REGULATED ENTITLEMENT VALUES 2025-2026 TARIFF YEAR

September 2025

www.uregni.gov.uk

Utility Regulator

About the Utility Regulator

The Utility Regulator is the independent non-ministerial government department responsible for regulating Northern Ireland's electricity, gas, water and sewerage industries, to promote the short and long-term interests of consumers.

We are not a policy-making department of government, but we make sure that the energy and water utility industries in Northern Ireland are regulated and developed within ministerial policy as set out in our statutory duties.

We are governed by a Board of Directors and are accountable to the Northern Ireland Assembly through financial and annual reporting obligations.

We are based at Millenium House in the centre of Belfast. The Chief Executive and two Executive Directors lead teams in each of the main functional areas in the organisation: CEO Office; Price Controls; Networks and Energy Futures; and Markets and Consumer Protection and Enforcement. The staff team includes economists, engineers, accountants, utility specialists, legal advisors and administration professionals.

OUR MISSION

To protect the short and long-term interests of consumers of electricity, gas and water.

OUR VISION

To ensure value and sustainability in energy and water.

OUR VALUES

ACCOUNTABLE: We take ownership of our actions.

TRANSPARENT: Ensuring trust through openness and honesty.

COLLABORATIVE: Connecting and working with others for a shared purpose.

DILIGENT: Working with care and rigour.

RESPECTFUL: Treating everyone with dignity and fairness.

ABSTRACT

Electricity suppliers in Northern Ireland pay several regulated charges which they may in turn then recover from their consumers. This information paper details each regulated charge that makes up a portion of electricity bills for both business and domestic consumers. It shows the changes to regulated entitlement values for each charge which will take effect from 1 October 2025

AUDIENCE

This paper will be of interest to all electricity suppliers, customers, businesses and consumer organisations representing consumer interests, other stakeholders and business groups.

CONSUMER IMPACT

This paper provides information on each element of the regulated entitlements which make up a portion of the cost of electricity paid by business and domestic consumers. The reasons for the changes are discussed within the paper.

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1. Introduction

1.1 Electricity suppliers in Northern Ireland pay a number of regulated charges which will be reflected in the final tariffs consumers pay to their suppliers through electricity bills. These charges are based on both forecast demand and revenue requirements, otherwise known as regulated entitlement values.

1.2 These charges include electricity network related charges, public service obligation (PSO) charges and charges coming from the Single Electricity Market (SEM).

1.3 The Utility Regulator approves network charges and PSO charges, whereas the Single Electricity Market Committee (SEMC) approves SEM charges. Network and PSO charges are collected by NIE Networks (Northern Ireland Electricity Networks) and by SONI (System Operator Northern Ireland). SEM charges are collected by SEMO (Single Electricity Market Operator). These tariffs are based on approved revenues (the regulated entitlement values) described in this note.

1.4 This information note covers the regulated entitlement values for each charge which can be recovered over the next tariff year (1 October 2025 to 30 September 2026) together with explanations for changes from the previous tariff year.

1.5 NIE Networks, SONI and SEMO set tariffs to collect revenues based on cost/revenue allocation assumptions and consumption forecasts. These costs are regulated by us through price controls to ensure the costs are necessary and efficiently incurred to help protect consumers. The relevant tariffs are published on the NIE Networks[1], SONI[2] and SEM Committee websites[3] .

1.6 This paper has been prepared before outturn costs have been fully collected or verified for the tariff year 2024/25 (1 October 2024 – 30 September 2025). The comparisons made below are therefore between two forecasted revenue entitlements. We have accounted for the latest available information to us in our forecasts for 2025/26.

1.7 Final consumer bills also include other costs such as wholesale energy costs, the climate change levy (for businesses only), the carbon reduction commitment, supplier charges, and VAT. The most significant of these other costs is the energy costs, and these will vary greatly between

[1] Statement of charges for use of the distribution system (2025-2026)
[2] SONI TUoS Statement of Charges 2025-26
[3] Publications | The Single Electricity Market Committee (semcommittee.com)

suppliers and customers, largely depending on the timing and extent of their supplier's hedging contracts.

1.8 The annex to this paper shows a five-year history for easy reference over the medium term, and readers may find this helpful in conjunction with previous years narrative. A link to previous reports has also been provided.[4]

1.9 All revenues in this report are stated in nominal terms. Changes in revenue between years include any change due to inflation.

