An Coimisiún um Rialáil Fóntas
Commission for Regulation of Utilities

Price Review Six

Investing in Ireland's Energy Future

Summary Paper

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Foreword

Price Review 6, or PR6, is the framework through which CRU evaluates and approves the next phase of investment in upgrading Ireland's electricity infrastructure. This is a critical period for Ireland in terms of realising Government targets and ambition around decarbonisation, expansion of renewables, development of the offshore grid, and improving security of supply and the resilience of the electricity networks. To deliver this, ESB Networks and EirGrid submitted business plans and investment proposals requesting a total of €13.8bn in baseline funding, with the potential to increase up to €18.9bn assuming one Phase 1 offshore project transfer occurs in PR6.

The role of the CRU is to provide the regulatory and financial framework to enable the network companies to deliver the necessary infrastructure. The network companies are responsible for delivery, and with this package of investment must now progress the move away from fossil fuels to cleaner energy and deliver a range of measures such as microgeneration, transition to electric vehicles, electrification of heat and other services that will provide for a more sustainable electricity grid.

The major deliverables in PR6 include:

- Increased network capacity headroom facilitating growth in connections;
- Delivery of priority projects unlocking significant additional generation capacity;
- New offshore wind infrastructure capability;
- Enabling delivery of network infrastructure to support growth in connection of electric vehicles and heat pumps, and the connection of 300,000 homes; and
- The investment needed for a storm resilient and a smarter grid.

CRU assessed these proposals through a robust and rigorous framework, testing the need and efficiency of proposals in order to protect customers and ensure that upfront funding is only provided when there is sufficient justification for requests.

In this paper, the CRU summarises its framework for supporting investments by ESB Networks and EirGrid, with an initial funding package of €13.8bn in baseline allowances across both network companies over the 5 years 2026–2030. This represents an 80% increase on current outturn expenditure in PR5, and an approximately 15% reduction against the network companies baseline request.

This is a significant package of investment which will enable the network companies to support Ireland through this period of unprecedented change in terms of our use and demand for electricity, while also ensuring that Ireland has a high-quality network that supports the growth in demand for all customer groups. Moreover, through the Agile Investment and Monitoring Framework summarised in this paper, the CRU is introducing a flexible and agile regime that will allow funding to quickly flex up, with a high case estimate of €18.9bn (assuming a single Phase 1 offshore transfer) approved as accessible during PR6. Importantly, this should not be viewed as a cap on the allowances that the network companies may ultimately need to recover in PR6, but as an initial estimate based on the information that has been provided to date.

The Agile Investment and Monitoring Framework will not only improve funding flexibility for ESB Networks and EirGrid, it will also support clearer accountability in delivery and ensure that the outputs and deliverables promised by companies will be delivered with discipline and efficiency as projects and programmes progress.

The CRU is working to ensure network companies are more transparent and efficient, with a focus on reducing costs where possible and delivering better outcomes for customers. Given the scale of investment with our proposals for PR6, the network charges, which represent around 30% of the average consumer's bill, are expected to increase. As a guide over the five years, the CRU expects the average annual increase for a typical domestic customer’s network tariff to be around €12. This may increase to as much as €21 if the high investment case is realised.

This does not mean that overall energy bills will rise by an equivalent amount, because some of these investments will drive lower overall system costs, for example through reduction of system constraints, and because these charges are levied on electricity suppliers, who determine what level to absorb or pass on to their customers through billing.

The CRU’s objective is that this investment ensures a secure energy supply, provides cleaner electricity and treats consumers in a fair and transparent way.

Jim Gannon, Chairperson
Fergal Mulligan, Commissioner
Dr. Tanya Harrington, Commissioner

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Executive Summary

Price Review Six (PR6) provides ESB Networks and EirGrid with €11.4bn (€8.9bn in capex, €2.5bn in opex) and €2.4bn (€1.1bn in capex, and €1.3bn in opex) baseline package of investment in the electricity networks, respectively, with the potential to rise to €15.8bn (€13.2bn in capex, €2.6bn in opex) and €3.0bn (€1.6bn in capex, €1.4bn in opex) respectively, to support economic growth and the decarbonisation of electricity in Ireland, deliver secure, reliable and resilient networks and supplies, and empower customers through a more digital, flexible energy system with better customer services.[1]

Some of the key outputs and outcomes that will be delivered through this Final Determination are summarised below:

Providing decarbonised electricity



- **29 priority transmission infrastructure projects** have been fully funded to enable energisation (or reaching of target project stages) by the end of PR6, unlocking over 22,000MVA of additional capacity to maintain security of electricity supply and reduce costly constraints on the transmission network.
- **Support for electrification targets** aligned with Climate Action Plan goals, enabling the development of new network infrastructure that can support the connection of up to 1 million electric vehicles and 680,000 heat pumps, while facilitating low-carbon technology adoption by customers and connecting 4.4GW of renewable generation to the distribution system during PR6.
- **A new state-of-the-art control centre** will be delivered by the EirGrid to support Ireland's transition to a smart, flexible, low-carbon electricity system, directly supporting government decarbonisation goals. This will support the integration of low carbon technologies and the flexible operation of the grid.
- **Offshore wind infrastructure capability** will be established through EirGrid's new Offshore Asset Owner function, including delivery of the Offshore Asset Readiness

[1] Allowed expenditure numbers presented here are gross controllable costs, including the impact of Frontier Shift (Real Price Effects and Ongoing Efficiency), excluding non-controllable costs and other exceptional items, or pass-through costs, assumes 1 Offshore Asset Transfer in PR6, and is in 2024 real prices.

Programme and operations & maintenance capabilities to support more than 5GW of offshore wind capacity in the next 5-10 years.

- **Advanced system management tools** will be implemented through continued investment in systems, capabilities and tools to reliably and flexibly manage demand and a low-carbon electricity system while supporting continued expansion of renewable energy connections.

Delivering secure and resilient networks and supplies



- **Major high-voltage network reinforcement programme** to create additional transformer capacity of 3.6 GW at 110kV, and additional firm capacity of 1.1 GW at 38 kV and 1.5 GW at medium voltage across the distribution network nationwide. Specific delivery obligations will ensure measurable capacity improvements are achieved.
- **27 new critical 110kV substations** have been fully funded to strengthen resilience, capacity and flexibility of the electricity network, enabling it to support demand, electrification and renewable integration.
- **Reduce imperfections and constraint costs** through a package of network investments, strengthening and reinforcing the grid in the right areas. This investment will lower the need for costly market interventions, helping reduce overall costs and ultimately supporting more stable prices for consumers.
- **Additional transmission projects** including 35 high voltage projects categorised as 'ultra' under EirGrid's 'Shaping our Electricity Future' publication and 10 offshore connections projects. Allowances are provided to enable progress towards energisation of these projects to provide further increases in network capacity alongside the priority projects that form the core focus of investment in PR6.
- **Enhanced storm resilience programme** involving €0.99bn of investment to improve storm resilience, which is expected to enable the DSO to build on the Winter 2025 Grid Resilience Plan, implement lessons learned from Storm Éowyn, and increase activities on areas such as vegetation management and forestry corridor clearance. This is likely to include adoption of robust approaches to network planning, customer service, vulnerable customer protection, organisational resilience and storm damage repair.
- **Comprehensive pole replacement strategy** with up to ~80,000 poles to address risks from Ireland's ageing electricity infrastructure by maintaining asset health standards, alongside targeted investment in high-voltage station replacements to ensure continued reliable supply.

- **Upgrade of medium-voltage networks** with the replacement of 1,050km of conductor and conversion of 5,913km of network to 20kV.

Empowering customers



- **Smart grid technology upgrades** including substantial investment in operational systems, control infrastructure and digital capabilities essential for creating a more intelligent, flexible and responsive distribution network, building on the work to date to install up to 2 million smart meters.
- **A package of 26 performance incentives** across the transmission and distribution networks to drive improvements in areas such as reliability and availability, customer satisfaction; and system management and operational capability.
- **Transformation of organisational** capacity of EirGrid and ESB Networks' to increase capabilities, ensuring greater system efficiency and improved services and offerings to customers and network users.

Altogether, the PR6 package will form a transformational investment package to enable the network companies to deliver on the ambitious goals and objectives that were established in the initial strategy paper for PR6.

Figure 1 below provides a summary – at a glance – of some of the figures and outcomes that the PR6 package is expected to facilitate.

Figure 1: PR6 at a glance[2]

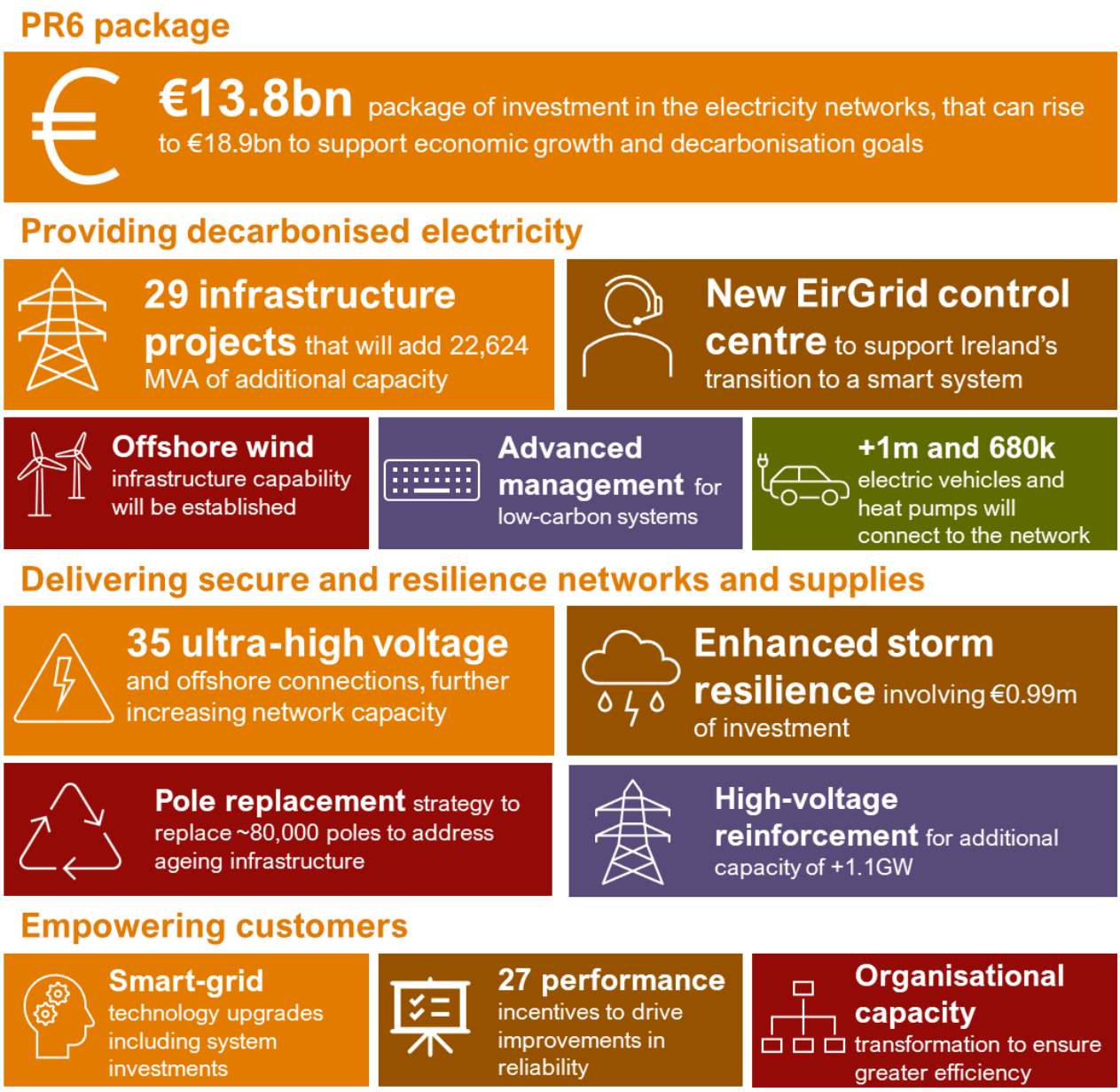


Table 1 below provides a summary of the operational and capital expenditure that the CRU is allowing network companies to recover from network tariffs and charges as part of this Final Determination.

