



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

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# Decision Paper

## Adjustment to the Public Service Obligation Levy 2025/26

### Decision Paper

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# CRU Strategic Plan 2025-27

## Vision, Purpose, and Values



### OUR VISION:

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



### OUR PURPOSE:

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



### OUR VALUES:

- Integrity
- Professionalism
- Openness
- Accountability

## Executive Summary

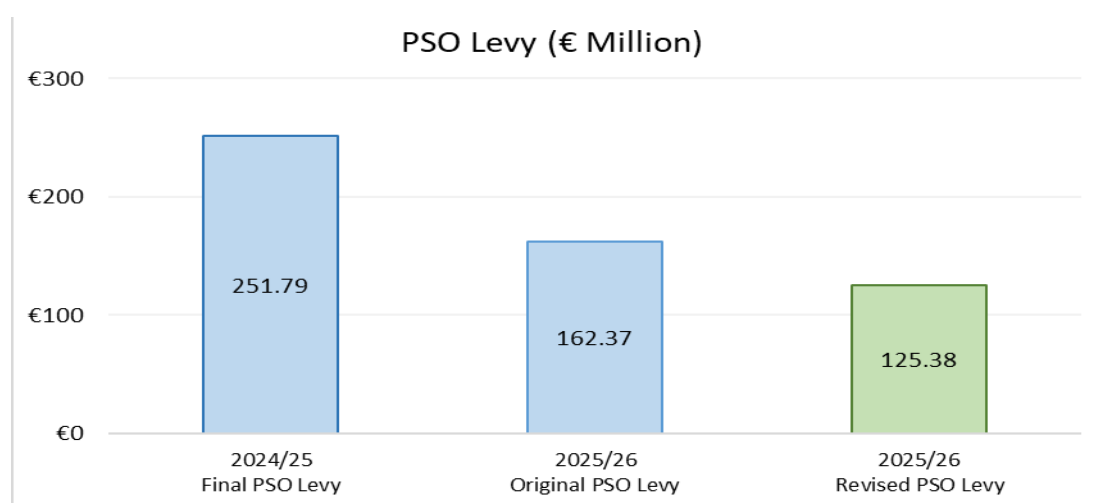
Government policy determines the form of subsidy provided to generators supported under the PSO. The CRU's primary role is the calculation of the PSO Levy or PSO Payment annually and to help ensure appropriate and efficient administration of the scheme. On 31<sup>st</sup> July 2025 the CRU published a Decision Paper ([CRU2025108](#)) which set out the PSO Levy to apply to electricity customers from 1 October 2025 to 30 September 2026.

Today, the 20<sup>th</sup> of October 2025, the CRU is publishing this Adjustment to the Public Service Obligation Levy 2025/26 Decision Paper to detail an updated calculation of the 2025/26 PSO Levy. The CRU's revised calculation of the 2025/26 PSO Levy is €125.38 million, **representing a decrease of €36.99 million from the original Decision Paper** that was published. The revised calculation follows a review of submissions from eligible suppliers and stakeholders. The reduction will be applied to consumer's bills from 1st December 2025, for the remainder of the PSO Year.

The key differences between the previously approved figure (€162.37m) versus the adjusted figure (€125.38m) are as follows:

