 2026/27 PSO period was driven by an increase 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 €15.91 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. This has resulted in RESS projects owing -€43.37 million to the PSO for 2026/27. The addition of SRESS projects has increased the required support payments by €0.25 million. The net of these renewable ex-ante costs results in a small downward drive, reducing the funding requirements of the 2026/27 PSO Levy.

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 2026/27 PSO Levy has decreased relative to the previous PSO year.

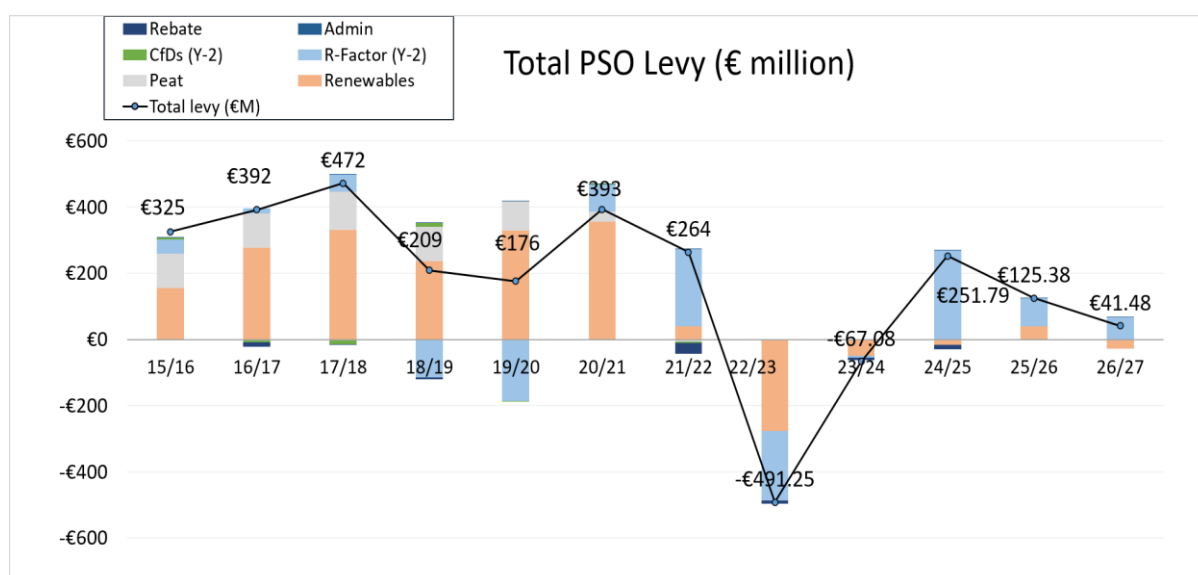


Figure 2: The PSO Levy Trend Graph

The R-factor is an adjustment made to ensure that any overpayments or underpayments from previous PSO periods (in this case 24/25) are corrected on a T+2 basis.

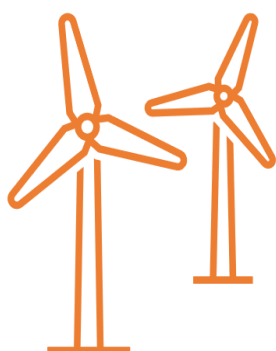
The CRU notes that PSO Levy payments are calculated based on estimated generation and estimated wholesale electricity market prices for the year ahead. These payments are then corrected for actual generation and prices through the R-factor. The CRU notes that due to the ex-ante nature of the PSO Levy 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 6.3 of this paper has commenced an assessment of volatility, and in particular the impact of the R-factor on working capital for RESS and ORESS suppliers.

Role of the Commission

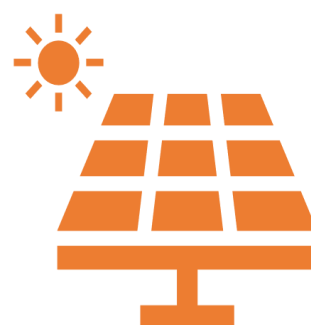
Policy and terms associated with the generators eligible for support from the PSO Levy under the various schemes are set out in legislation and documents published by DCEE. The CRU has no discretion over the terms of the various schemes. The CRU's role in relation to the PSO is to calculate the levy 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

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.



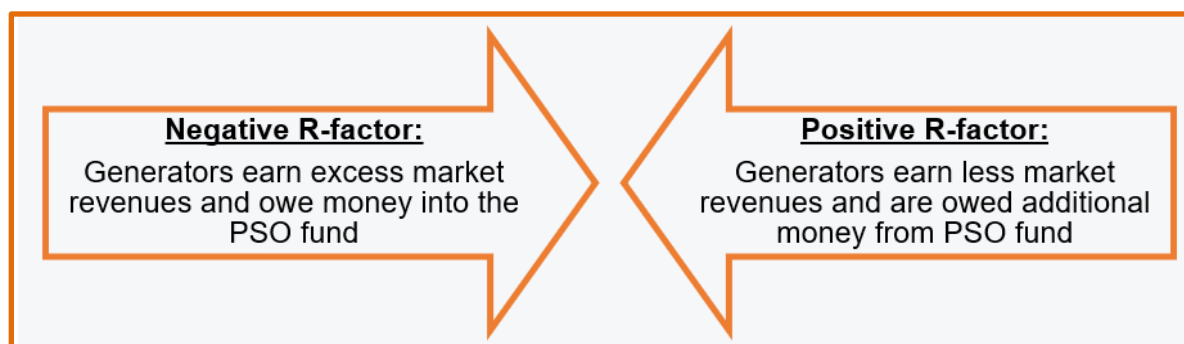
If wholesale electricity prices are forecasted to be high, less money is required to be raised through the PSO Levy to subsidise PSO supported generators.

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 2026/27 PSO period the R-factor is positive as generators earned less market revenues in 2024/25 than expected. This has resulted in a small positive PSO Levy for 2026/27.