[2] The investment package shown here contains gross capex and controllable opex including Frontier Shift.

Table 1: PR6 Final Determination Capex and Opex Allowance Summary[3,4]

€m, 2024 prices		Baseline allowances			Envelope (high case) allowances		
		Capex	Opex	Total	Capex	Opex	Total
Transmission	TSO	716.9	866.9	**1,583.8**	856.1	950.0	**1,806.0**
	TAO	3,016.0	204.5	**3,220.5**	5,684.2	204.5	**5,888.7**
Distribution	DSO	5,864.7	2,276.7	**8,141.4**	7,511.0	2,433.3	**9,944.3**
Offshore	OAO	431.7	402.2	**833.9**	791.8	444.9	**1,236.7**
Total		10,029.3	3,750.3	**13,779.6**	14,843.1	4,032.7	**18,875.8**

[3] Note the numbers presented in this table are gross capex (including customer contributions), and controllable opex including the impact of Frontier Shift, excluding non-controllable costs and other exceptional items, or pass-through costs. Baseline does not include any ATVs, while the high case assumes 1 ATV in PR6. All costs are in 2024 real prices.

[4] Although not included in the figures presented in this table and throughout this document, it should be noted that the total TAO network capex submission includes the TSO network capex request which is invoiced to the TAO.

Introduction

1. The Commission for Regulation of Utilities (CRU) has published a suite of papers which set out its decisions on the allowed revenues for EirGrid and ESB Networks (together the electricity "network companies") for Price Review Six (PR6). This includes the revenues the network companies can recover for the period 1 January 2026 to 31 December 2030, as well as changes, modifications and enhancements to the regulatory framework.

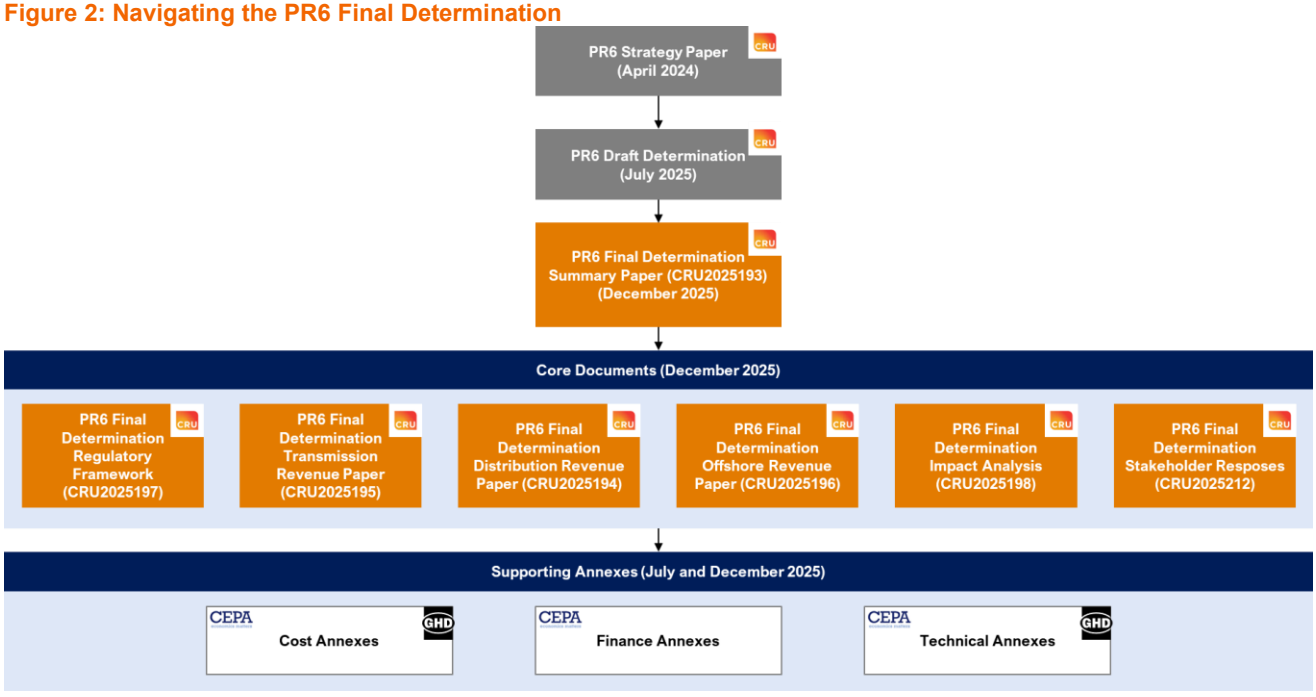
2. This document provides a high-level overview of the CRU's Final Determination for PR6, summarising the decisions set out for the forthcoming Price Review period. This document also sets out some of the strategic context for PR6, and how the decisions set out seek to address the various challenges and issues, and enable delivery of CRU's objectives.

3. The Final Determination represents a significant milestone in the price review process, and builds on the feedback received in response to the Draft Determination earlier this year which has influenced decisions made and driven targeted adjustments to the regulatory framework and the network companies' allowances.

Navigating the PR6 Final Determination

4. This document should be reviewed alongside the suite of detailed and supporting PR6 Final Determination documents:

Figure 2: Navigating the PR6 Final Determination



- PR6 Regulatory Framework document: This document sets out the CRU's detailed Final Determination on the onshore regulatory framework, including the principles of cost recovery, the approach to managing uncertainty during the Price Review period, the financial and reputational performance incentives that will apply to both network companies and the reporting, monitoring and governance arrangements.
- DSO Distribution Revenue for 2026-2030: This document sets out the CRU's Final Determination on the PR6 allowed expenditure and allowed revenues for the DSO.
- TSO and TAO Transmission Revenue for 2026-2030: This document sets out the CRU's Final Determination on the PR6 allowed expenditure and allowed revenues for the TSO and TAO.
- OAO Offshore Revenue for 2026-2030: This document sets out the CRU's Final Determination on the PR6 allowed expenditure and allowed revenues for the new offshore price control that the CRU has set for EirGrid's offshore asset owner functions and activities.
- PR6 Regulatory Impact Assessment: This document sets out the assessment of the likely impact of the CRU's Final Determination on customers, network companies and other relevant stakeholders, where appropriate.
- Cost Annexes: These supporting consultancy papers underpin the CRU's Final Determination, relevant to cost assessment.
- Finance Annexes: These supporting consultancy papers underpin the CRU's Final Determination, relevant to regulatory finance.
- Technical Annexes: These additional supporting papers include technical and economic consultancy reports relevant to specific topic areas, cross-referenced in this document where applicable.

A full list of all related and supporting documents is set out in Appendix 1.

PR6 Background and Context

5. ESB Networks is licensed by the CRU as the Distribution System Operator (DSO) and the Transmission Asset Owner (TAO), responsible for operating, maintaining and developing these electricity networks. While EirGrid, licensed by the CRU as the Transmission System Operator (TSO), is responsible for the operating and planning the development of the transmission network and the delivery of offshore grid infrastructure.

6. The electricity distribution network connects all households and the vast majority of businesses to Ireland's electricity system. While the electricity transmission network is responsible for delivering power from generation sources to local distribution networks. Well-functioning

distribution and transmission systems are crucial for maintaining resilience and reliability, security of supply, and supporting the transition to a decarbonised electricity system through integration of renewable energy at scale and the electrification of heat and transport.

7. Ireland's energy system is undergoing rapid change, and PR6 comes at a pivotal time for the sector. There have been major policy developments at national and European level in recent years, including the Climate Action Plan (CAP) which outlines Ireland's plan to fulfil the EU's Renewable Energy Directive (RED II), and Energy Efficiency Directive (EED), setting ambitious renewable energy and carbon reduction targets.[5] These legislative commitments and associated targets will increase demand for electricity and drive significant expansion in low carbon generation.

8. Offshore wind is one source of low carbon generation that has become central to Ireland's energy, climate and economic ambitions. With a target of 5GW of offshore wind by 2030 and significantly more in the years to follow, offshore energy is essential to achieving national and EU climate commitments, enhancing energy security, and reducing dependence on imported fossil fuels. The scale and complexity of the offshore programme will require significant investment as well as strong coordination and proactive transmission planning on the part of EirGrid to establish a new offshore grid.

9. Alongside these decarbonisation ambitions, Ireland's electricity networks also face challenges with resilience and demand. The impact of recent storms, most notably Storm Éowyn which caused major disruption across Ireland in January 2025, highlights the need for investment to ensure networks are resilient to climate change and these more frequent adverse weather events. Similarly, the National Planning Framework (NPF) projects than an additional 550,000 homes will be required to cater for Ireland's increasing population by 2040, with 50% of the national growth concentrated in Dublin, Cork, Limerick, Galway and Waterford.[6] Again, significant investment in the networks is required to accommodate these new connections and the increasing demand for electricity.

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[5] CAP sets Renewable Energy Source (RES-E), onshore and offshore wind, solar, demand side flexibility, and electric vehicle and heat pump targets. The latest iteration was CAP24 forecasts 23, CAP24 was published which is the latest iteration of the plan. Available here: https://www.gov.ie/en/department-of-climate-energy-and-the-environment/publications/climate-action-plan-2024/

[6] Department of Public Expenditure and Reform, National Development Plan 2021-2030. Available here: national-development-plan-2021-2030.pdf

10. Coordination between network companies is critical in delivering this investment across the electricity networks. Such co-ordinated development, if properly planned and enacted, should facilitate improvements in overall grid resilience, enable a lower carbon electricity system, support economic growth in Ireland, while minimising costs to energy customers. The PR6 package itself is also critical in that through PR6, the CRU is responsible for ensuring network companies have sufficient revenues to recover their efficient costs in delivering all these outcomes for customers, and for Ireland more broadly.

11. The investments made by network companies will be paid for by customers through electricity bills. Given the financial pressures that many households currently face, the CRU's role to protect customers interests is more important than ever and it is imperative that the investments that network companies make are value for money and drive benefits and improved services for customers. This will require a sharp focus from the network companies during PR6 in managing costs and accountability for delivery of the network investment to time and to budget.

12. The decisions set out as part of this Final Determination are the product of an extensive, multi-year process which has involved wide-ranging engagement, thorough analysis of network companies' business plans, the development of proposals for a regulatory framework that seeks to manage the various risks and uncertainties for companies and customers, and revenue allowances that support transformation of Ireland's energy system.

PR6 Process

13. Every five years the CRU carries out the price review process. This involves a review of the network companies' historic capital and operational expenditure (capex and opex) over the previous period (the "lookback review"), and of the forecast expenditure for the forthcoming period (the "look forward review"), and the ex-ante setting of revenues that network companies can recover from customer via network tariffs and charges.

14. The price review process also involves the setting of the regulatory framework, which broadly involves the rules and processes for adjusting revenue allowances during the price review period, as well as defining the outputs and outcomes that are expected to be delivered by network companies, the performance incentive framework, and the reporting, monitoring and governance arrangements.

15. One of the first key steps in the PR6 process was the CRU's publication of its Strategy Paper in April 2024.[7] This document stressed the importance of network companies submitting ambitious plans that maintain a focus on cost efficiency, evidence that they are financeable and deliverable, and provide tangible benefits (value) to customers. The Strategy Paper also set out the ambition to build on the progress made through the previous price review period, Price Review 5 (PR5), and the following outcomes that should be delivered by the network companies in PR6:

    - **Decarbonised electricity:** Network companies must facilitate realisation of Ireland's decarbonisation ambitions, enabling high levels of renewable electricity integration, driving an environmentally sustainable, low carbon energy system;
    - **Secure and resilience networks and supplies:** Network companies must ensure safe, secure, resilient electricity networks and supplies that are resilient to physical, climate, and cyber shocks. Manage risk and system adequacy appropriately while complying with relevant standards, to provide services which customers can rely on; and
    - **Empowered customers:** Network companies must deliver high quality and reliable services to customers, ensuring their voice is heard and reflected in the work they do, and that the cost of the transition is minimised.