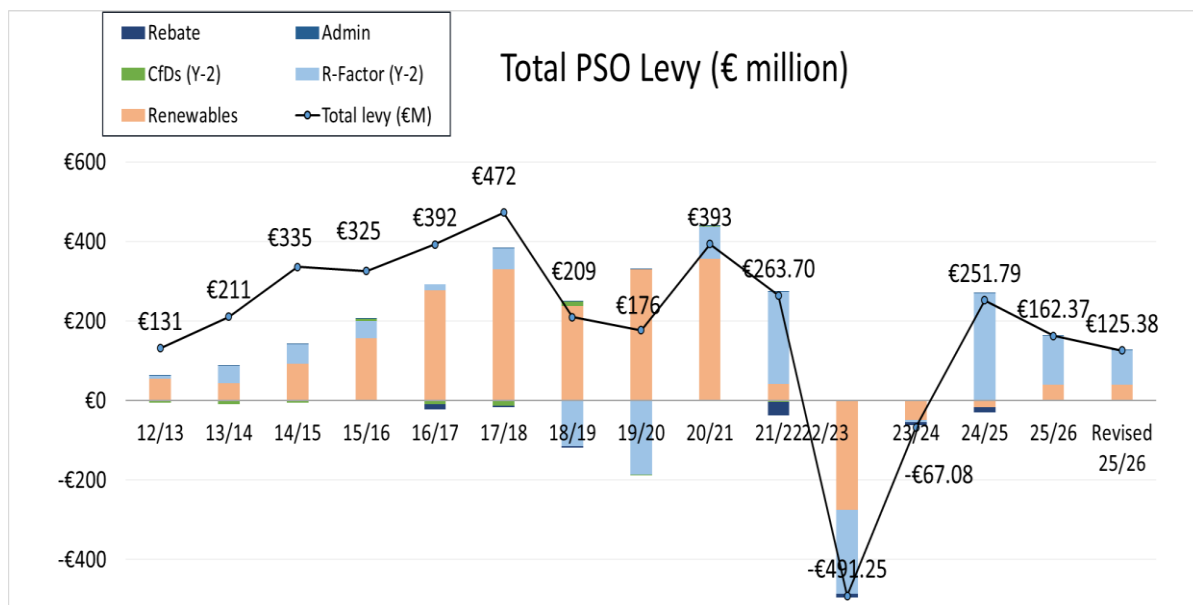
- a) Updated data received from EirGrid relating to the payments made by EirGrid to suppliers during the 2023/24 PSO year resulted in an increase of €2.89 million; and
- b) Upon review of the supplier's indicative statements, an error was identified in the calculations of the 2022/23 R-Factor. This inconsistency resulted in a reduction of €36.47 million from the original costs.

Figure 1 below illustrates how the revised final PSO Levy of €125.38 represents a decrease from the 2024/25 PSO Levy and from the original 2025/26 PSO Levy.



**Figure 1: PSO Levy comparisons**

Figure 2 below gives a history of the PSO Levy over recent years and outlines the total levy and its constituent parts. As illustrated below, the revised 2025/26 PSO Levy has decreased relative to the original 2025/26 PSO Levy and relative to the previous 2024/25 PSO year.



**Figure 2: The PSO Levy Trend Graph**

The CRU is actively engaging with EirGrid to implement additional process improvements to mitigate against such issues from re-occurring in the future. The CRU is committed to continuously enhancing its procedures and processes to ensure the PSO administration process remains robust and efficient. A comprehensive lesson learned exercise, along with consideration of additional process improvements will be completed, it is our expectation that there will be a publication in this regard in Quarter 1 2026. As set out in the original Decision Paper ([CRU2025108](#)), this review will include an assessment of how the PSO calculation and consultation process can be streamlined in future PSO Years, thereby enhancing efficiencies and maintaining high standards of accuracy and effectiveness in the PSO administration process going forward.