The PSO is important for renewable energy investment in Ireland because it helps fund government support mechanisms that give renewable energy producers a guaranteed source of income over the long term, encouraging investments in new projects. The PSO reduces exposure to wholesale electricity price volatility, lowering project risk and attracts private investment into renewable generation. Furthermore, when a renewable energy project is considered less risky, investors are willing to accept a lower return on their investment, reducing the overall cost of funding the project.

This investment certainty is essential for delivering Ireland's renewable electricity and decarbonisation targets while maintaining a secure electricity system and helping to achieve value for money for electricity customers over the long term. The PSO currently supports 158 wind farms and 61 solar farms all over Ireland.

Renewable energy projects typically require significant upfront capital investment and depend on stable, predictable revenues over many years to secure financing. While the market provides revenues through the sale of electricity, those revenues can be volatile and are often insufficient to support the level of investment required to deliver Ireland's renewable energy and climate objectives. The PSO is applied to consumer's bills across Ireland and the payments collected from consumers fund the difference between the revenues that renewable projects can earn from the market and the revenues required to make those projects investable. Without this support, many renewable projects would either not proceed at all or would face significantly higher financing costs, slowing the pace of Ireland's energy transition. The PSO is critical to ensure there is adequate investment in the infrastructure needed to meet national renewable energy targets and deliver long-term benefits to customers.

and the economy. In addition to supporting decarbonisation, investment in renewable generation also strengthens Ireland's security of electricity supply by increasing the amount of indigenous energy available to meet demand. As Ireland becomes less reliant on imported fossil fuels, customers are less exposed to international fuel price volatility, supply disruptions and geopolitical events that can impact global energy markets. By supporting the deployment of domestic renewable generation, the PSO contributes to a more resilient, secure and independent energy system while helping to deliver Ireland's climate and energy policy objectives.

The PSO currently supports different government schemes that support renewable electricity generation projects, namely; the Renewable Energy Feed-In Tariff (REFIT), the Renewable Electricity Support Scheme (RESS) and the Small-Scale Renewable Electricity Support Scheme (SRESS). Under the REFIT scheme, renewable generators are guaranteed a minimum reference price for their electricity. Where market prices fell below the REFIT reference price, the PSO funded a top-up payment to ensure the generator received the agreed level of support. This revenue certainty was highly effective in enabling investment and was instrumental in the deployment of renewable energy. While it provided strong certainty for investors, it did not include an explicit mechanism to return excess revenues to customer if market prices rose substantially above the support level. In effect, support payments were uncapped on the upside from the perspective of generators.

RESS, introduced as the successor to REFIT, builds on the strengths of the earlier scheme while incorporating additional customer protections. RESS operates as a two-way mechanism: when market prices are below the strike price, projects receive support through the PSO. When market prices rise above the strike price, projects return the difference to customer. This means that customers share the benefits of high market prices while suppliers retain the certainty necessary to invest in renewable capacity. The benefits of this design are evident in the current PSO period. Many RESS supported projects are forecast to make net payments back into the PSO fund rather than receive support from it. This demonstrates that RESS is not simply a mechanism through which customers support renewable generation, it is also capable of returning value to customers when wholesale electricity prices exceed the contracted support levels. This helps protect customers from paying for support when electricity prices are high, while maintaining strong investment signals to encourage the development of new renewable generation. As a result, RESS represents a more balanced efficient and consumer focused support framework.

For the PSO year starting on 1 October 2026, the CRU has calculated that the monthly PSO Levy will be €0.51 and €1.93 for domestic and small commercial customers, respectively. This compares to the current (2025/26) PSO levy which is set to €1.46 and €5.65 and will result in

a 65% and 66% decrease respectively. Customers in the medium/large commercial category will be subject to a monthly charge of €0.24/kVA, compared to the current PSO Levy which is set to €0.70/kVA which is a decrease of 66%. Table 1 below summarises the 2026/27 change in the levy charged for each customer category².

PSO Customer Category	Monthly Levy Amount (2025/26) (€/customer)	Monthly Levy Amount (2026/27) (€/customer)	% Change
Domestic	€1.46	€0.51	-65%
Small commercial (MIC < 30 kVA)	€5.65	€1.93	-66%
Medium/Large commercial (MIC ≥ 30 kVA) (€/kVa)	€0.70/kVa	€0.24/kVa	-66%

Table 1: Monthly PSO Levy 2026/27

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

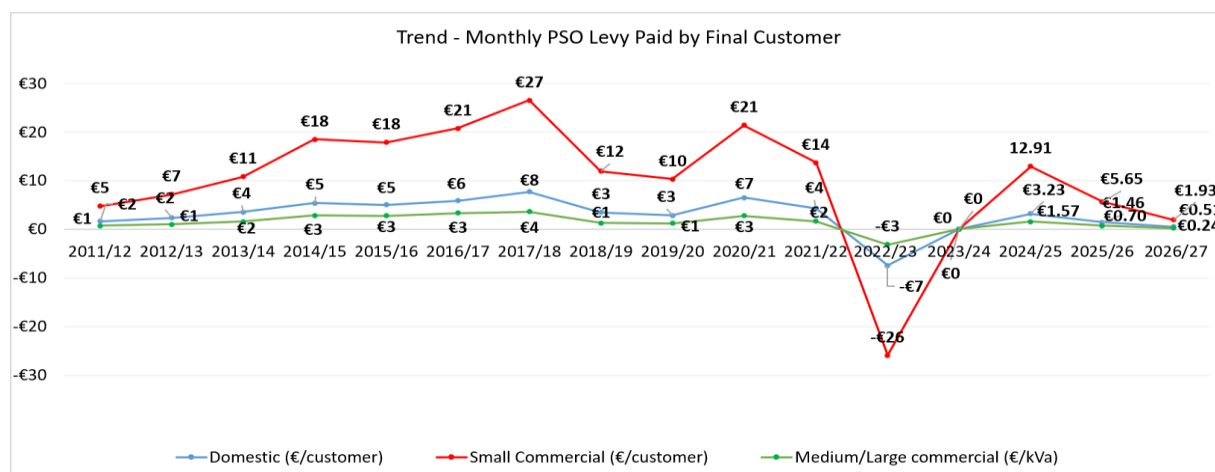


Figure 3: Monthly PSO Levy Trend Graph

The CRU notes that the decrease in the PSO Levy, relative to 2025/26 will decrease 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](#).