16. The Strategy Paper also set out the key challenges and opportunities that network companies are expected to face during PR6 and the following objectives, central to the delivery of the key outcomes set out above:

    - Deliver infrastructure at pace to support decarbonisation, the realisation of Ireland's renewable energy and climate change targets and reducing the cost of constraints to consumers;
    - Enhance system efficiency while continuing to meet the needs of the network and protecting the long and short-term customer interest;
    - Ensure compliance with security of supply standards by efficiently managing and developing the networks;
    - Drive smarter, flexible, more digitally enabled networks and energy system to improve capabilities and ongoing efficiency;

[7] CRU PR6 Strategy Paper. Available here: https://cruie-live-96ca64acab2247eca8a850a7e54b-5b34f62.divio-media.com/documents/PR6-Strategy_Paper-.pdf

- Customers at the heart of business planning and decision making; and
- For EirGrid only, successfully establishment of the offshore asset owner (OAO) function and integration of the offshore revenue recovery model.

17. Following the publication of the Strategy Paper, the CRU carried out a period of extensive engagement which included working groups and bilateral discussions with network companies and other key stakeholders to PR6. This process involved the issuing of business plan guidance and Business Plan Questionnaire (BPQ) templates to network companies.

18. Following receipt of business plan submissions in October 2024, the CRU conducted an initial assessment of network companies plans, submitting letters to both companies in January/February 2025 identifying areas for further engagement. The CRU also carried out a substantial Supplementary Questions (SQs) process, which involved issuing over 500 questions to both network companies for clarifications, errors or simply where information gaps had been identified.

19. In July 2025, the CRU published its Draft Determination proposals for consultation. The consultation period ran for 10 weeks, closing on 11 September 2025. There was significant engagement with the consultation, with 44 different responses received, including Government departments, network companies, industry bodies and developers. Detailed review of the responses is set out in the Stakeholder Responses paper (CRU2025212).

20. In addition, the CRU carried out a significant programme of engagement with both network companies which included 6 workshops on the Draft Determination proposals during the consultation period, and 10 workshops post-consultation close, ahead of the Final Determination decision. This engagement provided network companies the opportunity to seek clarification on Draft Determination proposals, and for the CRU to brief on the Final Determination decisions as they were being developed.

21. The publication of the Final Determination for PR6 marks the end of the price review setting process, and with PR6 commencing on 1 January 2026, focus will now be on ensuring successful price review implementation and operation.

PR6 Allowances

Review of Historic Expenditure (2021 - 2025)

22. The CRU applied a rigorous cost assessment process as part of its ex-post (lookback) review of the companies PR5 (1 January 2021 to 31 December 2025) expenditure, that ensures only well-justified and efficient expenditure is recovered from customers.[8,9]

23. As a result of this review the CRU proposed adjustments to elements of network companies' historic expenditure and the associated revenues that are allowed to be recovered. In the response to the Draft Determination proposals, network companies provided additional supporting information which informed the updated ex-post review.

24. A summary of PR5 outturn versus allowances are provided below:

- **Transmission:**
  - TSO: During PR5 the TSO spent €347.8m in gross capex compared to an allowance of €280.3m, representing a €67.5m (24.1%) overspend. While spending €385.7m in controllable opex compared to an allowance of €367.2m, representing a €18.5m (5.0%) overspend.
  - TAO: The TAO spent €1,184.9m in gross capex compared to an allowance of €1,302.7m, representing a €117.8m (9.1%) underspend. While spending €206.7m in controllable opex compared to an allowance of €192.5m, representing a €14.2m (7.4%) overspend.
- **Distribution**: During PR5 the DSO spent €3,716.2m in gross capex compared to an allowance of €3,873.4m, representing a €157.2m (4.1%) underspend. While spending €1,678.9m in controllable opex compared to an allowance of €1,555.5m representing a €123.4m (7.9%) overspend.
- **Offshore**: When EirGrid was designated as offshore system operator and asset owner in April 2021, the PR5 period had already begun, and as such no ex-ante allowance had been provided for these offshore related costs. However, through annual in-period

[8] PR5 expenditure is referred to as outturn expenditure, although it includes a mix of actual outturn costs for 2021 - 2023, and a mix of some outturn and budgeted or forecast costs for 2024 - 2025. Note that updated outturn figures were provided post Draft Determination for 2024. These numbers have not been reflected here to ensure comparability with the Draft Determination.
[9] All figures presented in this document are in 2024 prices, unless stated otherwise, based on the Harmonised Index of Consumer Prices (HICP).

adjustments in PR5, €61.8m in controllable opex allowances were provided by the CRU, against which EirGrid spent €56.2m, representing a €5.6m (9.1%) underspend. For gross capex, the outturn spend for PR5 was €65.0m, for which also no ex ante allowance was provided.

25. The TSO's spend on non-controllable and exceptional opex items is forecast to amount to €3,166.3m during PR5,[10] significantly more than the TSO's controllable opex spend. In PR5, this included items such as Temporary Emergency Generation (TEG) and retention of existing generation units under the security of supply programme, which were key measures to address the shortfall in generation capacity which caused a number of system alerts in 2021 and 2022.

26. The CRU considers that the majority of network companies outturn costs were justified, and although there were significant variations between cost categories in terms of under and overspends, justification for this has been provided in the PR6 submissions and in response to the Draft Determination. In several instances, factors that were outside of companies' control (such as COVID-19 pandemic) were key drivers of expected under and overspends of regulatory allowances set by the CRU. The CRU is proposing that all of the network companies outturn expenditure is allowed and ultimately recoverable from customers.[11]

27. In carrying out this review, the CRU has applied the cost recovery and incentive framework and guidelines that were set out at PR5 Final Determination. The CRU also considers that its disaggregated review of individual projects and programmes through the lookback review, represents a fair and balanced review of the economic and efficient costs incurred by network companies in the delivery of their outputs during PR5. This in the round assessment has ultimately allowed higher outturn costs than ex-ante allowance to be recovered because suitable justification has been provided.

[10] This value excludes PSO and TAO Payments.
[11] Note that €9.1m and €9.7m in miscellaneous controllable opex costs in PR5 for the TAO and DSO respectively have not been approved. These costs were included in ESB Networks' submissions but in response to the Draft Determination it was revealed that this was for information purposes only. These costs will be removed from revenue allowances in the 2026/27 annual revenue and tariff setting process.

Review of Forecast Expenditure (2026 - 2030)

Network company requests

28. Network companies requested €16,170.9m of baseline expenditure for PR6, excluding non-controllable and exceptional costs. These baseline costs are the requested expenditure allowances prior to any additional allowances that the network companies requested under the Agile Investment and Framework (AIF) for PR6.

29. The baseline requests are summarised as follows:

- **Transmission:**
  - TSO: For PR6 the TSO proposes €877.1m of gross capex compared to outturn of €347.8m, representing a €529.3m (152.2%) increase compared to PR5. For controllable opex the TSO proposes €950.3m compared to outturn of €385.7m, representing a €564.6m (146.4%) increase.
  - TAO: For PR6 the TAO proposes €3,412.8m of gross capex compared to outturn of €1,184.9m, representing a €2,227.9m (188.0%) increase. For controllable opex the TAO proposes €211.6m compared to outturn of €206.7m, representing a €4.9m (2.3%) increase.
- **Distribution**: For PR6 the DSO proposes €6,923.3m of gross capex compared to outturn of €3,716.2m, representing a €3,207.1m (86.3%) increase. For controllable opex the DSO proposes €2,593.8m compared to outturn of €1,678.9m, representing a €914.9m (54.5%) increase.
- **Offshore**: For PR6, EirGrid presented expenditure proposals across a range of scenarios based on the number of Phase 1 project asset transfers expected to incur during the period.[12] For gross capex this ranged from €793.5m to €4,518.4m and for controllable opex this ranged from €408.5m to €453.4m.

30. In addition to the baseline allowance request set out above, network companies also proposed additional allowances under an AIF, which is now referred to as the Agile Investment and

[12] Phase 1 constitutes the first phase of EirGrid's offshore wind programme. Phase 1 will see the development and successful transfer of the Offshore Renewable Electricity Support Scheme (ORESS) 1 and Merchant projects from offshore wind developers to EirGrid.

Monitoring Framework (AIMF) for PR6 (summary of Regulatory Framework decisions provided in sections below). These requests are summarised below:

- **Transmission:** The TAO requested an additional €2,271.4m of AIF funding, over and above its proposed baseline allowances. This represents 38.5% of the TAO's total request of €5,895.8m (baseline + AIF). The TSO did not request any allowances over and above its baseline request.
- **Distribution:** The DSO requested an additional €894.7m of AIF funding, over and above baseline allowances. This represents 8.6% of the DSO's total request of €10,411.8m (baseline + AIF).
- **Offshore:** No request was made by EirGrid under an AIF, although as noted above, EirGrid's offshore proposals were presented against three different scenarios based on the based on the number of Phase 1 asset transfers that may take place in PR6. EirGrid noted that the regulatory framework in PR6 would need to be sufficiently flexible to manage different outturn scenarios for offshore.

Summary of CRU Draft Determination

31. The CRU's Draft Determination for PR6 set out a €14,108.5m package of baseline investment across the transmission and distribution networks, which represents an 86.2% increase on current outturn expenditure in PR5, and a 9.4% reduction against the network companies baseline request.[13] This is summarised as follows:

- **Transmission:**
  - TSO: For PR6 the CRU proposed €659.7m of baseline gross capex allowances, €192.6m (22.6%) less than requested, and €771.4m of baseline controllable opex allowances, €178.9m (18.8%) less than requested.
  - TAO: For PR6 the CRU proposed €4,017.0m of baseline gross capex allowances, €846.0m (26.7%) higher than requested, and €193.3m of baseline controllable opex allowances, €18.3m (8.6%) less than requested.
- **Distribution**: For PR6 the CRU proposed €5,194.9m of baseline gross capex allowances, €1,422.8m (21.5%) less than requested, and €2,092.7m of baseline controllable opex allowances, €493.4m (19.1%) less than requested.

[13] Gross controllable costs, including the net impact of Real Price Effects (RPEs) and the CRU's proposals for an Ongoing Efficiency challenge for both network companies.

- **Offshore**: For PR6 the CRU proposed €776.7m of baseline gross capex allowances, €1.7m (0.2%) less than requested, and €402.7m of baseline controllable opex allowances, €50.7m (1.4%) less than requested.[14]

32. To give confidence to network companies and their supply chains that additional allowances will be available when required, and to manage the level of risk that customers should bear, in the Draft Determination the CRU also provided clear ex-ante commitment on the envelope of expenditure allowances that may ultimately be required to deliver on the PR6 outcomes and objectives.

33. The newly established AIMF for PR6, that builds on the PR5 AIF, provides an agile, streamlined framework (or 'contract') for network companies to flexibly access additional expenditure and associated revenues during PR6. This includes:

- ex-ante baseline opex and capex allowances; and
- envelope opex and capex allowances which the CRU confirms are accessible to companies via the AIMF (also referred to as 'high case' allowances) to meet the electricity network needs.

34. The approved envelope (high case) allowances are expenditure that the CRU confirms may be needed and is approving as accessible to network companies during PR6. Network companies are expected to seek approval through the AIMF's targeted (scheme / category specific) reopeners and volume driver mechanisms for additional allowances to be released into allowed revenues during PR6.

35. Importantly, the envelope allowances is not a cap on the allowed revenues that network companies may ultimately need to recover in PR6. They are a current (higher case) estimate of the allowances the CRU consider may be required by network companies to deliver on the outcomes and objectives for PR6, based on the information that has been provided and the CRU's cost assessment to date.

36. In response to the Draft Determination consultation, stakeholders broadly set out their support for the ambition and scale of the PR6 programme, recognising the need for substantial and timely investment to enable Ireland's decarbonisation objectives, meet increasing electricity

[14] Based on EirGrid's most conservative scenario of the number of Phase 1 offshore wind asset transfers during PR6, whereby one project and asset transfer value payment occurs in PR6.

demand, and strengthen system resilience. Respondents emphasised the importance of anticipatory and whole-system planning that aligns with national and EU climate targets, reduces curtailment and constraints, and supports the connection of new renewable generation, housing, industry and electrified transport and heat. They also highlighted the need for modern grid technologies, enhanced flexibility, and continued progress in digitalisation and smart services.