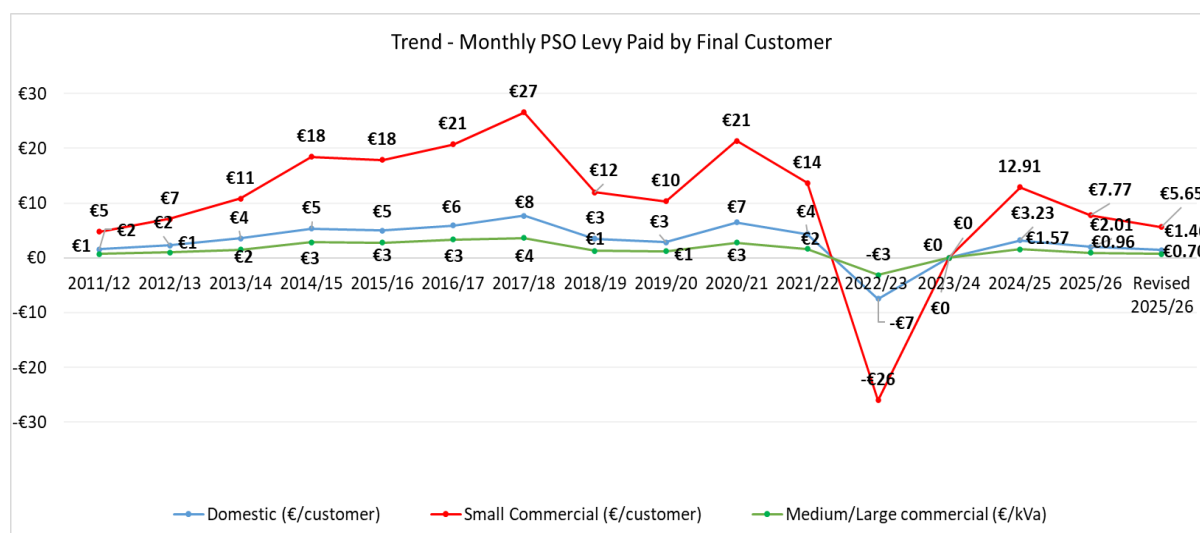
# Public/Customer Impact Statement

The CRU has calculated that the revised monthly PSO Levy, to be applied from the 1<sup>st</sup> of **December 2025 for the remainder of the PSO year**, will be €1.46 and €5.65 for domestic and small commercial customers, respectively. This compares to the original (2025/26) PSO levy which is set to €2.01 and €7.77 and will result in an annual decrease of 27% respectively. Customers in the medium/large commercial category will be subject to a revised monthly charge of €0.70/kVA, compared to the original 2025/26 PSO Levy which is set to €0.96/kVA which is also a decrease of 27%. Table 1 below summarises the 2025/26 revised change in the levy charged for each customer category<sup>1</sup>.

PSO Customer Category	Original Monthly Levy Amount (2025/26) (€/customer)	Revised Monthly Levy Amount (2025/26) (€/customer)	% Change: (Revised 2025/26 vs. 2024/25)
Domestic	€2.01	€1.46	-27%
Small commercial (MIC < 30 kVA)	€7.77	€5.65	-27%
Medium/Large commercial (MIC ≥ 30 kVA) (€/kVa)	€0.96/kVa	€0.70/kVa	-27%

**Table 1: Revised Monthly PSO Levy 2025/26**

Figure 3 below provides a breakdown of monthly PSO Levy paid by each customer category since the 2012/13 PSO year.



**Figure 3: Monthly PSO Levy Trend Graph**

<sup>1</sup> The table shows that domestic customers will be charged 55 cent less per month and small commercial customers will be charged €2.12 less per month. The monthly charge for medium / large commercial customers is charged on a capacity basis, for clarity and by way of example, a 100 MW demand site (approximated as 100MVA) will be charged €70,000 per month.

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

## **1. Consideration of the Electricity Regulation Act 1999 (Public Service Obligations) Order 2002**

The PSO Order<sup>2</sup> was recently amended to allow for a revision to the PSO Levy or Payment determination under specified conditions.