² The table shows that domestic customers will be charged €0.95 less per month and small commercial customers will be charged €3.72 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 €24,000 per month.

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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 2026 to 30 September 2027.

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 2026/27.

Section 4 – 2026/27 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 – Cost Breakdown of Levy: Provides a breakdown of the PSO levy in terms of the support schemes and generation technologies that it supports.

Section 6 – Ongoing PSO developments: Outlines the ongoing and potential future developments of the PSO process.

Section 7 – 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 2024/25 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;

- [CRU202611](#), “Notification to Suppliers – Submissions to the CRU for the 2026/27 Public Service Obligation (PSO) Levy”, 6 February 2026

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 2,716 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 Department of Climate, Energy and the Environment (the “Department”)³. 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)⁴. 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 price⁵, as specified in the terms and conditions of the scheme published by the Department.

In February 2020, the Department established RESS. Currently 2,256 MW of renewable capacity is supported by RESS. 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 SRESS and published the Terms and Conditions of this scheme which opened for applications on 27th January 2025. Currently 30MW of renewable capacity is supported under this scheme.

RESS differs from REFIT primarily by the fact that:

³ 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).

⁴ 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.

⁵ Refer to Section 3.6 of REFIT 2 and 3 terms and conditions for further detail.

- (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 Administrator⁶, in which eligible projects compete on strike price, with the successful projects being those offering the lowest strike prices.

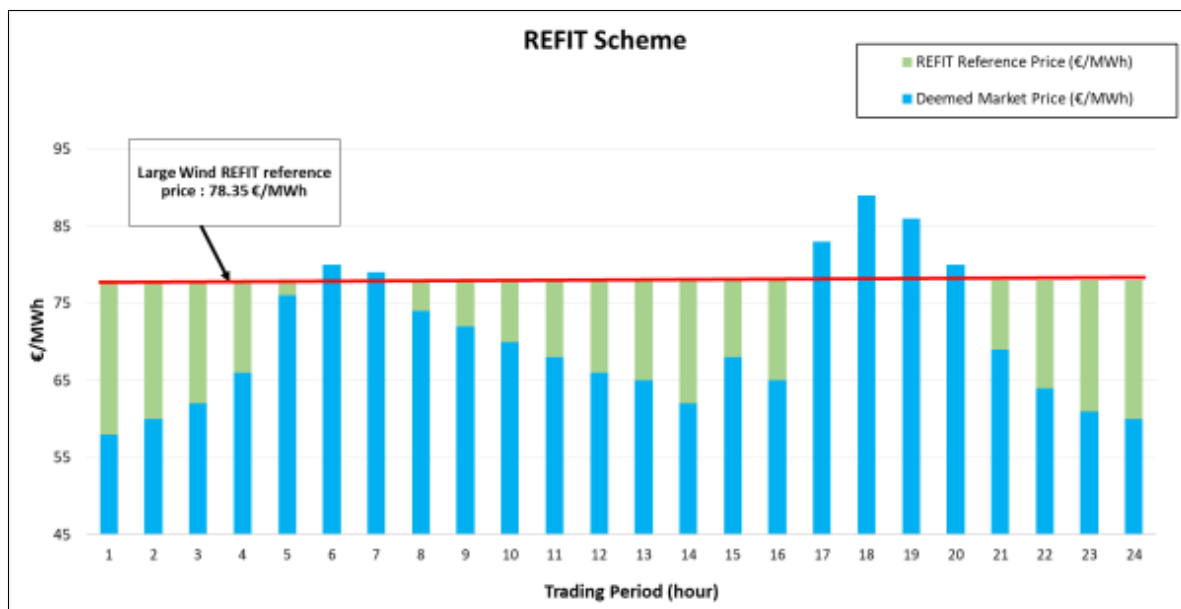


Figure 1: Illustration of REFIT Scheme (one-way CfD)

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.

⁶ The current Auction Administrator is EirGrid.