37. Both network companies material representations targeting specific elements of the cost assessment and offering additional information to address identified information gaps and to justify investment proposals. This information was carefully reviewed and has driven adjustments to PR6 allowances, relative to the Draft Determination following a process of reassessment.

Summary of CRU Final Determination

38. The CRU's Final Determination for PR6 provides baseline investment package of €13,779.6m across the transmission and distribution networks, which represents an 80.3% increase on current outturn expenditure in PR5, and a 14.8% reduction against the network companies baseline request. This is summarised as follows:

- **Transmission:**
  - TSO: For PR6 the CRU has determined €716.9m of baseline gross capex allowances, €160.2m (18.3%) less than requested, and €866.9m of baseline controllable opex allowances, €83.4m (8.8%) less than requested.
  - TAO: For PR6 the CRU has determined €3,016.0m of baseline gross capex allowances, €396.8m (11.6%) lower than requested, and €204.5m of baseline controllable opex allowances, €7.1m (3.4%) less than requested.
- **Distribution**: For PR6 the CRU has determined €5,864.7m of baseline gross capex allowances, €1,058.7m (15.3%) less than requested, and €2,276.7m of baseline controllable opex allowances, €317.1m (19.1%) less than requested.

- **Offshore**: For PR6 the CRU has determined €791.8m of baseline gross capex allowances, €1.7m (0.2%) less than requested, and €402.2m of baseline controllable opex allowances, €6.3m (1.5%) less than requested.[15]

39. Additional detail and clarity provided by the network companies has resulted in a number of updates to the Draft Determination. These include:

40. An increase in the TSO's Opex allowance to reflect acceptance of higher staff and staff-related costs.

41. An increase in TSO's Capex linked to network and non-network programmes. This will support critical infrastructure and operational enhancements. Conversely, the TAO's significant Capex reduction signals a shift toward a more accurate and deliverable investment plan through the Integrated Transmission Programme Baseline 1.

42. A large Opex increase for DSO Planned Maintenance. This change indicates the CRU's acceptance of more granular data and support of resilience requests.

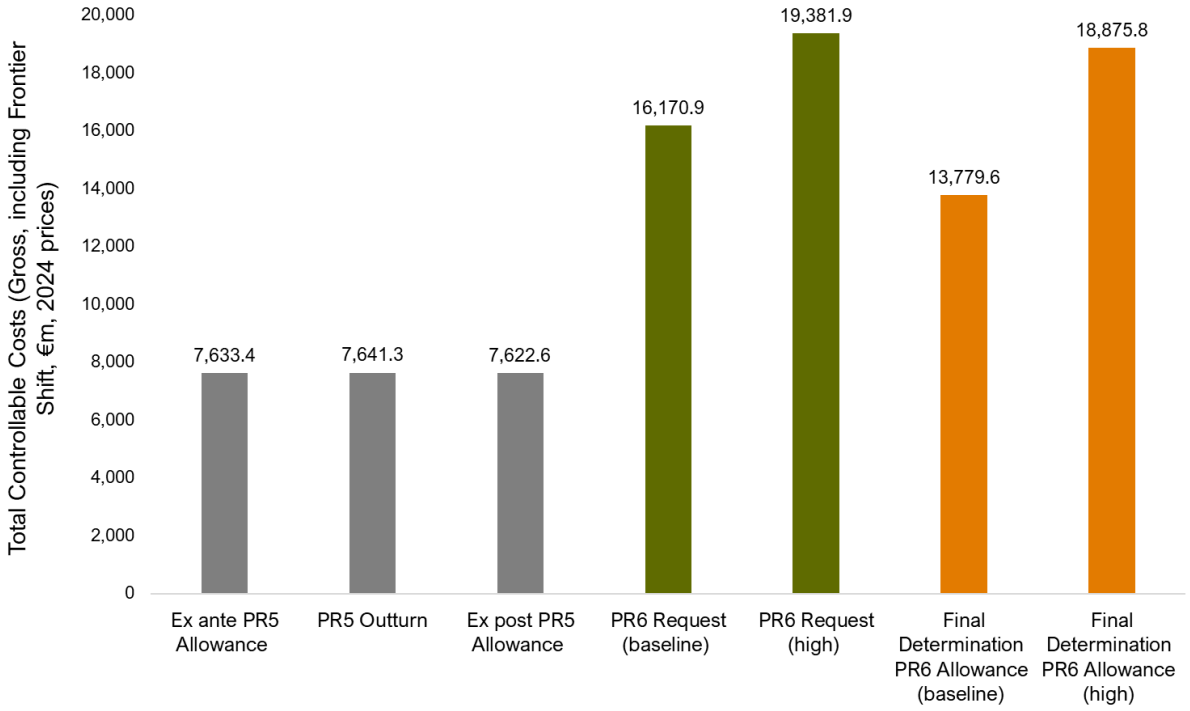
    a. An increase in DSO's Capex related to Load-Related Reinforcements and Non-Load Related programmes. The increase in Capex will support critical infrastructure upgrades needed for Ireland's energy transition, including expanding 110kV and 38kV networks to accommodate new renewable generation and growing demand.

43. In line with the Draft Determination, the CRU is also providing a clear ex-ante commitment on the envelope of expenditure allowances that may ultimately be required by network companies to deliver on the PR6 outcomes and objectives (the high case). The current estimate of this high case allowance is €18,875.8m across the transmission and distribution networks, which represents a 147.0% increase on current outturn expenditure in PR5.

44. Figure 3 below provides a summary of the PR6 allowances, relative to network companies' requests.

[15] Based on EirGrid's most conservative scenario of the number of Phase 1 offshore wind asset transfers during PR6, whereby one project and asset transfer value payment occurs in PR6.

Figure 3: Cost Evolution from PR5 to PR6[16]



45. To inform these proposals, as set out across the suite of Final Determination documents, the CRU has undertaken an extensive process of analysis and review, which has included top-down and bottom-up cost assessment of the network companies forecast expenditure for PR6. This has been more important than ever, given the unprecedented increase in expenditure forecast for PR6.

46. There are material risks for customers in allowing speculative requests which lack sufficient justification, or do not pass key tests such as need and efficiency. On the other hand, there are risks to network companies in not allowing necessary costs to upgrade the networks to ensure they can deliver safe, reliable and secure supply of electricity to customers and network users, while supporting Ireland's economy and meeting of decarbonisation and renewable energy targets.

[16] Figure 3 illustrates the PR6 Request and CRU allowances under the assumption that only one Phase 1 ATV occurs in both the baseline and high cases. The submitted PR6 Request value for the high case was €23,106.4m based on a scenario of 6 offshore Phase 1 ATV payments occurring in PR6. This figure included an additional €3,724.9m compared to the €19,381.9m in Figure 3, accounting for five additional ATVs and the associated increases in non-network offshore capex and opex associated with these ATV payments.

47. While the cost assessment process that the CRU has undertaken has sought to manage these risks, there are elements which the CRU considers are best managed through the PR6 regulatory framework (i.e. the AIMF and the associated uncertainty mechanisms such as reopeners and volume drivers). Please refer to subsequent section below on the regulatory framework where the CRU's proposals are set out.

48. The key steps in the CRU's cost assessment process for PR6 assessing forecast expenditure and setting ex-ante allowances are summarised in the following sections. At a high-level, the top-down analysis has involved an assessment of the needs of the electricity network in PR6 and beyond, and, where possible, comparisons of the network companies historic and forecast expenditure to international peers. The bottom-up review has involved a more detailed, line by line review, of the network companies' BPQs and economic and technical analysis of the business plan submissions.

Network Needs

49. The CRU commissioned an assessment of the electricity network needs i.e. the needs to upgrade parts of the networks to accommodate the anticipated increases in demand from the electrification of heat and transport, provision of new connections (for housing), and integration of new renewable energy sources, as well as to overcome existing network constraints due to changing demand patterns, and historic underinvestment (partly in response to financial constraints since PR3).

50. This network needs assessment also identified the regulatory and technical challenges from a network perspective, associated with these required network upgrades and the achievement of Ireland's decarbonisation ambitions. Please refer to GHD's Network Needs Assessment paper (CRU202597) for full detail of the network needs assessment.

51. The key conclusions from this assessment are summarised below:

- the **significant step change in investment requested by the network companies is aligned with the network needs** i.e. to support economic growth, provide capacity headroom to overcome existing constraints, and to make use of innovative solution to make best use of their assets. These in turn will support Ireland in meeting its energy targets and accelerating the net zero transition;
- there is strong consensus (in Ireland and other jurisdictions) that **accelerated profiles of network investment will be observed in the short-term** in order to deliver against this need for investment and these various challenges; and

- there are areas of **tension within the price review process** in terms of supporting the levels of investment required to contribute to meeting Ireland's ambitions, whilst also considering efficiency and deliverability of investment proposals when setting investment plans and revenue allowances.

52. In response, the CRU have set baseline allowances that can be agilely managed through the regulatory framework during the price review period. This approach ensures that reasonable, and proportionate, protections for consumers are in place, while still enabling network companies significant step increases in allowances to deliver the programmes of network investment that are needed. This proposal comprises a formalised regulatory framework, with streamlined, permissive mechanisms for scaling allowances (principally through AIMF uncertainty mechanisms such as volume drivers and reopeners) and thus the ability to access additional allowances over and above baseline allowances, with relative ease to avoid introducing barriers to delivery. Details of the regulatory framework proposals are discussed in subsequent sections and are set out in full in the CRU's PR6 Regulatory Framework paper (CRU2025197).

Storm resilience

53. The DSO submitted a 'PR6 Scope Review' paper, which identifies additional measures for consideration. However, the DSO concludes that 'given the scale of the existing PR6 capex programme and the inherent uncertainty associated with delivering the full portfolio of projects, ESB Networks does not propose to increase the monetary value of the PR6 baseline CAPEX investment scenario (€10.1bn) or the total programme of €13.4bn as submitted'.

54. In the Draft Determination, the CRU proposed €0.89bn of investment to improve storm resilience, building on the Winter 2025 Grid Resilience Plan to implement lessons learned from Storm Éowyn. Following review of information submitted in response to the Draft Determination, this has been revised upwards to €0.99bn. It is expected that this will enable ESB Networks to improve the robustness of its network planning, customer service, vulnerable customer protection, organisational resilience and storm damage repair works.

International Trends

55. To build on some of the conclusions from the network needs assessment, particularly the view that accelerated profiles of investment will be observed in other jurisdictions, the CRU commissioned analysis of the investment profiles and expenditure trends of other electricity transmission network companies (and a comparative benchmarking analysis of ESB Networks'

DSO and Distribution Network Operators (DNOs) in Great Britain (GB) which is discussed in the next section).

56. This top-down analysis complements the traditional bottom-up cost assessment of the TAO, TSO and DSO and has been used to assess whether the proposed PR6 investment package is appropriately scaled to meet Ireland's ambitious objectives while balancing significant investment needs with cost efficiency.

57. This international trends analysis, which compared the TAO and TSO's proposed PR6 total expenditure (totex) with other international electricity transmission network companies (Northern Ireland, Great Britain (GB), France, Germany, the Netherlands, and Australia), on a normalised basis i.e. adjusting for scale and environmental factors such as network size, identified the following:

    - All TAOs (across Ireland, Northern Ireland and GB) propose significant step-ups in totex at the start of their respective price controls.[17] Between the final year of PR5 (2025) and the first year of PR6 (2026), the TAO proposed a 108% increase in totex. In comparison, GB's National Grid Electricity Transmission (NGET) planned to increase totex by 144% over similar time frame.
    - Considering the TAO and TSO together the step-up in proposed totex for PR6 represents the second-largest percentage increase in totex (behind only GB) across the chosen comparator countries, with a 228% increase. The GB TAOs are proposing a step-up of 232% for RIIO-ET3. In contrast, in Northern Ireland, which operates price controls over similar timeframes,[18] there is a more modest increase of 49%.