Article 9(4) states that “*where during a levy period or payment period, the Commission estimates the amounts required to meet the PSO Levy as previously calculated are likely to differ significantly from;*

*(a) the estimates provided to it in accordance with Article 9(3), or*

*(b) the amounts in respect of the PSO Levy or PSO payment actually received, or likely to be received, into the levy, or payment, fund;*

*The Commission may;*

*(i) revise their determination of the levy or payment amount for the remainder of the levy period or payment period concerned; and*

*(ii) notify all suppliers, the Board, the distribution system operator and the transmission system operator accordingly”.*

## **2. Factors Influencing the Reduction to the 2025/26 PSO Levy**

As the PSO administrator, the CRU applies a robust process of continuous review to ensure the accuracy and integrity of data used in the PSO calculation. This includes detailed validation of submissions and ongoing engagement with the Department of the Climate, Energy and the Environment (DCEE) to confirm the eligibility of REFIT and RESS projects. The review continues beyond the publication of the Decision Paper and up to the finalisation of the Statutory Instrument (S.I.). Additionally, the issuance of indicative supplier statements enables suppliers to verify and respond to the proposed PSO amounts for the applicable year, further supporting transparency and data quality.

As a result of these process controls, two discrepancies were identified in the submitted data. Given that the resulting amendments lead to a reduction in the PSO levy for 2025/26, the Commission has decided to revise the levy for this period rather than waiting for the adjustment to be captured through the R-factor mechanism in T+2 years.

The key differences between the previously approved figure (€162.37m) versus the adjusted figure (€125.38m) are as follows:

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<sup>2</sup> <https://revisedacts.lawreform.ie/eli/2002/si/217/front/revised/en/html>

- a) Updated data received from EirGrid relating to the payments made by EirGrid to suppliers during the 2023/24 PSO year resulted in an increase of €2.89 million; and
- b) Upon review of the supplier’s indicative statements, an error was identified in the calculations of the 2022/23 R-Factor. This resulted in a reduction in the input into the model and in turn, with the addition of a), resulted in an aggregate reduction of €36.33 million from the original costs.

### 3. Revised 2025/26 PSO Levy

#### 3.1 Total revised levy cost and generation capacity supported

The total revised PSO Levy for the 2025/26 year is **€125.38 million**. A high-level breakdown of the 2025/26 PSO Levy into its components is shown in Table 2.

Component	Generation Capacity Supported (MW)	Forecast Cost 2025/26 (€ million)	R-Factor 2023/24 (€ million)	Total PSO support 2025/26 (€ million)
Renewables	4667	€39.17	€86.21	€124.33
Admin	-	-	-	€1.05
<b>Total</b>	<b>4667</b>	<b>€39.17</b>	<b>€86.21</b>	<b>€125.38</b>

*Table 2: Revised Breakdown of the annual proposed PSO Levy Costs*

### 4. Allocation of Costs

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

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

Table 3 below shows the monthly proportion of the revised final 2025/26 PSO Levy of €125.38 million allocated to each of the three customer categories by ESB Networks’ final model.

PSO Customer Category	Original Monthly Levy Amount (2025/26) (€/customer)	Revised Monthly Levy Amount to be Applied from 1 <sup>st</sup> December 2026(2025/26) (€/customer)
Domestic	€2.01	€1.46
Small commercial (MIC < 30 kVA)	€7.77	€5.65
Medium/Large commercial (MIC ≥ 30 kVA) (€/kVa)	€0.96/kVa	€0.70/kVa

**Table 3: Revised Cost of Final 2025/26 levy by customer category to be applied from 1<sup>st</sup> December 2025.**

## 5. Next Steps

The CRU is engaging with EirGrid to implement additional process improvements to mitigate against the specific issue from re-occurring in the future. The CRU is actively exploring enhancements and improvements to their processes to ensure the PSO calculation is further enhanced in the future. For example, a lessons learned exercise, along with consideration of additional process improvements will be completed. As noted in the original Decision Paper ([CRU2025108](#)), this includes considering streamlining the PSO calculation and consultation process in future PSO Years. Streamlining the process by publishing a decision paper (i.e. the PSO Final Decision Paper) could enhance efficiencies and allow more resources to focus on supplier's Indicative Statements, thereby extending the timeframe for industry to review.

The revised PSO levy will be applied to consumer's bills from 1 December 2025 to 30 September 2026 as set out in this decision paper and will be applied to the electricity bills of all customers by their electricity suppliers over the applicable period.

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