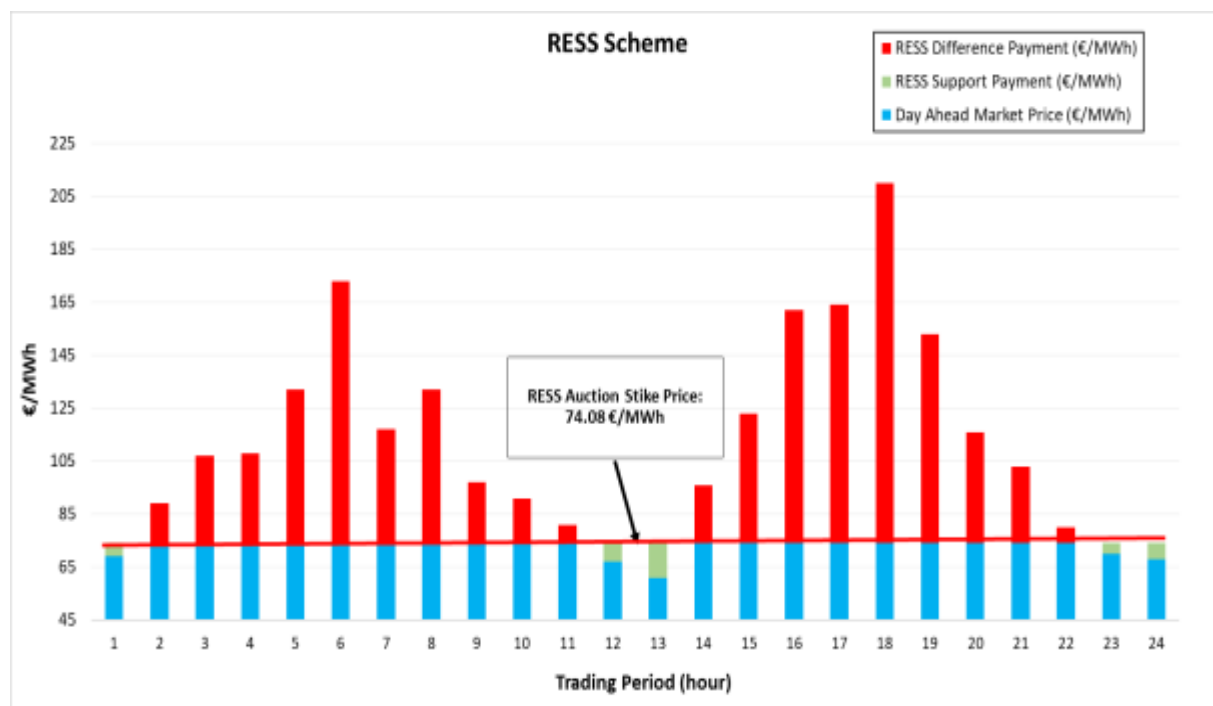


Figure 2: Illustration of RESS Scheme (two-way CfD)

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 costs⁷ incurred by market participants in generating or purchasing electricity from PSO-supported generators⁸. 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.

⁷ “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.

⁸ 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 2026/27 includes a reconciliation of the costs incurred during PSO Year 2024/25 with the support payments made during PSO Year 2024/25. 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 2026/27 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)⁹.

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
- Recovery of contract debt

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.

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 Benchmark Prices for PSO Year 2026/27 are:

- **Wind-weighted: €114.04/MWh.**
- **Solar-weighted: €106.59/MWh.**
- **Time-weighted: €125.20/MWh.**

The foreign exchange rates and forward fuel and carbon prices used in the modelling of the benchmark prices are from 13th July 2026. The main determinant of the Benchmark Price is the forward fuel prices. Table 2 below shows the difference between the 2025/26 Benchmark Price and the 2026/27 benchmark price.

PSO Benchmark Price	2025/26 Benchmark Price (€/MWh)	2026/27 Benchmark Price (€/MWh)	Increase Benchmark Price (€/MWh)	Increase Benchmark Price (%)
Time-weighted	108.08	125.20	17.12	15.84%
Onshore Wind	96.22	114.04	17.82	18.52%
Solar	98.16	106.59	8.43	8.59%

Table 2: 2025/26 and 2026/27 Benchmark Price Comparison

3.2 Capacity payment

The CRU has used the results of the Final Capacity Auction Results 2026/2027 T-4¹⁰ 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 2026/27 PSO calculation.

4. 2026/27 PSO Levy

4.1 Total levy cost and generation capacity supported

The total PSO Levy for the 2026/27 year, calculated based on the Benchmark Price and capacity payment assumptions described in Section 3, is **€41.48 million**. A high-level breakdown of the 2026/27 PSO Levy into its components is shown in Table 3.

Component	Generation Capacity Supported (MW)	Forecast Cost 2026/27 (€ million)	R-Factor 2024/25 (€ million)	Total PSO support 2026/27 (€ million)
Renewables	5,003	-€27.21	€67.29	€40.17
Admin	-	-	-	€1.31
Total	5,003	-€27.21	€67.29	€41.48

Table 3: Breakdown of the annual PSO Levy Costs

Additionally, Figure 6 provides an annual breakdown of the total PSO Levy since 2015-16 and presents the overall trend in the cost of the PSO.

¹⁰ [2026/2027 T-4 Capacity Auction Final Results](#)

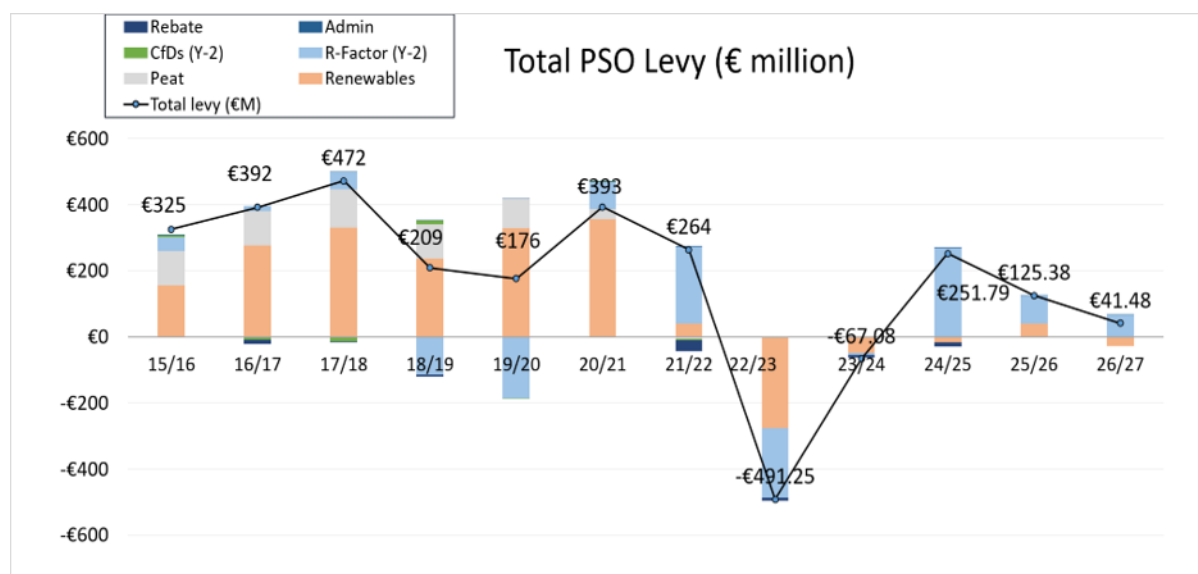


Figure 6: Historical breakdown of total PSO Levy

4.2 Drivers of year-on-year change

The PSO Levy for 2026/27 of €41.48 million represents a decrease of €83.9 million as compared to 2025/26 levy of €125.38 million. While several factors contribute to the overall PSO funding requirement, the most significant upward driver arises from the 2024/25 R-factor, whereas the increase in 2026/27 benchmark prices is the most significant factor reducing the overall PSO funding requirement.