58. The key takeaway from this analysis was that although the proposed step-up in totex in Ireland is substantial, it is aligned with the scale of step-up being proposed in other jurisdictions, in particular GB TAOs in their RIIO-ET3 business plans.

59. However, it should be noted that a significant portion (75%) of the proposed totex in the RIIO-ET3 business plans is classified as "pipeline" by the GB TAOs. These pipeline projects represent investments the companies aim to undertake but are not yet confirmed as efficient

[17] RIIO-ET3, the next electricity price control for electricity transmission asset owners in GB is due to commence on 1 April 2026 and run until 31 March 2031.
[18] RP7 runs from 1 April 2025 to 31 March 2031.

or necessary, and may not receive approval from Ofgem[19]. This suggests that while the totex trend for the TAO appears to align with the proposed trends for the GB TAOs over the same period, the GB figures presented may represent upper bounds.

60. The high-level international trends analysis while limited by the availability of comparable data, and the challenges associated with cross-jurisdictional comparisons of transmission networks, including how distribution and transmission networks are classified, has helped put into context the scale of investment required to address Ireland's goals and objectives in PR6. The analysis has also highlighted the critical importance in ensuring that proposals strike the right balance between ambition and deliverability, and that the large proposed step-up in expenditure in network companies plans is well justified. The international trend analysis also helps to indicate that other regulators have not always approved all proposed totex upfront during price control reviews, and increasingly use regulatory frameworks to manage timing and delivery risks for customers.[20]

Totex Benchmarking

61. The CRU also commissioned top-down benchmarking to complement its PR6 bottom-up cost assessment. The bottom-up and top-down analysis are together considered to offer a more comprehensive picture and understanding of the DSO's costs and performance, and identify trends that warrant further investigation at PR6.

62. To benchmark ESB Networks' DSO-related totex, the CRU commissioned CEPA to develop a series of econometric models that CEPA have used to benchmark the DSO to electricity Distribution Network Operators (DNOs) in GB. These models seek to control for a broad set of cost drivers and network typologies, including units of electricity distributed through the networks, network length, and differences in regional wages.

63. Overall, this analysis indicates historically that the DSO's totex has benchmarked well and consistent with GB peers once a range of external cost drivers and network typologies are controlled for. But during the PR5 period (2021–2024) the DSO's totex has been increasing

[19] The GB energy regulator.
[20] For example, in the RIIO-ET2 period, Ofgem disallowed approximately 19% of the proposed totex for GB TAO's. For the RIIO-ET2 and ET3 periods, Ofgem has also developed new regulatory frameworks, such as the Accelerated Strategic Transmission Investment framework and an Advanced Procurement Mechanism, to facilitate a step up in investment via an agile, supportive, investment framework that can support the financing of the investment programme.

relative to the expenditure predicted from the models. Viewed in the round, the CRU does not consider this to provide a basis for concluding the DSO's expenditure is not efficient. Given inherent limitations and challenges in the benchmarking process, the CRU considers that this would be an overly strong interpretation of the findings.

64. However, looking forward to PR6, the trend in the DSO's totex compared to GB DNO's points to the need for strong, compelling, bottom-up project and programme business cases from the DSO, to support and justify the substantial step-up in spend requested, particularly for load related expenditure and asset replacement expenditure. The findings on the DSO's relative cost performance also at least raise a question whether there might be opportunities for the DSO to explore how to increase its productivity during PR6 in terms of the output expected to be delivered from the allowances provided, while addressing the high-level network needs and requirements discussed above.

65. Another interpretation of the benchmarking is the system challenges that the DSO now faces may be revealing that the business needs to operate at a higher relative level of totex to deliver on the network needs. The CRU expects that the trends in the DSO's expenditure requirements will increasingly be observed in the expenditure of DNOs in GB and other jurisdictions as they implement their business plans to step up investment to 2030 and beyond. But the DSO's relative level of totex will over time need to reflect the specific challenges and needs of Ireland's electricity system which may diverge from other network areas. The CRU considers this is consistent with the conclusions from both the network needs assessment and the international trends analysis.

66. Overall, the CRU considers the benchmarking supports the DSO's current level of expenditure. But looking forward, it remains important that the further step-up in expenditure that is needed during PR6, is managed efficiently and effectively as possible by the DSO in the governance and delivery of its investment programmes and exploration of opportunities for productivity improvements where possible.

Bottom-up Cost Assessment: Base-Trend-Step

67. The CRU has carried out bottom-up cost assessment as part of its ex-ante, or forecast review of PR6 (1 January 2026 to 31 December 2030) ensuring only well-justified and efficient expenditure is included within allowances.

68. The approach taken as part of the ex-ante bottom-up cost assessment has included a rigorous project based review, as well as use of a well-established, transparent, analytical approach commonly referred to as 'base-trend-step', that accounts for the specific challenges of

assessing the efficient costs of the network companies. The approach taken builds upon, and is consistent with how the CRU set allowances in PR5.

69. As the name suggests, the base-trend-step approach consists of three analytical steps:

- **Base**: identifying an efficient base level of expenditure that forms the starting point for forecasting future costs;
- **Trend**: projecting a forward trend in costs based on changes in cost drivers and other business planning assumptions; and
- **Step**: identifying any step changes to scope that would result in changes to costs (positive or negative) that are additional to the trend.[21]

70. A key strength of the base-trend-step approach is that it makes it clearer to assess what customers are funding in terms of new outputs and deliverables above business-as-usual costs. This approach also helps structure the project and programme based bottom-up review of network companies' proposals, which aligned with the conclusions from the top-down cost assessment (network needs, international trends, and totex benchmarking), is critical given the significant step-up in investment proposed.

71. As a result of this review the CRU proposed adjustments to elements of network companies' forecast expenditure. The representations made by network companies, including the provision of additional supporting information not address identified gaps, has been considered as part of an updated cost assessment and modelling exercise since the Draft Determination. Overall this has resulted in increased both baseline and high case expenditure allowances, relative to the Draft Determination, for both network companies.[22]

[21] Step changes in expenditure have been assessed by the CRU using a common gateway assessment framework of the need, additionality (relative to existing resources) and the cost confidence (value for money / efficiency) of each forecast step request.

[22] Although baseline capex allowances for the TAO have reduced from €4,017m to €3,016m based on updated information provided by ESB Networks including a revised Integration Transmission Programme (ITP). This has driven the downward adjustment in baseline allowances, but this is more closely aligned now with the TAO's capex proposals.

Frontier Shift

72. The CRU commissioned analysis to assess the scope and impact of Real Price Effects (RPEs) and Ongoing Efficiency in PR6, collectively referred to as 'Frontier Shift'.[23]

73. The CRU has tended to rely on an ex-post review of network companies' outturn costs as the tool to manage RPEs and to facilitate the recovery of efficiently incurred input costs (such as labour, or materials) over the price review period. However, given pressures on delivery and constraints across supply chains in PR6, the CRU has taken the view that this approach may not provide sufficient predictability to networks companies for the management of RPEs in PR6.

74. For PR6, the CRU has provided a positive ex-ante adjustment to opex allowances to account for RPEs and Ongoing Efficiency. This implies that for both network companies RPEs in opex may be greater than the scope for both network companies' productivity improvements during PR6.

75. The CRU has not applied an equivalent adjustment to capex, given the challenges in identifying appropriate indices in which to base the ex-ante allowance. Instead the CRU expects network companies to manage RPEs for capex solely through the PR6 ex-post assessment process, similar to how this was managed through PR5. As applied in PR5, network companies will be able to seek to recovery of additional costs in both opex and capex if inflation materially exceeds forecast levels as part of the PR6 ex-post review process.

76. The Frontier Shift adjustments applied on opex are as follows:

- **Transmission:**
  - TSO: 0.9% net Frontier Shift.
  - TAO: 0.2% net Frontier Shift.
- **Distribution:** 0.2% net Frontier Shift for DSO.
- **Offshore:** 0.9% net Frontier Shift for OAO.

[23] Frontier Shift is the rate at which the unit costs of an efficient company change over time. It captures both changes in the volume of inputs needed to produce a level of output and in the price of inputs used. Frontier Shift expressed in real terms is the expected Ongoing Efficiency improvements net of RPEs.

77. This reflects the findings from the analysis carried out by CEPA, which are set out in detail in CEPA's PR6 – Inflation trends and Ongoing Efficiency paper (CRU202593). The allowance adjustment has reduced slightly for the TSO and OAO (slightly to a second decimal place) and increased for the TAO and DSO since Draft Determination based on updated information in HICP and the various indices used to estimate labour, materials, business services, IT and telecoms RPEs.

Summary of Expenditure Allowances

78. Table 2 below provides a summary of the CRU's historic and forecast review and the resulting ex-post allowances for PR5 and ex-ante allowances for PR6.

Table 2: PR6 Final Determination Historic and Forecast Expenditure Review Summary[24]

€m, 2024 prices		Ex-ante PR5 Allowance	PR5 Outturn	Ex-post PR5 Allowance	PR6 Request (baseline)	Final Determination PR6 Allowance (baseline)
Transmission	TSO	647.5	733.5	733.5	1,827.3	1,583.8
	TAO	1,495.2	1,391.6	1,382.5	3,624.4	3,220.5
Distribution	DSO	5,428.9	5,395.1	5,385.4	9,517.1	8,141.4
Offshore	OAO	61.8	121.2	121.2	1,202.0	833.9
Total		**7,633.4**	**7,641.3**	**7,622.6**	**16,170.9**	**13,779.6**

79. As noted, in addition to the baseline allowances set out above, the CRU has provided streamlined mechanisms, through the AIMF, in which allowances can be flexibly and quickly adjusted within period, as and when needed. These are presented in Table 3 below against the network company request high case allowances, including the percentage differences in request and allowance.

[24] All numbers presented are gross controllable totex excluding non-controllable costs and other exceptional items, or pass-through costs, assume 1 offshore ATV during PR6 and are in 2024 real prices. The PR6 Allowances also include Frontier Shift.

Table 3: PR6 Final Determination Request vs. Allowances Summary[19]

€m, 2024 prices		PR6 Request (baseline)	Final Determination PR6 Allowance (baseline)	Diff (%)	PR6 Request (high)	Final Determination PR6 Allowance (high)	Diff (%)
Transmission	TSO	1,827.3	1,583.8	-13.3%	1,827.3	1,806.0	-1.2%
	TAO	3,624.4	3,220.5	-11.1%	5,895.8	5,888.7	-0.1%
Distribution	DSO	9,517.1	8,141.4	-14.5%	10,411.8	9,944.3	-4.5%
Offshore	OAO	1,202.0	833.9	-30.6%	1,246.9	1,236.7	-0.8%
Total		**16,170.9**	**13,779.6**	**-14.8%**	**19,381.9**	**18,875.8**	**-2.6%**

Allowed Revenues

Cost of Capital and Financeability

80. The CRU's regulatory finance package maintain a stable and predictable approach from previous decisions, whilst looking to ensure that the CRU's decisions reflect the relevant context of PR6.

81. The CRU has set a Weighted Average Cost of Capital (WACC) of:

- **Transmission:**
    - TSO: 5.41%, which is 18bps higher than at the Draft Determination, and 52bps higher than the requested WACC in the business plan submission of 4.89%.[25]
    - TAO: 4.00%, which is 15bps higher than at the Draft Determination, and 23bps less than the requested WACC in the business plan submission of 4.23%.
- **Distribution:** 4.00% for the DSO, which is 15bps higher than at the Draft Determination, and 23bps less than the requested WACC in the business plan submission of 4.23%.

[25] The CRU's proposal is higher than the company request as a result of differences in the proposed treatment of the TSO's relatively high operational gearing which has in prior price reviews been reflected in a separate financial margin to the allowed WACC.

- **Offshore:** 4.51% for the developer-led (Phase 1) investments, and 5.12% for the EirGrid (OAO) Led Investment - a different approach from the Draft Determination, which proposed a blended WACC of 4.58%, against EirGrid's proposed Phase 1 WACC of 4.60% and Phase 2 WACC of 5.24% from the business plan submission.

