

Regulatory Charges and MV Electricity Users

What Irish businesses need to
know about pass-through
electricity costs

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Executive Summary

For Medium Voltage (MV) and Large Energy Users (LEU), regulatory and pass-through charges are no longer a background line on the electricity bill. They are a material cost, they move annually, and they can affect budgets, investment cases and site-level decisions.

These charges fund the electricity networks, market operation, capacity arrangements and public service obligations (PSO) that support Ireland's electricity system. They cannot be negotiated away in the same way as the energy component of a supply contract. But they can be understood, forecast, challenged where appropriate and reduced in impact through better site management, tariff review and practical energy investment.

The sharp rise in charges since 2022 was driven in part by the unwinding of the LEU rebalancing framework and the correction of a historic allocation error. At the same time, Ireland is entering Price Review 6 (PR6), the 2026–2030 investment period for electricity networks. PR6 allows significant investment in the grid, with the impact varying across customer types and network categories.

For many MV and large non-domestic customers, the PR6 outlook is more nuanced than a simple story of rising charges. Some distribution-related costs will increase, particularly for lower-voltage users, while certain transmission-related costs may ease over parts of the period.

The practical message is clear: do not assume charges will move evenly across every site or meter.

Businesses should now review their site classifications, maximum import capacity, demand profile and metering structure.

For multi-site organisations, this should happen site by site.

For larger users, it should form part of annual budget planning, procurement strategy and energy investment decisions.

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Introduction

For LEU and MV customers, regulatory charges are a recognisable element of every electricity bill. They fund the maintenance and expansion of the Irish electricity grid, support Ireland's energy transition and help pay for the operation of the Integrated Single Electricity Market (I-SEM).

Unlike the energy component of the bill, these charges cannot usually be negotiated away or hedged through a standard procurement strategy. They are set through regulatory processes, applied by suppliers and passed through to customers. They change every year, and in some years they can move sharply.

This paper explains what these charges are, how they have moved over time, how PR6 may affect charges over the coming years, and what businesses can do to reduce their exposure where practical.

Exemplar has worked with LEUs and complex multi-site businesses since 2009. For these organisations, pass-through charges are not just an energy issue. They can influence budgets, project payback, procurement decisions and investment priorities.

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Understanding Regulatory Charges

Regulatory, or pass-through, charges appear on most electricity bills for larger businesses, regardless of supplier or electricity product. Each charge funds a different part of the electricity system. Some are linked directly to consumption. Others are linked to maximum import capacity, tariff category or a site's footprint on the grid.

The main categories include:

- **Distribution Use of System (DUoS):** charges for the operation, maintenance and expansion of the distribution network, including local networks and substations. ESB Networks is the Distribution System Operator.
- **Transmission Use of System (TUoS):** charges linked to the national high-voltage transmission network. EirGrid is the Transmission System Operator.
- **Market and capacity charges:** costs associated with operating the electricity market, balancing the system and maintaining security of supply through capacity arrangements.
- **PSO Levy:** a Public Service Obligation charge that supports approved schemes, including renewable generation supports and security of supply measures. It can be volatile and is influenced by wholesale electricity prices and scheme costs.

For finance, procurement and operations teams, the key point is that these charges are material and increasingly visible. They are shaped by regulation, network investment and system needs. They should be actively managed as part of the energy strategy, not treated as unavoidable noise.

How These Charges Have Changed

For much of the 2010s, regulatory charges for LEUs were relatively stable.

From 2022 however, the CRU announced the unwinding of the LEU rebalancing framework. The LEU rebalancing framework was a government initiative set up in 2010 which shifted the network tariff charges in favour of large energy users as a response to the financial crisis. This unwinding led to a sharp increase in network charges for large energy users from October 1st, 2022.

Compounding this, ESB Networks noted a calculation error associated with the original framework. This error ensured that more than the approved amount in the CRU decision was passed on to LEU customers. This amount, of around €100m, would need to be clawed back over the following three years by maintaining the increase in network charges from 2023 until at least 2026.

The result has been a noticeable increase in pass-through costs for many large users. In some cases, these costs now represent a substantial share of the overall electricity bill and can rival the wholesale energy component.

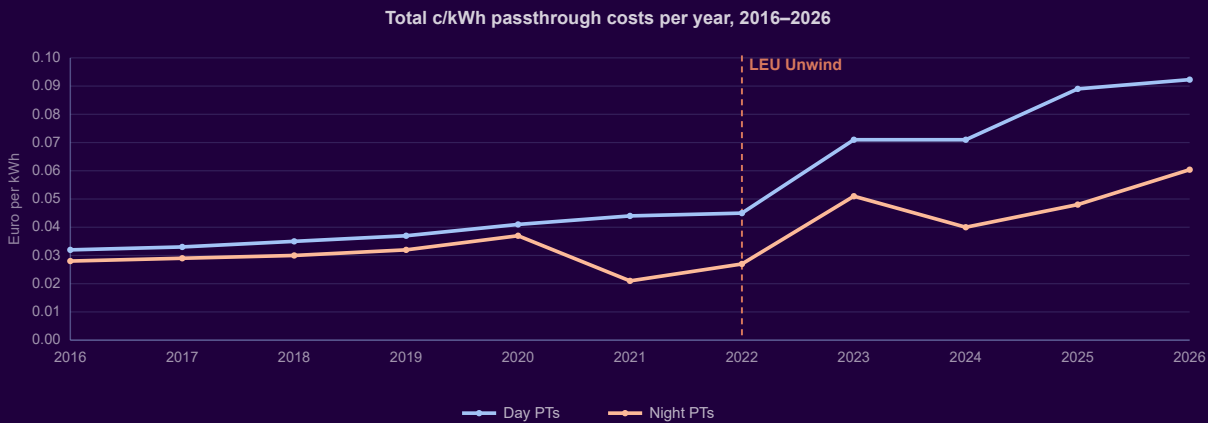


Figure 1: LEU passthrough costs over time

The table below summarises the movement in selected usage-based charges from the draft analysis. These figures should be reviewed against each customer’s tariff category, supplier bill structure and current annual tariff decision before being used for budgeting.

