

Ireland's trusted **energy advisor**.

The Real Impact of Regulatory Charges on SME Electricity Bills

What it means, what is changing,
and how to stay in control.

Prepared by



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Exemplar

Executive Summary

Understanding the growing impact of regulatory charges on SME electricity bills

Electricity costs for Irish SMEs are not driven by energy prices alone.

A growing proportion of every electricity bill comes from regulatory charges that fund the electricity grid and support Ireland's transition to cleaner energy. While unavoidable, these charges have increased significantly over the past decade and now account for over half of the unit cost of electricity for many businesses.

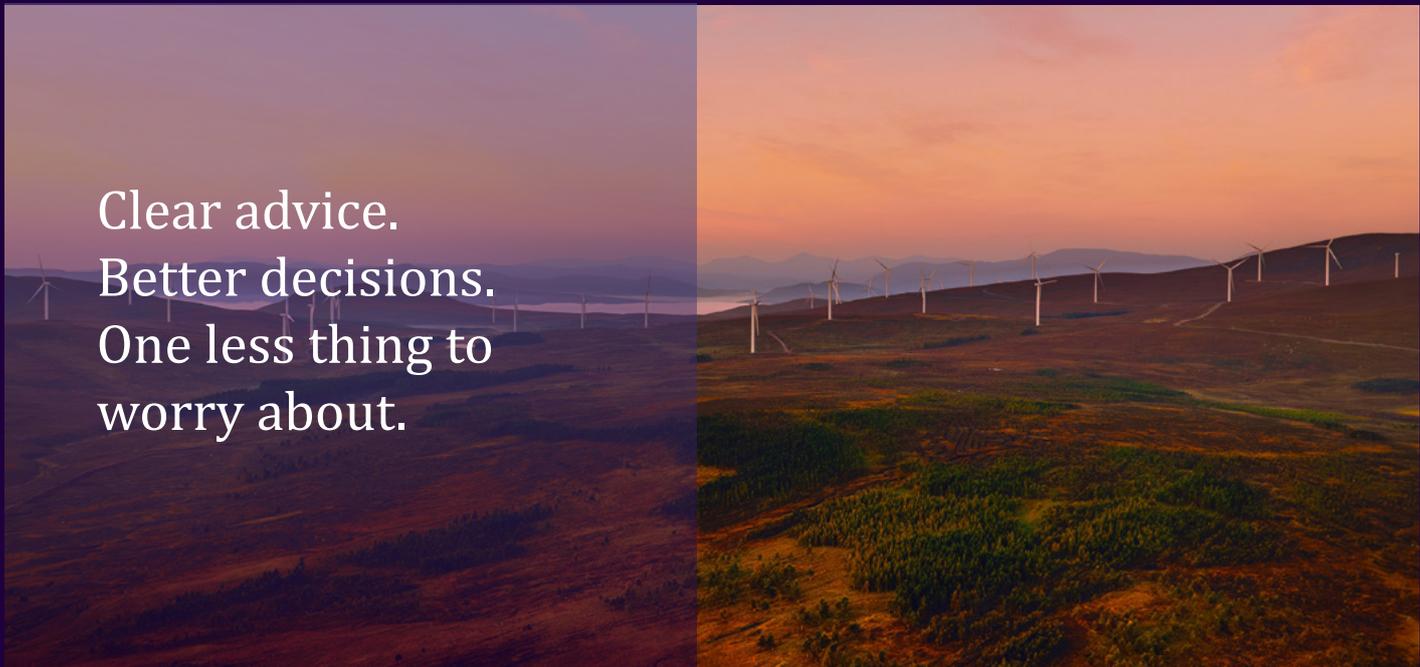
This white paper explains what these charges are, how they have evolved and why they matter more than ever for SME budgeting, tariff selection and investment planning.

Key insights include:

- Consumption-based regulatory charges have increased by over 100% since 2016.
- Regulatory costs now rival or exceed wholesale electricity prices.
- Capacity-related charges and MIC penalties are becoming more financially significant.
- Rising charges improve the economics of efficiency and self-generation projects, but only if assessed correctly.

The paper outlines practical steps SMEs can take to forecast costs more accurately, review tariff and capacity settings, and make better-informed energy decisions over time.

Prepared by Micheal Harte, Head of Trading, Exemplar, this paper reflects real-world experience supporting Irish SMEs through increasingly complex energy cost environments.



Clear advice.
Better decisions.
One less thing to
worry about.

Introduction

Electricity costs are not driven by energy prices alone.

For Irish SMEs, a growing share of every electricity bill now comes from regulatory charges. These charges fund the electricity grid, support infrastructure investment and underpin Ireland's transition to a lower-carbon energy system. They are essential. But they are also increasingly complex, harder to predict and more significant than many businesses realise.

Unlike wholesale electricity prices, regulatory charges cannot be negotiated away. They apply regardless of supplier and are set annually by regulators. Yet over the past decade, their impact on SME electricity bills has increased steadily and, in some cases, sharply.

This paper explains:

- € What regulatory or 'passthrough' charges are.
- 📈 How they have evolved over time.
- 📋 Why they now matter more than ever for SME budgeting and planning.
- ✓
—✓ What practical steps businesses can take to manage their impact.