82. These decisions on WACC were established by applying the 67th percentile to the recommended WACC ranges provided by CEPA (please refer to CEPA's Onshore and Offshore Cost of Capital papers (CRU2025201 and CRU2025202) for more detail), consistent with the approach taken at PR5.

83. The CRU is of the view that these WACCs are consistent with both network companies being adequately financeable. The financial ratios assessed with reference to rating agency guidance show that there is sufficient headroom for the key credit ratios to be considered financeable, with an indicative credit rating several notches higher than the minimum investment grade credit rating level used by rating agencies such as Moody's and Standard and Poor's (S&P's).

84. Additionally, the CRU's regulatory framework is viewed as supportive by these rating agencies. Moody's specifically has noted that ESB Networks benefit from a transparent, stable and predictable regulatory regime based on clearly defined risk and reward principles, with the stability and predictability of the regulatory regime assigned a AAA rating in Moody's scorecard assessment.[26]

85. To deliver this investment programme, both Distribution and Transmission will need to access significant amounts of new debt and equity capital. Indicative CRU modelling suggests for distribution Networks an equity requirement may be required in the baseline (assuming 55% notional gearing and current ESB dividend policy) which would increase under the high case. The CRU understands that transmission requires an equity injection to facilitate offshore grid investment within PR6.

86. For PR6, as part of monitoring the delivery of its capital programme, the CRU expects companies to monitor its delivery of the baseline and any accelerated AIMF spend and the impacts this accelerated delivery may have on its financial profile during PR6. Where a network company can provide evidence that clearly demonstrates that it faces a financeability challenge in delivering any additional AIMF related spend above the baseline, it will be able to request

[26] See moody's-credit-opinion-for-esb---june-2025.pdf, p. 13.

that the CRU undertake a reassessment of financeability in the context of its revenue controls. Detail on the assessment criteria and framework is set out in CRU2025194 and CRU 2025195.

87. Since the Draft Determination, the CRU have also introduced a new working capital ('side RAB') mechanism to reflect the cost of carry and impacts on finance raising of the growth of ESB Networks' stock and supply chain commitments. This directly targets the inherent financing challenges and business risks in procurement and supply chain management that ESB Networks reference. This mechanism was not in place for ESB Networks in PR5, thus its inclusion in PR6 is a material positive development in supporting business operations and reducing risk. The mechanism involves a nominal return on the cost of capital, formed using the real cost of capital used for the TAO and DSO businesses. The return will be applied to a NPV-neutral balance at a 5.66% nominal rate of return. There is material uncertainty over the quantum of the values to be included in the regulatory determination. The allowed revenues currently reflect the estimates provided by ESB Networks. However, the precise values will be subject to reconciliation on an annual basis, following CRU assessment of ESB Networks submissions.

Regulatory Depreciation

88. The CRU has decided to retain the existing approach to regulatory depreciation including its decisions on the assumed asset lives (what length of time costs should be spread over) and the depreciation profile (the speed at which costs are recovered over that time).

89. The CRU's approach to depreciation ensures that the Regulated Asset Base (RAB) is depreciated at a rate that broadly reflects the useful economic life of the network assets and incentivises investment efficiency.

90. The CRU is of the view that that there is no strong technical basis for changing asset lives for PR6. There is broad consensus, supported by regulatory precedent, that traditional network assets have a technical life in line with the asset lives set by the CRU.

91. In undertaking further review of this issue though since Draft Determination, the CRU has identified an issue with how the CRU's Replaced Assets policy is being implemented. The CRU's review indicates that no specific replaced assets adjustment has been applied for network assets that have been replaced. Thus, a portion of TAO and DSO RAB continues to reflect assets that are no longer physically on the networks.

92. Preliminary estimates provided by ESBN suggest a wide range, and therefore the CRU requires further work to ensure that any revenue adjustment applied to account for the replaced assets is robust, and in the interest of customers. Incorrect estimation carries risks.

Overestimating the replaced assets could lead to excessive depreciation, while underestimation could lead to the under recovery of costs, and a RAB that would still include assets already replaced, contrary to the CRU's depreciation policy.

93. when an asset is physically removed from the network, the residual value of the asset still on the RAB should be depreciated. The CRU is committed to ensuring that this policy is correctly implemented during PR6, and that the issue identified during this review is corrected during PR6, and at future reviews if the issue persists or reoccurs. The CRU will continue to work with ESBN to determine the appropriate replaced asset adjustment value and to make a decision on the mechanism and timeframe for the adjustment.

94. As CRU will be setting its first offshore price control in PR6, the approach to depreciation that it will apply to different categories of investment that form the offshore grid programme was consulted on and carefully considered. The CRU has decided to confirm its minded to positions set out in the Draft Determination (and CRU202499).

Revenues

95. The CRU has allowed €6,192.8m (up from €6,034.5m at Draft Determination) to EirGrid for the TSO, €2,105.3m (up from €2,078.6m) to ESB Networks for the TAO, and €7,465.7m (up from €6,935.4m) for the DSO, and €523.0m (up from €505.2m) to EirGrid for its offshore functions, in baseline revenues over the PR6 period. These revenues reflect the decisions on allowed expenditure, WACC, financeability, and regulatory depreciation, set out in the sections above. As noted, these decisions are discussed in detail across the suite of Final Determination decision documents.

96. A summary of the PR6 allowed revenues, alongside network company requests, is presented in Table 4 below. As with the expenditure allowances, the baseline and high case revenues are both based on a scenario of a single offshore Phase 1 transfer and ATV payment taking place during PR6.

Table 4: PR6 Final Determination Allowed Revenues Summary[27]

€m, 2024 prices		PR6 Request (baseline)	PR6 Request (high)	Final Determination PR6 Allowance (baseline)	Final Determination PR6 Allowance (high)
Transmission	TSO	6,445.3	6,524.6	6,192.8	6,639.6
	TAO	2,141.4	2,363.0	2,105.3	2,397.9
Distribution	DSO	7,889.0	8,078.8	7,465.7	7,914.1
Offshore	OAO	556.3	556.3	523.0	523.0
Total		17,032.0	17,522.7	16,286.8	17,474.6

Customer Bill Impact

97. The CRU has used the allowed revenues with demand forecasts provided by the network companies to estimate the likely impact on electricity tariffs and on average customer bills for a range of different customer groups.

98. Table 5 below summarises the CRU's assessment on the change in bills from the final full tariff year of PR5 (2024/25) to the final full year of PR6 (2029/30) for a range of different customer groups. The table shows the impact on bills based on the baseline allowances, and also under the high scenario, where the high case estimate of the additional funding through the AIMF is realised.[28]

Table 5: PR6 Final Determination Impact on Customer Bills Summary[29]

€, nominal		Baseline Scenario		High Scenario	
Example Customer	2024/25	2029/30	Change	2029/30	Change
Domestic	384	442	+59 (+15%)	490	+106 (+28%)
Small non-domestic	3,481	3,967	+486 (+14%)	4,402	+920 (+26%)

[27] Allowed revenues are broadly a product of opex, depreciation, return on capital.
[28] Please note that in contrast to the above allowed revenues and expenditure allowances, which are based on a scenario of a single Phase 1 offshore ATV payment occurring in PR6 in both baseline and high cases, the CRU has based its high scenario for the bill impact assessment on an assumption of 6 ATV transfers occurring during PR6. This illustrates the impact on customer bills if a more optimistic timeline for Phase 1 construction and operation were achieved. In practice, the impact on customer bills of 6 vs 1 ATV payments is mitigated in PR6 as the project transfers are assumed to occur only towards the end of period and the offshore generation grid charge (OG-TUoS) reduces the offshore revenue assumed to be recovered from customers directly through network charges.
[29] Medium non-domestic (1) refers to low-voltage customers such as hotels, while medium non-domestic (2) refers to medium voltage customers such as universities.

€, nominal		Baseline Scenario		High Scenario	
Medium non-domestic (1)	95,070	102,179	+7,109 (+7%)	114,279	+19,209 (+20%)
Medium non-domestic (2)	657,945	584,789	-73,155 (-11%)	666,739	+8,795 (+1%)
Large non-domestic	1,527,840	1,391,740	-136,100 (-9%)	1,582,757	+54,918 (+4%)
XLEU	6,758,543	5,379,773	-1,378,770 (-20%)	6,351,624	-406,919 (-6%)

99. It is important to note that these figures are only indicative and that the actual tariffs will be a function of the annual tariff setting process, which involves updating revenues for changes to electricity demand.

100. Please refer to CRU's Impact Analysis (CRU2025198) for more detail on how the CRU's Final Determination will impact customers and network companies.

PR6 Regulatory Framework

Assessment and Lessons Learned from PR5

101. PR5 represented a significant change for the regulatory framework in Ireland, with a move towards output-based regulation, with increased focus on delivering specific performance measures including network reliability, customer service, and decarbonisation metrics. The CRU considers that, overall, the PR5 framework has had positive, but mixed, results for Irish electricity consumers. In terms of the original guiding principles and objectives for the price control:

102. There is clear evidence that, through the substantial investment enabled by and delivered during PR5, the network companies have helped facilitate a more secure and low carbon future for consumers and the system.

103. The performance incentive regime, alongside flexing of cost allowances achieved via the annual revenue setting process, has helped facilitate the objectives of PR5.

104. However, the ease (and agility) of implementation of the regulatory framework, across a number of components of the regime, has not been as intended.

105. There are also a number of areas where it might be questioned if a fair balance of risk and reward and 'best in class' performance has in practice been achieved, particularly in certain key reliability (ESB Networks) and decarbonisation (EirGrid) outcome areas where PR5 allowed for significant expenditure but the actual outcomes for customers have in some cases fallen short of what had been expected.[30] Full detail of the CRU's review is provided in the CRU's Draft Determination PR6 Regulatory Framework paper (CRU202590) and the Final Determination paper (CRU2025197).

Agile Investment and Monitoring Framework (AIMF)

106. For PR6, the CRU continues to build on the PR5 approach, enabling necessary investment, holding the network companies accountable for delivering what customers need, while incentivising innovation and efficient costs. The CRU has set the regulatory framework in PR6

[30] The CRU notes that both network companies argue that where there has been underperformance of the PR5 targets this has generally been a result of factors that are beyond their control to manage; for example, as a result of storm events and Ireland being at the forefront of managing the challenges of system operation with high levels of renewable penetration.

to be 'agile', allowing the network companies to drive forward their investment programmes with certainty and the ability to adapt to changing circumstances, so that they can deliver value to customers more quickly.

107. For PR6 this has been achieved through development of an enhanced regulatory framework, compared to PR5, which places more emphasis on setting the required outputs and deliverables up front and tracking their delivery through the PR6 period. The PR6 regulatory framework includes a suite of mechanisms to deal with the inevitable changes in priorities and circumstances (and hence costs) that will arise over the period.

108. As in PR5, the building blocks of the PR6 regulatory framework can be considered in several broad categories. In PR6 this will be referred to as the AIMF and will consist of the following components:

- Ex-ante setting of allowances, outputs/outcomes and deliverables – including regulatory commitment by the CRU to a high case envelope, as well as a baseline of allowed revenues[31];
- Incentivised delivery against those outputs/outcomes using performance incentive mechanisms;
- Mechanisms to adjust allowances, outputs/outcomes and deliverables where appropriate and justified during the PR6 period, including reopeners and volume drivers;
- The ex-post review at the end of the PR6 period; and
- An enhanced reporting and monitoring framework.

Delivery Obligations

109. For the most critical outputs/deliverables the ex-ante allowances will be ring-fenced for delivery of the associated outputs/ deliverables, and the requirements will be specified in a formal "delivery obligation". While new for PR6, delivery obligations are relatively common practice across other jurisdictions and in other regulatory regimes.

[31] For the avoidance of doubt, neither the "baseline" or "high case" allowances are caps on expenditure. The intent of the framework is that companies have the opportunity to recover their full efficient costs, which could turn out to be higher than ex-ante allowances for several reasons, including cost inflation, changes in or additional requirements or solutions, etc.

110. The CRU's decision to introduce delivery obligations is a key feature of the regulatory "contract" for PR6, which also includes the provision of significant ex-ante allowances, with flexible access to additional funds as required. This is consistent with the CRU's ambition to implement a supportive and permissive regulatory regime that prioritises delivery and transparency and balances these against risks to consumers.