CHARGE	CURRENT RATE (C/KWH)	INCREASE SINCE 2016 (C/KWH)	% INCREASE
DUoS Day	1.474	1.042	241%
DUoS Night	0.235	0.167	246%
TUoS	3.459	2.728	374%
Market	2.308	1.752	315%
Total Day	9.228	6.088	194%
Total Night	6.035	3.270	118%

There have also been meaningful changes in fixed and capacity-based charges. These are not directly tied to usage. They are linked to the site’s contracted capacity, maximum import capacity or maximum monthly drawdown. That makes them particularly important for sites with high peaks, uneven demand or legacy capacity settings.

CHARGE	CURRENT RATE	INCREASE SINCE 2016	% CHANGE
Standing charge	€5,161 per annum	€3,668	246%
Capacity charge	€37.74 per kW per annum	€26.82	246%
Network capacity charge	€20.56 per kW max per annum	€7.75	62%
PSO Levy	€8.40 per kW per annum	-€24.72	-75%

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The PR6 Outlook

PR6 covers the 2026–2030 electricity network investment period. The CRU’s Final Determination was published in December 2025 and sets out the regulatory framework and investment allowances for ESB Networks and EirGrid.

PR6 allows a baseline investment package of €14.8bn, with the potential to increase up to €18.9bn depending on delivery and offshore-related requirements. This is a major step-up in network investment, driven by electrification, renewable generation, offshore grid development, resilience, security of supply and growth in connections.

In order to acquire the funding for PR6, the CRU is expecting about 80-85% of investment to come directly from electricity customers through increased passthroughs. The remainder will come from Irish and EU central funding.

For customers, the impact is not uniform. The CRU’s impact analysis shows different outcomes for different customer groups, depending on voltage level, tariff structure and the balance between distribution, transmission and other network charges.

For MV and large non-domestic users, three points matter most:

- Much of the investment pressure is on the distribution network, especially where growth and electrification place pressure on local infrastructure.
- LEUs may not see a straight-line increase across every charge. Some transmission-related allowances are expected to reduce over parts of the PR6 period, while distribution-related costs increase in other areas.
- The modelling is indicative, not a fixed forecast. Annual tariff decisions, demand growth, offshore developments and tariff-structure reviews can all change the actual outcome.

That is why a site-level view matters. Two businesses with similar total consumption can face very different pass-through outcomes if their voltage level, capacity settings, load profile or site classification differs.

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What This Means For Your Business

Businesses should prepare for continued movement in regulatory and pass-through costs. The direction of travel will not be the same for every customer group, and the annual tariff cycle still matters.

For MV users, the immediate risk is not simply that all charges rise. The bigger risk is that charges are misunderstood, under-budgeted or accepted without review. That can weaken investment cases, hide avoidable costs and make energy decisions less defensible.

Multi-site businesses should pay particular attention to sites on lower-voltage tariffs, sites with high maximum demand, and sites where capacity has not been reviewed in several years. A tariff or capacity setting that made sense historically may no longer be optimal.

For larger users, the opportunity is to connect pass-through analysis with wider energy strategy: procurement, demand management, energy efficiency, solar PV, battery storage, electrification planning and capital investment.

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Practical Steps Large Users Should Take

- 1 Review every site's tariff category, voltage level and metering arrangement. Do not assume the current structure is still the right one.
- 2 Analyse maximum import capacity and peak demand. Where contracted capacity is materially higher than operational need, there may be scope to reduce capacity-linked charges.
- 3 Separate energy costs from pass-through costs in reporting. This makes budget movement easier to explain and helps decision-makers see what can, and cannot, be influenced through procurement.
- 4 Model PR6 scenarios in annual budgets. Use a base case and a higher-cost sensitivity, especially for sites where network charges are material.
- 5 Assess efficiency and demand-management projects against their full bill impact. Some projects will improve payback when pass-through charges are included properly.
- 6 Review on-site generation, battery storage and load-shifting options where the site profile supports them. The value may come from avoided consumption, lower peak demand, resilience or a combination of these.
- 7 Build a regular review rhythm. Regulatory charges should be reviewed at least annually, and ahead of major contract, capacity or investment decisions.

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Looking Ahead

Ireland's electricity system is entering a period of sustained investment. That investment is necessary, but it will continue to show up in customer bills through regulated charges.

For MV and LEUs, the right response is not to treat pass-through costs as fixed and untouchable. The charges themselves are regulated, but their impact depends on how each site uses energy, how it is classified, how capacity is managed and how investment decisions are made.

Businesses that understand these charges will be better placed to budget, explain cost movement and make practical decisions. Businesses that do not may find that a growing share of their electricity bill is moving for reasons they cannot easily see.

Exemplar helps our clients to make energy one less thing to worry about. That includes understanding regulatory charges, identifying avoidable cost, and connecting energy procurement with engineering, investment and long-term performance.

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Sources

- CRU2025193: Price Review Six Final Determination – Summary Paper.
- CRU2025198: Price Review Six Final Determination – Impact Analysis Note.
- CRU2025194: Price Review Six Final Determination – Distribution Paper.
- CRU2025195: Price Review Six Final Determination – Transmission Paper.
- CRU: Network charges and LEU rebalancing error update, 31 August 2023.