Upward Drivers of the 2026/27 PSO Levy funding requirement

i. Positive R-factor:

A positive 2024/25 R-factor is included in the 2026/27 PSO Levy calculation. The 2024/25 R-factor accounts for the difference between the PSO monies paid by suppliers in the 2024/25 year, calculated ex-ante, and the actual PSO monies owed to suppliers for 2024/25 PSO year, certified ex-post. The R-factor for the 2024/25 PSO year is positive, meaning suppliers overpaid in the 2024/25 PSO year. This 2024/25 R-factor of €67.29 million is however less (-22%) compared to last year's R-Factor value of €86.21 million. A positive R-factor increases the PSO funding requirement for the 2026/27 PSO Levy.

ii. Positive ex-ante REFIT Payments :

The forecast Benchmark Prices are 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 2026/27 are currently €15.91 million compared to €50.22 million last year.

Downward Drivers of the 2026/27 PSO Levy compared to 2025/26 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 2026/27 indicative Benchmark Prices are higher than most of the Strike Price of RESS units that have made ex-ante submissions for the PSO Year 2026/27. Based on the CRU's current 2026/27 PSO projection, these projects will owe -€43.37 million ex-ante difference payments to the PSO in the year 2026/27 PSO. This is more than the difference payments due last year -€11.1 million. These payments reduce the overall funding requirement for the 2026/27 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' 2026/27 PSO Cost Allocation Model contains projections of customer numbers and demands for the PSO Year 2026/27. Table 4 below shows the monthly proportion of the 2026/27 PSO Levy of €41.48 million allocated to each of the three customer categories by ESB Networks' model.

PSO Customer Category	Monthly Levy Amount (2025/26) (€/customer)	Monthly Levy Amount (2026/27) (€/customer)
Domestic	€1.46	€0.51
Small commercial (MIC < 30 kVA)	€5.65	€1.93
Medium/Large commercial (MIC ≥ 30 kVA) (€/kVa)	€0.70/kVa	€0.24/kVa

Table 4: Cost of 2026/27 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 2026/27, updated forecast demand data results in an increase of 0.6%. Domestic customers account for 34.29% of peak demand, compared to 34.23% in the PSO Year 2025/26 PSO year. This increases the domestic customers' allocation of the PSO Levy relative to other PSO customer categories.
- **Small Commercial Customers:** updated For PSO Year 2026/27, the updated forecast demand figures show a slight decrease of 0.29%. Small Commercial Customers account for 9.77% of peak demand, as opposed to 10.06% for the 2025/26 PSO year.
- **Medium & Large Commercial Customers:** For 2026/27, the updated forecast demand data resulted in an increase of 0.23% in allocation of the total PSO Levy to Medium & Large Customers. In PSO Year 2026/27, Medium & Large Customers account for 55.94% of peak demand as compared to 2025/26 PSO Year 55.71%.

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 "electricity demand on the distribution network increased by approximately 1.1% between 2024 and 2025. This growth was primarily driven by increased domestic consumption, partially offset by reductions across other DG customer groups. There was no evidence of significant migration of larger customers from the distribution network to the transmission network over this period, nor were there material new larger connections". Appendix 1 provides further detail.

5. Cost breakdown of levy

5.1 Overview of support schemes

Table 5 provides a breakdown, by scheme and technology type, of the support rates during PSO Year 2026/27. 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 2026/27 PSO levy calculation, the CRU is applying Euribor interest rates¹¹, currently estimated at 2.13%.

¹¹ [Euribor 2026](#)

Support Scheme & Technology	2026 support rates (€/MWh)	2027 Indicative support rates (€/MWh)
RESS 1		
All Projects average Strike Price	76.71	76.71
RESS 2		
All Projects average Strike Price	104.84	104.84
RESS 3		
All Projects average Strike Price	104.86	104.86
RESS 4		
All Projects average Strike Price	100.68	100.68
RESS 5		
All Projects average Strike Price	105.56	105.56
SRESS 1		
All Projects average Export Tarrif Price	120.00	120.00
REFIT 1		
Biomass	106.73	109.01
Hydro	109.78	112.12
Landfill	106.73	109.01
Large Wind	86.91	88.76
Small Wind	89.96	91.88
REFIT 2		
Hydro	109.78	112.12
Landfill	106.73	109.01
Large Wind	86.91	88.76
Small Wind	89.96	91.88
REFIT 3		
AD CHP > 500 kWe	170.28	173.91
AD CHP ≤ 500 kWe	196.48	200.66
AD (non-CHP) ≤ 500kWe	144.08	147.15
AD (non-CHP) > 500kWe	130.99	133.77
Biomass CHP ≤ 1500 kWe	183.38	187.28
Biomass CHP > 1500kWe	157.18	160.53
Biomass Energy Crops	124.44	127.09
Other Biomass Combustion	111.34	113.71

Table 5: PSO Support rates¹² for 2026 and 2027

¹² 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 6 provides a breakdown, by support scheme and technology type of the capacity supported, and the ex-ante cost estimates covered under the levy for 2026/27. The individual support schemes will be discussed in more detail in the sections that follow.