111. The Delivery Obligations are intended to provide:

- Clear, unambiguous, regulatory commitment to funding of strategic schemes with the expectation the costs of these programmes will also need to evolve within period as delivery progresses;
- Consumer protections and transparency by ring-fencing allowances that controls reprioritisation/reallocation of funding to other areas of the portfolio without discussion; and
- Clarity of outputs that are needed to deliver on network requirements and a clear basis for ongoing monitoring of delivery.

112. A summary of the CRU's delivery obligations for PR6 is presented in Table 6 below. Please refer to the CRU's PR6 Regulatory Framework paper (CRU2025197) for more detail on each delivery obligation, the associated deliverables and baseline allowances, and the reporting requirements.

Table 6: PR6 Final Determination Delivery Obligations Summary

€m, 2024 prices		Delivery Obligation	Associated Total Allowance (baseline)
Transmission	TSO	Group 1 – Network Capex	140.0
		Physical Control Centres	23.5
	TAO	Group 1 – Priority projects (29 separate delivery obligations)	2,012.0
		Group 2 – Remaining Category 1 Ultra and SOEF projects	152.5
		Group 4 – Remaining Category 3 projects	66.9
Distribution	DSO	HV Reinforcement	1,080.7
		DMSO – Flexibility Market Transformation	114.0
		IT and Digital projects	193.5
Offshore	OAO	-	-
Total			**3,783.1**

113. In summary, the delivery obligations cover circa 24% of baseline capex allowances for the DSO, circa 23% for the TSO and circa 74% for the TAO (over 66% of which is the delivery obligations for the 29 most critical TAO delivery projects in the PR6 period).

Reopeners

114. The CRU also includes reopener mechanisms as part of the AIMF, that will allow network companies to access additional revenues in response to the changing needs of the system and to facilitate a flexible approach to network investments, including where there are material uncertainties or where delivery timing, specifications or costs change.

115. For PR6 the CRU has retained the Flexibility Mechanism (to be renamed the "Opex/Capex Reallocation Mechanism" to distinguish it from the new flexibility services cost recovery mechanism proposed by ESB Networks) and Innovation and R&D Mechanism. The CRU has extended these to cover both EirGrid and ESB Networks so that there are clearly specified mechanisms available for both network companies to adjust between capex and opex allowances within period where it is efficient to do so, and to seek approval from the CRU for additional innovation/R&D projects that are demonstrably to the benefit of consumers and the system.

116. The CRU has also introduced a new Legal/Regulatory Change Mechanism that will apply to both network companies. This builds on the DSO's proposal for a mechanism to deal with uncertainty in relation to changing roles and responsibilities as a direct result of changes in legal or regulatory requirements, and the associated impact on PR6 costs. This new Legal/Regulatory Change Mechanism can be triggered by either the CRU or the network companies and can lead to either an upwards or downwards adjustment in allowances depending on whether the legal or regulatory change leads to the addition or removal of functions, activities and costs for the licensee. The party triggering the mechanism will need to demonstrate that there has been new legislative or regulatory requirements, which have directly led to a material impact on the network companies' costs or scope of activity.

117. The CRU has also applied a Force Majeure Mechanism to both network companies, the principles of which are unchanged from PR5. The network company will be able to make a submission to the CRU for the recovery of efficiently incurred costs that directly relate to a force majeure event.

118. Given the increased focus on storms and storm impacts, the CRU has decided to introduce a targeted reopener into the regulatory framework for additional costs associated with exceptional weather events (whether arising cumulatively or from a single event), subject to the same evidential requirements and test as for the general force majeure mechanism.

119. The CRU has removed the TAO/TSO Capex Adjustment Mechanism because a general capex reopener at the aggregate allowance level is no longer consistent with the more targeted and

ring-fenced set of allowances and delivery obligations that have been introduced for PR6. In its place, the CRU has extended from the DSO to the TAO and TSO the PR5 concept of targeted Uncertainty Mechanisms (or "reopeners"). Network companies can use these reopeners to request timely adjustments in deliverables or allowances during the period, whether capex or opex or both.[32]

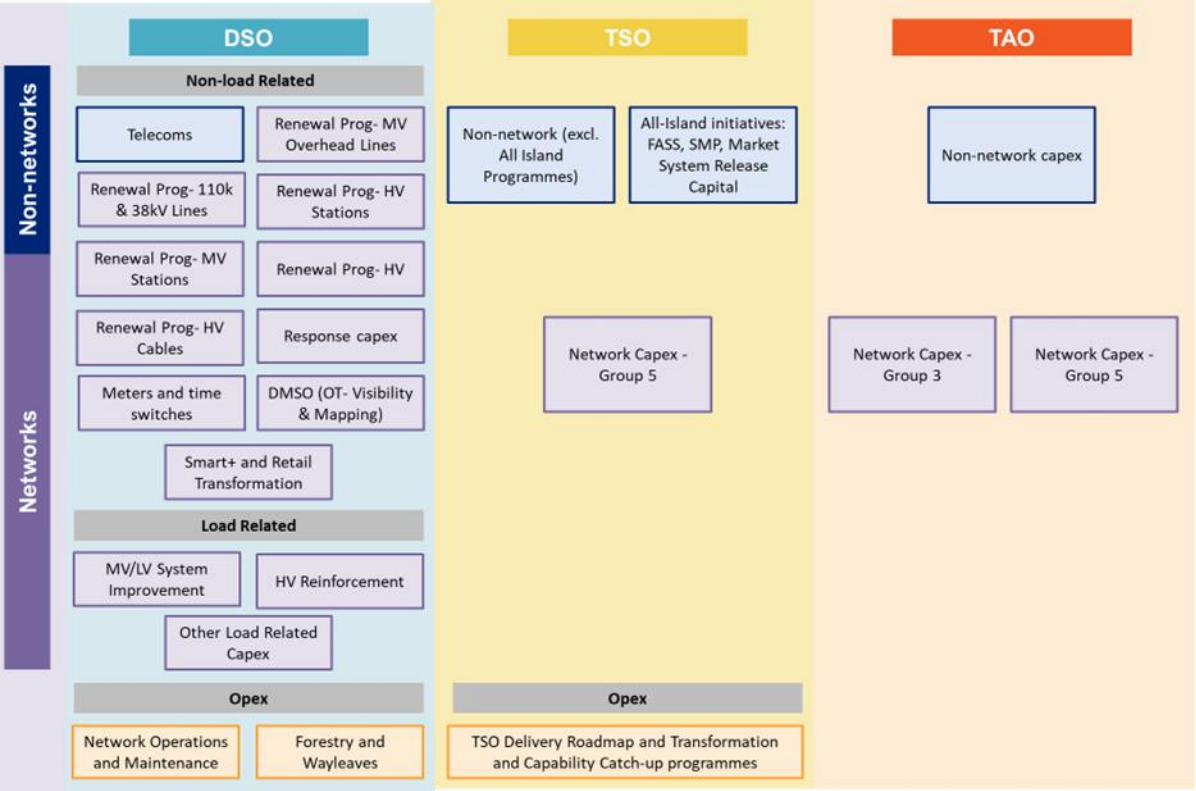
120. Together, these reopeners will allow companies to more closely match revenues to expenditure during the period while also allowing the CRU to have increased transparency during the PR6 period of delivery and expenditure. The CRU expects that the majority of reopener requests will be for upward adjustments (for example as a result of changes in forecast costs or scope, or where priorities change within the programmes) but also envisages that, where there has been significant delay or re-prioritisation of spend in an area, a company may bring forward a request to reduce the allowance (and associated deliverables) in that area. There could be an accompanying or subsequent reopener request to reallocate the funds that have been released to another area where additional expenditure is expected. As has been available to the DSO in PR5, the network companies will be able to bring forward reopener submissions on an annual basis to feed into the revenue-setting process.

121. Reopener requests (whether for sector-wide reopener mechanisms or the specific reopeners tied to cost allowances and deliverables) can be for single or multiple years and cover costs already incurred,[33] as well as expected future costs. Network companies will be able to aggregate a number of smaller events together to meet any materiality thresholds set for the reopeners (both sector-wide and specific reopeners).

122. A summary of the PR6 reopener mechanisms is presented in Figure 4 below, with further information provided in the CRU's PR6 Regulatory Framework paper (CRU202590).

[32] Where there is opex directly associated with a capex project, the CRU expects the opex allowance to flex up in-period in proportion to any change in capex allowed through the reopener process (subject to confirmation at the ex-post review).
[33] For costs that have already been incurred the CRU would expect that generally this is limited to costs incurred in the previous two years (i.e. k-1 and k-2).

Figure 4: PR6 Final Determination Reopeners Summary



Volume Drivers

123. There are a number of network company activities where the unit costs of the activity can be determined ex-ante with reasonable confidence and certainty, but the volume of activity that will be delivered over the period is uncertain. These primarily relate to distribution network activities, which are typically higher volume and lower unit cost activities relative to those on the transmission networks.

124. The CRU is introducing 11 volume drivers for the DSO across load related and non-load related expenditure categories, covering c.37% of baseline capex allowances, following a small number of amendments since the Draft Determination. The volume drivers and the associated total baseline allowance is summarised in Table 7 below.

Table 7: PR6 Final Determination DSO Volume Drivers Summary

€m, 2024 prices	Volume Driver	Associated Total Allowance (baseline)
Load related	New Business	758.9
	Reinforcement – MV/LV reactive	490.6
	Reinforcement – 20kV conversion	130.0
Non-load related	Renewal Programme – 110kV & 38kV Lines	18.7
	Renewal Programme – MV Overhead Lines	191.8

€m, 2024 prices	Volume Driver	Associated Total Allowance (baseline)
	Renewal Programme – MV Stations	16.8
	Renewal Programme – LV Network (Rural and Urban)	42.8
	Renewal Programme – LV Cables	24.0
	Meters and time switches	17.3
	Continuity	9.9
	Smart metering (installations)	429.9
Total		**2,130.7**

125. The CRU has set ex-ante baseline allowances for these cost categories based on a reasonable estimate of volumes and an ex-ante unit cost. Revenues for these activities will be adjusted upwards or downwards (i.e. volume drivers are bi-directional) as part of the annual review process based on outturn volumes and the ex-ante unit costs. It will be for the DSO to demonstrate to the CRU the volume of activity delivered, as part of its annual regulatory submission. Please refer to the CRU's PR6 Regulatory Framework paper (CRU202590) for more detail.

Cost Incentives and Ex-post Cost Recovery

126. The CRU will carry out an ex-post review at the end of PR6, in a similar manner to previous Price Reviews. The CRU has retained the guiding principles from PR5, focussing the review on whether the network companies have achieved their deliverables and incurred their expenditure efficiently.

127. As at PR5, any expenditure not demonstrated to have been efficiently incurred will be disallowed and expenditure demonstrated to have been efficiently incurred (even where greater than baseline allowances as adjusted by AIMF processes) will be allowed.

128. The CRU has retained the same cost incentive level (100%) as at PR5, i.e. the network company bears 100% of any inefficient overspend and retains 100% of any underspend, so long as the delivery obligation or other specified outputs have been delivered.

129. The principal change from PR5 is the level at which the CRU assesses cost incentives. At PR5, capex and opex were reviewed at a granular level, where possible, summed up for the purposes of the cost incentive. Cost incentives were then applied at the level of total opex and total capex, i.e. applied to the difference between (a) total allowed opex and total outturn opex, and (b) total allowed capex and total outturn capex. For PR6, the CRU has determined that the ex-post assessment and cost incentives are determined individually for each delivery

obligation (with the onus on the network companies to justify the efficiency of any proposed reallocations across delivery obligations); for other outputs, the cost incentive will be assessed bottom-up at the output level but aggregated to derive the overall change from the ex-ante allowance (as per PR5). For the capex cost incentive, the CRU will retain a five-year rolling retention mechanism.