1.10 This report focuses on the change in revenue that various entities are expected to recover through charges to suppliers each year. Changes in tariffs charged per unit of electricity will also be affected by forecasts of the quantity of electricity used in the tariff year.

1.11 This information note focuses on the regulated revenues for a given year and how these have changed from the previous year. It therefore focuses on a snapshot at a point in time. Inevitably, the needs for electricity system investment, wholesale market mechanisms/costs, grid and market operational costs, etc. are driven over the medium term by a range of external factors. These factors include, for example, decarbonisation requirements, security of supply needs and government energy strategic goals. These are outside the scope of this paper, but they do affect the policy framework, electricity system investment and cost requirements over the medium term and underpin any annual change discussion.

1.12 The regulated revenue entitlement for Network, System Support Services (SSS) and PSO charges levied in Northern Ireland have increased by 3% in the 2025/26 tariff year and SEM charges levied on an all-island basis have increased by 16% as shown in Table 1.1. In this table, we have also provided an estimate of the SEM revenues which will be recovered in Northern Ireland based on the likely proportion of flows in the transmission network and an estimate of the euro-GBP exchange rate.

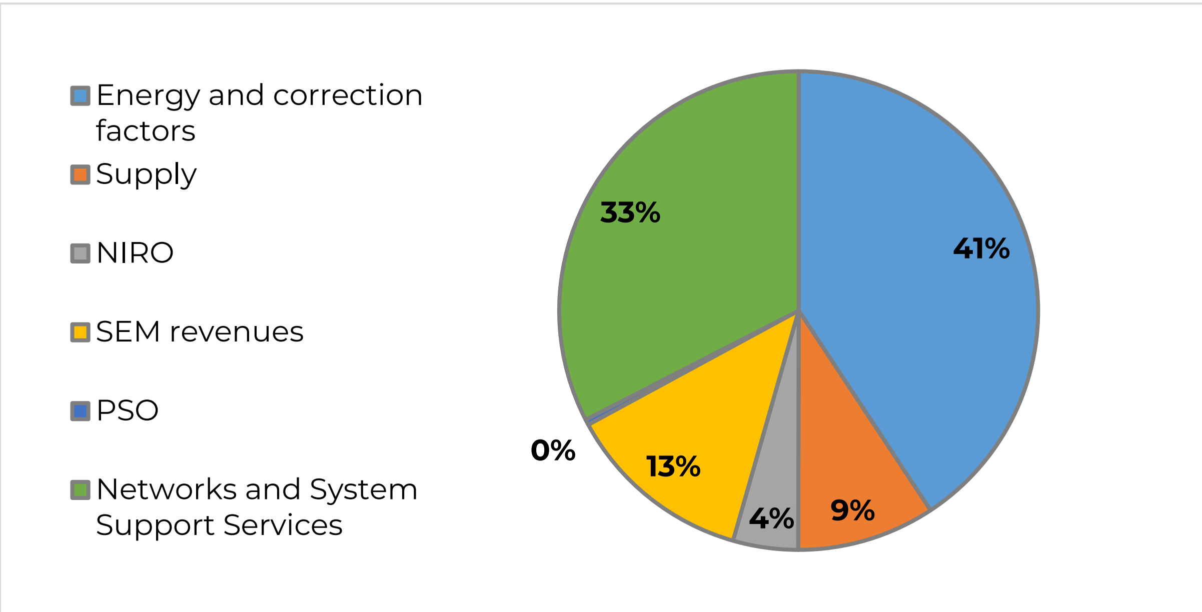
[4] Regulated Entitlement Values Information Note | Utility Regulator (uregni.gov.uk)

Table 1.1: Overall Revenue Entitlement

Revenue entitlement	2024/25	2025/26	Change from 2024/25	Change from 2024/25
Network, System Support and PSO charges (£million)	480.3	494.7	14.5	3%
SEM revenue (€million)	1,163.0	1,347.8	184.8	16%
NI proportion of SEM revenue (£million)	184.4	213.5	29.1	16%
Total NI revenue entitlement (£million)	664.6	708.2	43.6	7%

1.13 The increase in revenue entitlements above affects 46% of the typical domestic bill (based on the most recent regulated tariff review which will come into effect in October 2025)[5] as shown in Figure 1.1 below, which details the components of a typical domestic bill. Bills will also be impacted by changes in energy costs, supply costs and NIRO costs which lie outside the scope of this paper.