Support Scheme and Technology	Ex-ante PSO payment 2025/2026 (€ million)	Ex-ante PSO payment 2026/2027 (€ million)	% Change in Payment	Capacity supported in 2025/26 (MW)	Capacity supported in 2026/27 (MW)	% Change in Capacity
RESS 1						
Solar	-€1.04	-€1.53	47%	44.0	36.0	-18%
Onshore Wind	-€16.70	-€28.88	73%	266.9	266.9	0%
Sub-total	-€17.74	-€30.40		310.9	302.9	
RESS 2						
Solar	€5.78	-€1.96	-134%	822.23	1072.8	30%
Onshore Wind	-€0.14	-€1.30	863%	23.75	96.8	307%
Sub-total	€5.65	-€3.26		846.0	1169.6	
RESS 3						
Solar	€1.49	€0.15	-90%	177.8	279.4	57%
Onshore Wind	-€0.77	-€8.67	1032%	144.2	144.2	0%
Sub-total	€0.72	-€8.52		322.0	423.6	
RESS 4						
Solar	€0.27	-€0.25	-193%	52.0	210.0	304%
Onshore Wind	N/A	-€0.93	N/A	N/A	144.0	N/A
Sub-total	€0.27	-€1.18		52.0	354.0	
RESS 5						
Solar	N/A	-€0.01	N/A	N/A	6.0	N/A
Sub-total	N/A	-€0.01		N/A	6.0	
SRESS 1						
Community Solar 50kW to 1MW	N/A	€0.10	N/A	N/A	1.5	N/A
Community Solar 1 to 6MW	N/A	€0.00	N/A	N/A	18.4	N/A
SME Solar 50kW to 1MW	€0.01	€0.02	85%	0.5	0.7	50%
SME Solar 1 to 6MW	€0.03	€0.13	288%	8.9	8.9	0%
Sub-total	€0.05	€0.25		9.4	29.6	
REFIT 1						
Biomass	€0.55	€0.01	-98%	18.2	15.2	-17%
Landfill	€0.50	€0.00	-100%	2.4	1.4	-41%
Large Wind	€19.71	€11.47	-42%	594.3	345.4	-42%
Small Wind	€1.73	€1.08	-38%	57.7	30.9	-47%
Sub-total	€22.49	€12.56		672.7	392.8	
REFIT 2						
Hydro	€0.01	€0.00	-100%	0.5	0.5	0%
Landfill	€0.36	€0.00	-100%	14.0	14.0	0%
Large Wind	€0.00	€0.00	N/A	2201.9	2137.0	-3%
Small Wind	€0.00	€0.00	N/A	117.6	123.5	5%
Sub-total	€0.37	€0.00		2334.0	2275.0	
REFIT 3						
AD CHP ≤ 500 kWe	€2.80	€0.00	-100%	6.4	2.0	-69%
AD (non-CHP) ≤ 500kWe	€0.00	€0.43	N/A	0.0	2.1	N/A
AD (non-CHP) > 500kWe	€0.00	€0.62	N/A	0.0	5.1	N/A
Biomass CHP ≤ 1500 kWe	€16.97	€0.91	-95%	72.0	1.2	-98%
Biomass Energy Crops	€0.00	€0.00	N/A	0.0	0.0	N/A
Other Biomass Combustion	€3.77	€1.38	-63%	38.4	38.4	0%
Sub-total	€26.00	€3.35	-87%	121.8	48.8	-60%
Total REFIT	€48.86	€15.91	-67%	3128.54	2716.5	-13%
Total RESS	-€11.37	-€43.37	281%	1478.84	2256.0	53%
Total SRESS	€0.05	€0.25	457%	9.42	29.6	214%
Total	€37.49	-€27.21	-173%	4607.4	5002.1	9%

Table 6: 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 7.

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 7: Technologies supported under the three REFIT schemes

The ex-ante PSO amount finalized for the 2026/27 PSO year for the REFIT schemes is €15.91 million. This represents a decrease of €34.31 million from the €50.22 million support for these contracts included in the 2025/26 PSO Levy year. The REFIT generation capacity supported under the PSO in the year 2026/27 PSO is 2,716MW.

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 2026/27 from projects that were successful in the RESS auctions. The CRU has received submissions from 65 RESS 1,2,3,4,5 and SRESS 1 projects for 652 MW wind and 1,634 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 2026/27 Benchmark Price is higher than the RESS Strike Price for many of the RESS submissions received. As a result, the net monies owed by suppliers under RESS in 2026/27 is €43.37 million.

Scheme	RESS 1	RESS 2	RESS 3	RESS 4	RESS 5	SRESS
Technologies Supported	- Onshore Wind - Solar	- Onshore Wind - Solar	- Onshore Wind - Solar	- Onshore Wind - Solar	- Onshore Wind - Solar	- Onshore Wind - Solar

Table 8: Technologies supported under the five RESS and SRESS schemes.

Summary of support schemes

The breakdown by technology of total ex-ante PSO cost and generation supported under the 2026/27 levy for REFIT, RESS and SRESS is shown in Figure 7, 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.