Performance Incentives

130. The CRU has streamlined the design of most incentives for PR6 to make them more mechanistic in nature, with clearer outcome-based targets set at the beginning of the price review period, for the full price review period. This has also involved removing or re-designing some of the balanced scorecard incentives, particularly those requiring the annual development of multi-year plans by network companies and their assessment and approval by the CRU.

131. The CRU has retained many of the PR5 incentives, but with updated targets and/or with amended definitions and performance assessment criteria. Some new incentives have been introduced to incentivise network companies in the delivery of the PR6 objectives, while other PR5 mechanisms have been removed where they are no longer aligned with PR6 objectives or adding significant value over other delivery or cost incentives in the framework.

132. Relative to PR5, the CRU is broadly retaining the overall strength of the performance incentive package for the DSO (in RoRE terms) and increasing the strength of the TAO and TSO packages (to reflect the increased focus on project delivery in the context of the step up in network investment).

133. Relative to the Draft Determination, the DSO's total performance incentive exposure has reduced in RoRE terms, through use of an additional year of outturn RAB data and minor corrections in the calculation. The incentive package is still aligned with the CRU's consulted-on proposal to retain the overall strength of the package relative to PR5. The TAO and TSO incentive exposure has narrowed on both the upside and downside in response to stakeholder feedback, but is still stronger relative to PR5.

134. The DSO will be subject to 14 performance incentives, 11 of which are retained or amended from PR5 and three of which are new. The DSO is incentivised across three primary areas: 1) Reliability and Availability, 2) Customer Satisfaction; and 3) System Management and Operational Capability. The CRU has decided to reduce the aggregate risk exposure of the DSO incentive package, relative to the Draft Determination. The resulting incentive exposure in cash terms is higher than PR5, in line with the allowed increase in expenditure and resulting

RAB over the PR6 period. The CRU has determined a package with a maximum annual upside of €67.50m, which is 1.65% of the DSO regulated equity, and a maximum annual downside of €64.36m, which is 1.57% of the DSO regulated equity.

135. The CRU has decided to retain, with amendment and update, each of the three TAO incentives that apply in PR5, in line with ESB Networks' proposal (Project Delivery, TAO/TSO Joint Incentive and Outage Management). For PR6, the CRU is also introducing new incentives proposed by the TAO, one as a standalone incentive (TAO/TSO Outage Planning) and the other as an additional metric incorporated into an expanded Project Delivery incentive. The TAO package supports two key outcomes: 1) Infrastructure and Project Delivery; and 2) Outage Planning and Management. , the CRU is increasing the aggregate size of the TAO performance incentive package in cash terms and in terms of the percentage return on regulated equity. The CRU's Draft Determination proposal was for a maximum incentive upside of +1.0% RoRE and maximum incentive downside of -1.0% RoRE, compared to +0.51%/-0.51% in PR5. However, this led to some concerns from the TAO related to both the increase in cash exposure from incentives (given the combination of increased RAB over the period and increased RoRE exposure on that RAB) and a potential negative impact on credit metrics from downside incentive performance. While the CRU does not consider the financeability issue to be a material concern, it has decided to narrow the overall incentive strength from that proposed in the Draft Determination, to +0.75% RoRE to -0.75% RoRE to reduce the downside cash exposure while retaining focus on delivery priorities. In cash terms, the PR6 incentive package for the TAO is approximately equal to an annual available upside and downside of +/-€15.54m.

136. Finally, the TSO will be subject to 11 performance incentives (9 retained from PR5, plus 2 new incentives) supporting three key outcome areas: 1) Decarbonisation and Consumer Outcomes; 2) Investment Planning and Infrastructure Delivery; and 3) System Operation and Adequacy. the PR6 Draft Determinations' proposed annual downside exposure for the TSO was €16.97m (up from €4.70m at PR5, which was further restricted in practice by a capping provision to €3.52m, in 2024 prices). The CRU has decided for Final Determinations to re-set the annual aggregate downside capped at -€6.25m, double the PR5 level in practice (given the cap) but a reduction from the Draft Determinations proposal. The annual aggregate upside exposure is adjusted from Draft Determinations, retaining the same ratio between the downside and the upside, to an annual cap of +€14.08m at Final Determinations.

Reporting, Monitoring and Governance Arrangements

137. The CRU has decided to enhance the reporting and monitoring framework in PR6 to improve regulatory oversight. This will involve the continued publication of clear, concise and accessible

reports on the network companies' performance and delivery. In addition, enhanced annual regulatory reporting to the CRU will provide a clear link between the ex-ante allowances and deliverables, spending decisions taken by the network companies during the PR6 period, and the holistic review of the network companies performance over the PR6 period in the ex-post review.

138. The enhanced reporting framework will allow the CRU to conduct effective oversight of the network companies while also allowing for greater flexibility in response to innovation and changing circumstances.

139. Alongside these reports, the CRU intends to publish a PR6 'dashboard' that summarises key metrics and performance indicators.

140. While the CRU has retained much of the PR5 reporting and monitoring arrangements this proposal includes for specific enhancements around reporting of outputs and allowances. These changes are to reflect learnings from PR5, the step up in transparency required alongside the increase in investment by the network companies, and the further transition to a more fully output- and outcome-based approach in PR6.

141. The CRU will retain the TSO Monitoring Committee in PR6 (renamed as Assessment Committee). Once the Committee was established, it provided independent and on-going oversight of TSO initiatives that were not fully defined at the start of PR5 but were required during the period. The CRU considers that it has played a constructive role in providing independent assessment of new propositions before they are brought to the Commission for approval, and thanks Committee members and EirGrid for their contributions to this. In PR5, the CRU was not a member of the committee, and the approvals of expenditure were made by the CRU, not the committee. This will continue in PR6.

142. The Committee will be expected to consider the needs case for projects that fall under the Innovation and R&D or new or changed requirements or priorities reopener requests, subject to a materiality threshold of €4.2m (which is based on the equivalent threshold at PR5 plus inflation). Smaller projects may be grouped together to meet the €4.2m threshold only where there is clear rationale for doing so.

143. The CRU intends to continue to engage with TSO and other stakeholders during PR6 regarding improving the operation of the Committee, and the potential enduring scope, role and remit of such Committees, including where they can make the most impact and provide best value for customers and other stakeholders in the context of the PR6 regulatory framework. It will bring forward any proposals for change, as appropriate, following this engagement.

Offshore Regulatory Framework

144. Significant investment is needed to develop an offshore grid that can facilitate Ireland's offshore wind ambitions. The CRU has worked extensively since the publication of its CRU/2024/99 Offshore Revenue Model decision paper to further develop a supportive regulatory framework that will enable EirGrid to deliver and finance its offshore grid investment programme. In summary, the CRU has decided:

- To set a separate offshore price control for PR6 related to EirGrid's new offshore asset ownership role. This will provide transparency of EirGrid's offshore related costs during PR6 and beyond and greater predictability for the EirGrid business on the framework for recovery of its offshore costs.
- An internationally recognised RAB-based revenue model that will allow EirGrid to earn an economic rate of return on its offshore investment to service and reflect the costs of financing a growing offshore grid asset base.

145. To support EirGrid during the initial establishment and financing of its new offshore asset ownership role, the CRU has included cost of debt true-up and liquidity building block mechanisms as part of EirGrid's offshore price review determination. These will act to mitigate EirGrid's interest rate risk and will help to manage the unique financing and liquidity challenges that the offshore grid programme raises for EirGrid. The CRU has decided to adopt separate allowed rates of return for EirGrid's Phase 1 investment (i.e. ATV payments – Category 3) and the other components of its offshore investment programme in PR6 (i.e., Phase 2 network capex and EirGrid's non-network capex – Category 2 and 4). The number and the timing of Phase 1 asset transfers in PR6 is currently highly uncertain, and there are as a result, practical challenges with setting a single blended offshore WACC with this uncertainty in PR6.

146. The CRU has also included an uplift in the allowed cost of capital for the offshore price control in PR6 to reflect the upfront business establishment and operating risks of the offshore grid programme. These measures are expected to be transitory and time limited to PR6 and PR7, in support of EirGrid's initial financing of the offshore grid investment programme.

147. The CRU is setting a hybrid real and nominal returns framework for the offshore price control that will help to further support EirGrid's operating cash flow. Under this, EirGrid's offshore allowed revenues will be set on a real returns basis for equity and a nominal returns basis for debt – i.e., a hybrid basis. This means that a nominal rate of return will be applied to the debt component of the offshore RAB (at the level of notional gearing – 60%) and a real rate of return of return to the equity component of the offshore RAB. The debt component of the RAB will not be subject to inflation indexation, while the equity component will be subject to indexation.

148. To support EirGrid's delivery of its offshore capital programme and protect the interests of consumers, the CRU has also established a new investment gateway monitoring process for EirGrid led (i.e., constructed) offshore grid connections.

- The investment gateway process will be used to monitor EirGrid's management of capital programmes such as Tonn Nua on the South Coast against an envisaged investment cost (capex) envelope for the project.
- The CRU has accepted EirGrid's proposed project cost and uncertainty provision of 40% for Tonn Nua. This means that the Tonn Nua capex envelope has been set as €2.21bn (2024 prices) which will form the baseline against which the capex gateway process will monitor and approve costs against.

149. The investment gateway process has been designed to align with best regulatory practice for monitoring large infrastructure capital projects. It will be used by the CRU to approve expenditure on the Tonn Nua project on a forward-looking basis and to provide commitments to EirGrid that provided it maintains full transparency of its delivery of the capital programme, once expenditure has been made via a gateway there will be a high bar for any future disallowance. As a result, the investment gateway process will help to manage the inherent risks of the capital programme and will provide a guardrail for protecting the Irish consumer from cost escalation.

150. The CRU has established a suite of new offshore performance incentives which aim to incentivise EirGrid to delivery its capital programme to time and budget and, once operational, maintain high levels of availability of the offshore grid that will maximise the low carbon electricity production that can be exported to the grid from the associated offshore wind farms.

151. Some of the measures will be time limited and will only be required during the establishment and initial financing of the offshore grid investment programme during PR6 and PR7. Consistent with any economic regulatory framework, the CRU expects to evolve its approach overtime at each price review as new investment challenges and opportunities arise, and EirGrid becomes a more mature offshore asset ownership business.

152. Finally, as the CRU set out in its CRU202499 decision paper, the CRU remains strongly of the view that a higher degree of separation of EirGrid's offshore asset owner responsibilities (and related offshore activities) from its existing licenced system operator functions is a necessary and key component of a robust and stable regulatory model that will protect the interests of Irish energy consumers in the longer term. However, the CRU is cognisant that any restructure is a matter for the Minister and there is currently no express legal provision to separate the new offshore role from the TSO.

Next steps

153. The CRU has developed the PR6 User Guide alongside this Final Determination and will publish early in 2026.

Appendix 1 – Final Determination documents

Document Reference	Document Title	Document Type
CRU2025193	Price Review Six Final Determination Summary Paper	Information Paper
CRU2025194	Price Review Six Final Determination Distribution Paper	Decision Paper
CRU2025195	Price Review Six Final Determination Transmission Paper	Decision Paper
CRU2025196	Price Review Six Final Determination Offshore Paper	Decision Paper
CRU2025197	Price Review Six Final Determination Regulatory Framework Paper	Decision Paper
CRU2025198	Price Review Six Final Determination Impact Analysis Note	Information Paper
CRU2025199	Price Review Six Final Determination Infographic	Infographic
CRU2025200	Price Review Six Final Determination User Guide	Information Paper
CRU2025201	Price Review Six Final Determination Onshore Cost of Capital and Financeability	Information Paper
CRU2025202	Price Review Six Final Determination Offshore Cost of Capital and Financeability	Information Paper
CRU2025203	PR5 and PR6 TSO Opex Cost Assessment Final Determination	Annex
CRU2025204	PR5 and PR6 TAO Opex Cost Assessment Final Determination	Annex
CRU2025205	PR5 and PR6 DSO Opex Cost Assessment Final Determination	Annex
CRU2025206	PR5 and PR6 TSO and TAO Capex Cost Assessment Final Determination	Annex
CRU2025207	PR5 and PR6 DSO Capex Cost Assessment Final Determination	Annex
CRU2025208	PR5 and PR6 Offshore Cost Assessment Final Determination	Annex