Figure 1.1: Components of a typical domestic bill at October 2025



1.14 All amounts within this information note pertaining to Northern Ireland only are in GBP. All-island costs are stated in Euro.

[5] Power NI tariff briefing paper - October 2025

2. Network and System Support Revenue

Transmission and Distribution Use of System revenue

2.1 The use of system charges for transmission and distribution networks are derived from the price controls put in place for NIE Networks, with the RP7 price control being the most relevant for this tariff year. The price control determines revenue for financial years (April to March). To align with the October to September tariff year, tariff revenue is determined from 50% of the entitlement for the two financial years (2025/26 and 2026/27. These estimates include the impacts of both electricity demand and inflation.

Transmission Use of System revenue (TUoS)

2.2 Underlying transmission revenue entitlement has increased between tariff years from £63.8 million in 2024/25 to £66.7 million for 2025/26. These figures are based on the best available forecasts of expenditure levels provided by NIE Networks and price control allowances set within RP7, updated with both actual and forecast inflation.

2.3 The underlying revenue entitlement is adjusted for over or under recovery of revenue in previous years, referred to as a K factor adjustment. The K factor in 2025/26 deducts £10.1million from the revenue entitlement due to a forecast over recovery for the 2024/25 Tariff year. The K factor adjustment in 2024/25 added £5.6 million to the revenue requirement, resulting in a reduction of £15.7 million in the 2025/26 tariff year relative to 2024/25 due to change in the K factor.

2.4 The net effect is that the TUoS revenue entitlement has decreased from £69.3 million in 2024/25 to £56.6 million for 2025/26 (a reduction of 18.5%). This decrease is predominantly due to the application of additional capital tax allowances identified by NIE Networks for regulatory years 2023/24, 2024/25 and 2025/26 following a change in methodology enacted by the UK government. This allowed NIE Networks to reduce its forecast of the amount it will recover for tax under its licence.

Table 2.1: TUoS revenue

Transmission	2024/25 £million	2025/26 £million	Change from 2024/25 £million	Change from 2024/25 %
Revenue entitlement	63.8	66.7	2.9	4.5%
K factor	5.6	(10.1)	(15.7)	(280.4%)
Total	69.3	56.6	(12.8)	(18.5%)

2.5 NIE Networks recovers all TUoS charges from SONI and for 2025/26 this will be a monthly charge to SONI of £4.7 million per month. Revenue is then recovered by SONI from suppliers (STUoS) and generators (GTUoS) on the basis of a 75:25 split respectively.

2.6 STUoS revenue for 2025/26 is £46.1 million consisting of 75% of the revenue entitlement shown in Table 2.1 (£42.4 million), plus a further K factor of £3.7 million based on SONI's revenue recovery in previous years which carries forward an under recovery of STUoS revenue. This entitlement is a decrease of 17.5% from £55.8 million in 2024/25.

2.7 The NI component of GTUoS revenue for 2025/26 is £21.0 million consisting of 25% of the NIE Networks TUoS revenue entitlement shown in Table 2.1 (£14.1 million, plus 15% of the revenue covering SONI's internal costs (£6.9 million). When converted to euros, this is a combined revenue of €24.3 million to be recovered from generators. This figure is provided in euros as GTUoS is an all-island tariff.

Distribution Use of System revenue (DUoS)

2.8 Underlying distribution revenue entitlement has increased from £288.7 million for 2024/25 to £316.9 million in 2025/26. Similar to TUoS, these figures are based on the best available forecast of expenditure levels provided by NIE Networks and price control allowances set within the first two years of the RP7 Price Control, updated with both actual and forecast inflation.

2.9 The underlying revenue entitlement is adjusted for over or under recovery of revenue in previous years, referred to as a K factor adjustment. The K factor in 2025/26 deducts £24.5 million from the revenue entitlement due to a forecast over recovery for the 2024/25 tariff year. The K factor adjustment in 2024/25 added £28.1 million to the revenue requirement, resulting in a reduction in £52.6 million in the 2025/26 tariff year relative to 2024/25 due to change in the K factor.

2.10 The net effect is that the DUoS revenue entitlement has decreased from £316.8 million in 2024/25 to £292.5 million for 2025/26 (a reduction of 7.7%). This decrease is predominantly due to the application of additional capital tax allowances identified by NIE Networks for financial years 2023/24, 2024/25 and 2025/26 following a change in methodology enacted by the UK government. This allowed NIE Networks to reduce its forecast of the amount it will recover for tax under its licence.