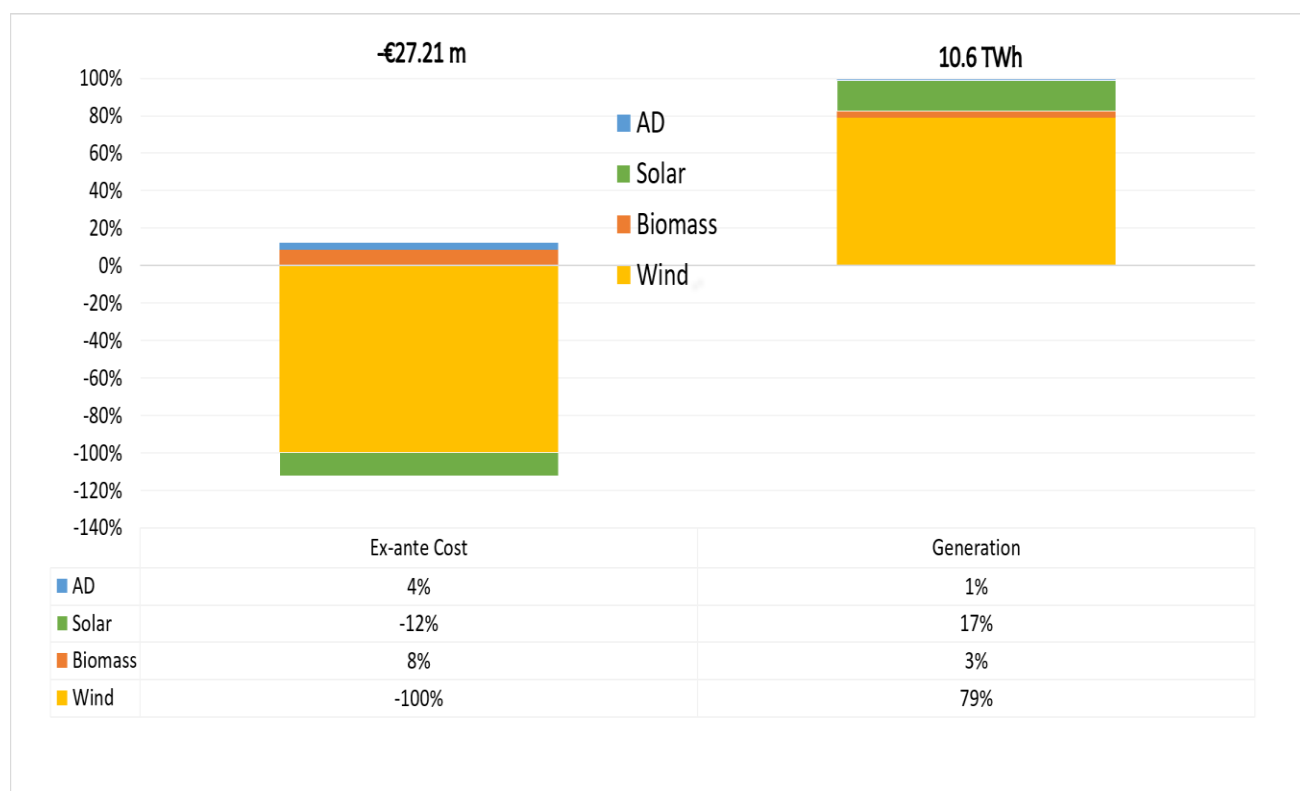


Figure 7: Breakdown of ex-ante costs and generation supported by technology type under the 2026/27 PSO Levy

5.2 R-factor

While the ex-ante estimates constitute part of the final 2026/27 PSO Levy, the R-factor, i.e., the settlement of the ex-ante estimate component of the 2024/25 PSO Levy, based on actual outturn costs and market revenues, is the most significant component. The 2024/25 R-factor, included in the 2026/27 PSO Levy, accounts for the difference between the costs and revenues estimated for 2024/25 ex-ante and the actual costs and revenues for 2024/25 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 €67.29 million has been included in the calculation of the 2026/27 PSO Levy.

The main reason for the significant 2024/25 R-factor is the divergence between estimated versus actual generation volumes (MWh). Based on historical data, actual generation has been approximately 12.58% lower than forecast, indicating that the original levy calculation may have been based on generation volumes that did not ultimately materialise. This is particularly relevant for RESS projects operating under two-way Contracts for Difference (CfDs). When market prices are above the strike price, these projects are required to make payments back to the PSO fund based on estimated generation volumes. If those generation estimates were higher, then actual outturn generation, these RESS generators would have overpaid into the 2024/25 PSO levy, based on revenues that they did not receive.

There was also a slight increase between the 2024/25 Benchmark Price, as calculated by the CRU, and the out-turn market prices that occurred during the 2024/25 PSO year. The 2024/25 Benchmark Price was calculated using the CRU's SEM PLEXOS model ([SEM-21-086](#)).

The CRU observed a small decrease in the commodity prices used to calculate the 2024/25 Benchmark Price(s) and a small increase in the actual outturn market prices that occurred during the PSO Year 2024/25. Prices remain high by historical standards. On average, the CRU observed that gas prices remained largely unchanged. There was a 5% decrease in carbon prices and outturn coal prices decreased by 2%. Our overall estimate of the benchmark price closely aligned with the actual market outcomes for the year and was not a significant driver of the 2024/25 R-factor.

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

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

5.3 Publication of PSO Levy Data

As part of its 2026/27 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 - 2024/25 PSO years, the Actual REFIT Payment associated with each REFIT project in the 2016/17 - 2024/25 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 2026/27 Public Service Obligation (PSO) Levy” ([CRU202611](#)), 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 CRU202611, the CRU intends publishing the following information, in conjunction with its 2026/27 PSO decision paper:

- i. the REFIT starts dates and REFIT end dates for each PSO supported project, as detailed by each supplier in their 2026/27 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 Decision Paper on Managing Volatility of the PSO Levy, the CRU will 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 help facilitate a more accurate forecast of estimate generation.

5.4 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.

5.5 HECHP Certification

The CRU requires ([CRU202611](#)) 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 submission¹³. 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.

¹³ 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

6. Ongoing PSO Developments

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

6.1 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, RESS 4 and RESS 5. The purpose of UAEC is to compensate successful RESS projects for system wide curtailment. Payment of UAEC will be through the PSO. The exact process for RESS 3 - 5 participants claiming UAEC as part of their ex-post PSO submission will be set out by the CRU in due course ([CRU/202605](#)).

6.2 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 moved 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.

6.3 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 mismatches. 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. 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.

7. Next Steps

As mentioned in the CRU's "Notification to Suppliers: Submissions to the CRU for the 2026/27 Public Service Obligation (PSO) Levy" ([CRU202611](#)), 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 2026 to September 2027 is to be set out, as in Section 4.3 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 & SRESS projects for inclusion in the 2026/27 PSO.