Exemplar works with SMEs every day where these charges materially affect costs, investment decisions and risk exposure. This paper reflects what we see on the ground and is designed to bring clarity to an area that is often poorly understood.

Understanding regulatory charges

Electricity bills are made up of more than the cost of generating power. A range of regulated charges are applied to every grid-connected meter to fund the operation, maintenance and development of Ireland's electricity system.

These charges are collected by suppliers through their billing systems and passed directly to regulators. Suppliers do not profit from them and have no discretion over their level.

For SMEs, the main categories of regulatory charges include:

Distribution Use of System (DUoS)

Charges for operating and maintaining the distribution network.

Transmission Use of System (TUoS)

Charges related to the national transmission grid.

Market Charges

Costs associated with operating the electricity market and capacity mechanisms.

PSO Levy

Funding for renewable energy supports and security of supply.

Rates are approved annually by the Commission for Regulation of Utilities and typically change on 1 October each year.

While unavoidable, these charges are not insignificant. Understanding how they apply is now essential for managing electricity costs effectively.

How these charges have changed.

Over the past ten years, most regulatory charges applied on a per-unit basis have increased substantially.

Change in consumption-based charges

Charge	Current rate (c/kWh)	Increase since 2016 (c/kWh)	% Increase
DUoS Day	3.887	1.393	56%
DUoS Night	0.459	0.165	56%
TUoS	4.363	3.001	220%
Market Charges	2.238	1.703	318%
Total Day	12.476	6.663	115%
Total Night	6.003	3.049	103%

When combined, these charges now represent a considerable proportion of the total unit cost of electricity.

At a wholesale electricity price of approximately 110 €/MWh (11 c/kWh), regulatory charges account for over 50% of the unit rate for day consumption.

Change in fixed and capacity-based charges

Charge	Current rate	Increase since 2016	% Change
Standing Charge	€1,320 per annum	€473.25	56%
Capacity Charge	€49.28 per kW per annum	€17.66	56%
PSO Levy	€11.52 per kW per annum	-€21.60	-65%

While not all charges move in the same direction, the overall trend is clear: regulatory costs are playing a larger and more complex role in SME electricity bills.

What this means for your business



Unit cost impact

For many SMEs, the cost of every unit of grid electricity has increased by:

- **6.66 cent per kWh for day consumption**
- **3.05 cent per kWh for night consumption**

Just as importantly, the rate of increase is accelerating. Day-time regulatory charges could rise from approximately 12.5 c/kWh today to 15 c/kWh within five years.

Eirgrid and ESB Networks, in conjunction with the CRU, are delivering their Price Review 6 projections which will cover the period from 2026 to 2030. These price reviews look to determine the investment required to deliver the necessary grid and infrastructure improvements in the next five years. Consultations are ongoing, but several cost estimations have been published, including:

- Transmission and Distribution bill impact could increase by 16% between 2024/25 and 2029/30.
- General inflation of 2% per annum is also likely to impact on rate increases.

Applying these estimations to the relevant charges, an overall increase between 2025 and 2030 of 23% is expected. Day charges in 2030 could be as high as 14.78 c/kWh and night charges up to 7.4 c/kWh.

This has direct implications for:

- Budget forecasting.
- Pricing decisions.
- Margin protection.



Investment and sustainability decisions

Regulatory charges materially affect the economics of:

- Energy efficiency projects.
- On-site generation.
- Demand reduction initiatives.

As these charges increase, the potential payback for your business from reducing grid-supplied electricity improves. However, payback periods typically span multiple years and need to be reassessed regularly as both wholesale prices and regulatory charges change.



Tariff and capacity considerations.

Different tariffs attract different regulatory charges. For example:

- Low-voltage tariffs typically carry higher DUoS charges.
- Capacity-related charges depend on Maximum Import Capacity (MIC).

Exceeding MIC levels can trigger penalties charged at five times the standard capacity rate. As capacity charges rise, the financial risk of exceeding MIC increases significantly.

For growing businesses, failing to align MIC levels with actual and future demand can lead to unnecessary cost exposure.



Practical steps SMEs should take.

Based on current trends, we recommend SMEs:

Build regulatory charges into energy forecasts.

These rates are typically fixed for 12-month periods and can be planned for.

Review tariff suitability regularly.

Ensure your tariff aligns with consumption patterns and capacity needs.

Monitor MIC levels closely.

Avoid excess capacity charges while protecting against penalty exposure.

Re-evaluate sustainability projects over time.

Changing regulatory and wholesale costs can materially alter payback periods.

Seek joined up advice.

Decisions on procurement, tariffs, capacity and investment are increasingly interconnected.



Looking ahead

Regulatory charges fund essential infrastructure and will continue to grow as Ireland invests in grid resilience, decarbonisation and future energy demand. For SMEs, the challenge is not avoiding these charges but understanding and managing their impact.

With the right insight and ongoing oversight, regulatory costs can be planned for and factored into better energy decisions.

Exemplar supports SMEs by bringing clarity to complex energy costs and standing alongside clients as markets, regulations and business needs evolve.

When energy decisions matter, informed advice makes the difference.



Please talk to us
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