Table 2.2: DUoS revenue

Distribution	2024/25 £million	2025/26 £million	Change from 2024/25 £million	Change from 2024/25 %
Revenue entitlement	288.7	316.9	28.2	9.8%
K factor	28.1	(24.5)	(52.6)	(187.2%)
Total	316.8	292.5	(24.3)	(7.7%)

2.11 The increase in underlying DUoS revenue entitlement is due to additional opex through indirect costs and inspections, maintenance, faults and tree-cutting (IMF&T) costs and allocation of overhead costs to market services allowed in the RP7 final determination as well as inflation.

2.12 The relatively high negative K factor adjustment for both TUoS and DUoS has offset these underlying increases in revenue entitlement. We expect that further investment in RP7, the reversal of changes made to tax allowances in 2026/27 financial year and on-going inflation will mean that DUoS and TUoS revenues for the 2026/27 tariff year will return to and exceed those seen in 2024/25.

System Support Services (SSS) revenue

2.13 These regulated charges cover the cost of SONI and the ancillary services required to operate the transmission system safely and reliably. Revenue is apportioned across each kW of electricity consumed.

Table 2.3: System Support Services (SSS) revenue

Revenue Entitlements	2024/25 £million	2025/26 £million	Change from 2024/25 £million	Change from 2024/25 %
SONI internal revenues	36.3	45.7	9.4	25.9%
Ancillary services	52.2	72.7	20.5	39.2%
CEP court ruling	56.3	67.3	11.0	19.6%
K factor	21.8	7.7	(14.1)	(64.6%)
Sub total	166.5	193.4	26.9	16.1%
Less revenue to (GTUoS)	5.5	6.9	1.4	25.5%
Total SSS (excluding GTUoS)	161.1	186.5	25.5	15.8%

2.14 The underlying total SSS revenue has increased from £166.5 million in 2024/25 to £193.4 million in 2025/26. Part of this revenue is recovered from generators through the all-island GTUoS charge of £6.9million in 2025/26. As a result, the SSS tariff revenue recovered by SONI (excluding GTUoS has increased from the 2024/25 value of £161.1 million to £186.5 million in 2025/26 (a 15.8% increase).

2.15 The principal reasons for the increase in SSS revenue are:

a) Increases in SONI's internal costs as it restructures and builds capacity to address increased workload and delivers key components of the energy strategy, including delivering critical all-island projects such as the strategic markets programme and system service auctions.

b) Ancillary service costs are forecast to increase as a result of the Greenlink Interconnector commissioning in January 2025 and the impact this will have on System Non-Synchronous Penetration (SNSP) and an expected increase in fast acting service providers from 1 October 2025.

c) A further provision of £67.3 million for the potential costs of fulfilling the court judgement regarding Clean Energy Package (CEP) costs. This liability dates back to January 2020, with an initial provision made in 2024/25.

d) The increases are partially offset by a lower K factor revenue requirement than the previous year.

2.16 We continue to make a provision in revenues against implementation costs of the provision of the Clean Energy Package (CEP) which requires the transmission system operators (SONI and EirGrid) to pay compensation to renewable generators in certain circumstances when they are told to reduce their energy output due to grid network limitations or issues.

2.17 The Single Electricity Market Committee (SEMC) set out its interpretation of this provision in 2022. However, the High Court in Ireland ruled in November 2023 that this interpretation was unduly restrictive with the result that compensation would be payable to a greater extent than the SEMC had determined. That ruling has been stayed, pending the outcome of an appeal brought against it by the Commission for Regulation of Utilities.

2.18 In the meantime, we consider that it would be prudent to authorise SONI to collect the sums which may be required to provide compensation to NI generators for lost compensation via ROC payments were that court appeal to be unsuccessful.

2.19 The latest best estimate of the historical liability from January 2020 up to and including the 2025/26 tariff year is £123.5 million. The provision in this year's regulated entitlement is £67.3 million which represents the current liability estimate less the forecast £56.3 million included in 2024/25 tariffs.

2.20 While SSS revenue has risen by 15.8%, SSS tariffs have increased by 19.3% from 2.369 p/kWh to 2.826 p/kWh. This is due to SONI demand forecasts falling by (2.9%) compared to the previous year forecast. Any forecast error in demand will be reflected in actual revenue recovery which will be accounted for in the future K factor adjustment for over / under recovery of revenue.