Appendix 1: Allocation of 2026/27 PSO Levy

Allocating 2026-27 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	2,056,329	34.29%	14.22	2,333,893		6.09		0.51	€ per Customer
Small Profile	585,791	9.77%	4.05	174,592		23.21		1.93	€ per Customer
ie. non-domestic (excl PL) <30kVA									
Medium & Large Profile	3,354,734	55.94%	23.20		8,170,435		2.84	0.24	€/kVA
TOTAL	5,996,854	100.00%	41.48						

Number of months to recover charge

12

Figure 8: Cost Allocation Model 2026/27 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 2026/27 PSO year is €0.50 per month. The monthly PSO levy to be charged to small commercial customers in the 2026/27 PSO year is €1.92 per month. The monthly PSO levy to be charged to medium/large commercial customers in the 2026/27 PSO year is €0.23/kVa per month.

Appendix 2: 2024/25 Benchmark Price

The time-weighted benchmark price for the 2024/25 PSO Levy was €120.38/MWh. The actual outturn average market price during the 2024/25 PSO Levy period was €121.10/MWh, which is 0.6% higher than originally forecast. Table 9 below shows how the limited change between forecast and actual market prices was primarily driven by average gas prices remaining largely unchanged over the tariff period, while carbon prices declined by an average of 2%. As a result, the combined impact on the overall outputs was minimal. Figure 9 below graphs the impact that each commodity had on how the actual wholesale electricity market price deviated from the original forecasted benchmark price.

	Gas Price (p/Therm)			Coal Price (\$/Tonne)			Carbon Credits (€/Tonne)		
	Forecast	Actual	% Change	Forecast	Actual	% Change	Forecast	Actual	% Change
Q4 24	96.7	107.0	11%	109.8	118.0	7%	70.7	66.0	-7%
Q1 25	103.3	116.0	12%	111.8	103.2	-8%	71.5	73.4	3%
Q2 25	93.3	84.8	-9%	111.4	99.9	-10%	72.3	69.0	-5%
Q3 25	91.1	80.0	-12%	112.8	101.1	-10%	72.9	72.2	-1%
Average			0%			-5%			-2%

Table 9: Forecast versus actual commodity prices for PSO Benchmark Price.

Figure 9 below graphs the impact that each commodity had on how the actual wholesale electricity market price deviated from the original forecasted benchmark price.

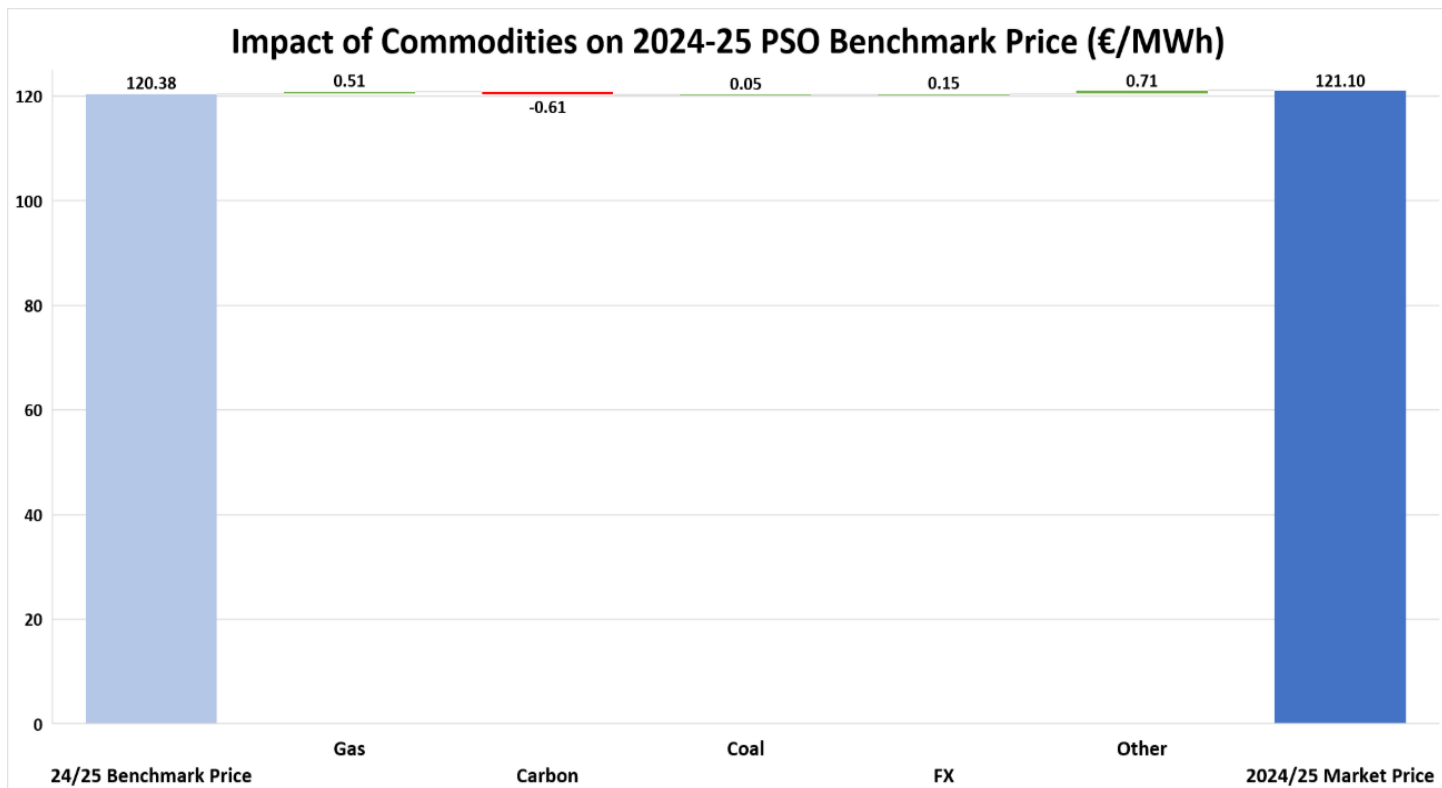


Figure 10: Impact of commodity volatilities on 2024/25 Benchmark Price