Collection Agency Income Requirement (CAIRt)

2.21 Moyle Interconnector Limited (MIL) transmission licence permits it to raise revenues from sales of capacity on the Moyle interconnector and to recover the balance of its revenue requirements through payments received from SONI under the Collection Agency Agreement.

2.22 The Collection Agency Income Requirement (CAIRt), which SONI collects from suppliers and pays to Moyle Interconnector Limited, is apportioned across the predicted units transmitted.

2.23 For 2025/26, Moyle has agreed to pay an amount to SONI based on the CAIRt arrangements, which will be returned to NI customers through its distribution account.

2.24 Moyle has advised SONI that up to £6.0 million should be returned to customers in 2025/26. At Moyle's request, SONI has set the tariff (-0.091 p/kWh) based on SONI's demand forecast of 6,600 GWh.

Overall Network and System Support Services revenue

2.25 Table 2.4 below shows the maximum amount recoverable for network and system support costs charged to suppliers between 2024/25 and 2025/26. The increase in SSS revenue has been off set by a reduction in DUoS and STUoS resulting in an overall reduction of 2.0% compared to 2024/25.

2.26 The impact on individual customers will depend on various factors including the consumption profile, consumption quantity and historical consumption. Customers should refer to their individual suppliers for further details.

Table 2.4: Network and System Support Services revenue

Revenue Entitlements	2024/25 £million	2025/26 £million	Change from 2024/25 £million	Change from 2024/25 %
Supplier Transmission (STUoS)	55.8	46.1	(9.8)	(17.5%)
Distribution (DUoS)	316.8	292.5	(24.3)	(7.7%)
System Support Services (SSS)	161.1	186.5	25.5	15.8%
CAIRt	(4.0)	(6.0)	(2.0)	(50%)
Total	529.7	519.1	(10.6)	(2.0%)

3. Public Service Obligation (PSO) revenue

3.1 PSO charges are made up of a number of sub-elements as detailed below.

Landbank

3.2 NIE Land Bank business was established to protect the land surrounding existing power stations for future electricity generation development. The Land Bank sites were vested and the NIE Land Bank business currently manages these sites in accordance with Condition 23 of NIE Networks' Licence and directions issued by the Utility Regulator.

3.3 Landbank costs include ongoing maintenance and consultancy costs to ensure the sites are preserved for future use. There are also sites where short-term leases generate revenue. The increase in costs is due to increased consultancy and maintenance costs. The increased maintenance costs are due to an ongoing project to prevent encroachment and trespassing on land.

Legacy generation costs

3.4 The Power Procurement Business (PPB) has historically had power purchase agreements with the power station owners in Northern Ireland. These contracts were put in place with privatisation of the industry back in 1992 and the last remaining contracts came to an end in September 2023. The amounts in 2025/26 year relate to ongoing SEM resettlement and run-off of PPB's licence obligations and carry over of the difference between forecast and actual amounts for 2024/25 resulting in a rebate in 2025/26.

3.5 The PPB and the associated generation contracts are forecast to save customers £24.3 million in the 2025/26[6] tariff year. This compares to a net saving of £53.0 million forecast for the 2024/25 tariff year.

Sustainable Energy Programme (NISEP) costs

3.6 A levy is imposed on all demand to fund the Northern Ireland Sustainable Energy Programme (NISEP). The objective of this programme is to

[6] Please note that, similar to DUoS and TUoS charges, the entitlement for any tariff year (October - September) is 50% of the entitlement for the two financial years (April - March) which it spans

promote energy efficiency with particular regard to vulnerable electricity customers. The latest forecast of expenditure is £8.2 million for 2025/26.

Overall PSO revenue

3.7 Table 3.1 below shows that the maximum amount recoverable for PSO will change from a £49.4 million rebate in 2024/25 to a rebate of £24.3 million for 2025/26.

Table 3.1: PSO revenue

Revenue entitlement	2024/25 £million	2025/26 £million	Change from 2024/25 £million	Change from 2024/25 %
Landbank	0.0	0.1	0.1	10%
Legacy generation	(53.1)	(19.2)	33.9	63.8%
NISEP	8.1	8.2	0.1	1.2%
K factor	(4.4)	(13.3)	(8.9)	(202.3%)
Total	(49.4)	(24.3)	25.1	50.8%

4. Revenue regulated by the SEM Committee

4.1 The Single Electricity Market (SEM) is the wholesale electricity market for the island of Ireland and is regulated by the SEM Committee. The SEM consists of a number of electricity trading markets and is administered by SEMOpx (day-ahead and intraday markets) and SEMO (balancing market).

4.2 Since new market arrangements were introduced in October 2018, they have delivered significant benefits. These include making more efficient use of the interconnectors that connect the SEM with the GB market, delivering a market that reflects the underlying cost of generation and delivering increased competition. More detail on the trends and performance of the SEM is available on the SEM Committee website[7].

4.3 In addition to regulating the SEM, the SEM Committee also oversees a number of all-island electricity market tariffs, including charges for generation capacity, the operation of the market (for SEMO and SEMOpx) and market imperfections (for constraints). These charges are fed through to suppliers and will then make their way into end customer bills. Details of the movements in the maximum amount recoverable for these SEM charges on an all-island basis are set out in Table 4.1 below.

Capacity charges

4.4 The Capacity Remuneration Mechanism (CRM) is designed to ensure that enough capacity is available to meet the demand of electricity on the island of Ireland. Through a competitive auction process, capacity providers sell qualified capacity to the market, based on generation capacity required in a future capacity year. Active Capacity procured in Capacity Auctions held for Capacity Year 2025-26 cleared at a cost of around €344.1 million. In addition, €207.8 million of multi-year Reliability Options, successfully awarded within previous Capacity Auctions, is further included in the total cost for 2025-26. The K factor adjustment is deducted from this total capacity cost. The K factor amount is €30.7 million, which accounts for adjustments to the over recovery of Supplier Capacity Charges in previous years. The sum of these three values forms the basis for Supplier Capacity Charges in the upcoming tariff year. The decrease in the capacity pot for 25/26 (€552 million before the K factor) relative to 24/25 is due to several factors. The average cost (€/MW) in the 25/26 T-1 Capacity Auction was lower than the average cost (€/MW) in the

[7] https://www.semcommittee.com/market-monitoring

24/25 T-1 Capacity Auction. Also, there was only one multi-year contract awarded in the T-1 24/25 Capacity Auction and as such, there is very little cost from this auction carried over into the 25/26 capacity pot.

4.5 Similarly, the T-4 24/25 auction procured little multi-year contracts and as such, the majority of the cost of this auction was solely attributed to the 24/25 Capacity year because of single year contracts.

Network Imperfections charges

4.6 Network Imperfections Charges are mainly the costs associated with constraints on the all-island transmission network. Constraint costs occur due to the differences between the market determined schedule of generation to meet demand and the actual instructions issued to generators by the TSOs. These constraints result in the system operators (SONI and EirGrid) taking action to 'balance' the system in order to ensure stability of the electricity system. These actions are a normal and necessary part of electricity markets in other jurisdictions but are particularly important in the SEM, which is a small and highly constrained electricity system that has a high level of renewable generation. Constraints are caused by network bottlenecks (such as the North South Interconnector, which is the most significant). These constraints may require the system operator to increase or decrease generator output in any given area to ensure electricity can travel across the network from where it is generated to meet demand.

4.7 The Network Imperfections Charge is made up of a number of components to enable the management of the transmission system, the largest of which relates to Dispatch Balancing Costs (DBCs), and in particular constraint costs. SEMO levies these charges on suppliers.

4.8 The Network Imperfections Charges for 2025/26 have been driven predominantly by a large under recovery in the current 2024/25 revenue year due to challenges in satisfying the Northern Ireland (NI) Security of Supply dynamic stability requirements and maintaining system security. Interconnector flows and increased renewable capacity along with generator outages have also had an inflationary impact on the Network Imperfections Charges for 2025/26.

4.9 For 2025/26, the Network Imperfections Charge is €790.24 million (total costs €606.81 million plus K factor adjustment of €183.43 million) compared to €567.21 million for 2024/25. This charge is €93m lower than the proposed forecast submitted by the TSOs. The SEM Committee revised downwards costs associated with transmission outages, reserve calculation, security and operational constraints, and dispatch of pumped storage and revised upwards the costs associated with Northern Ireland's Renewable Electricity Sources (RES) capacity.

4.10 The SEM Committee continues to scrutinise the core drivers of these costs and has developed a biannual review of the costs covered by Network Imperfections Charges. Where appropriate, this enables any reductions in these costs to be passed on to consumers as quickly as possible. Figure 4.1 below, sourced from the SEM Committee website, details historic and forecast Network Imperfections charges.

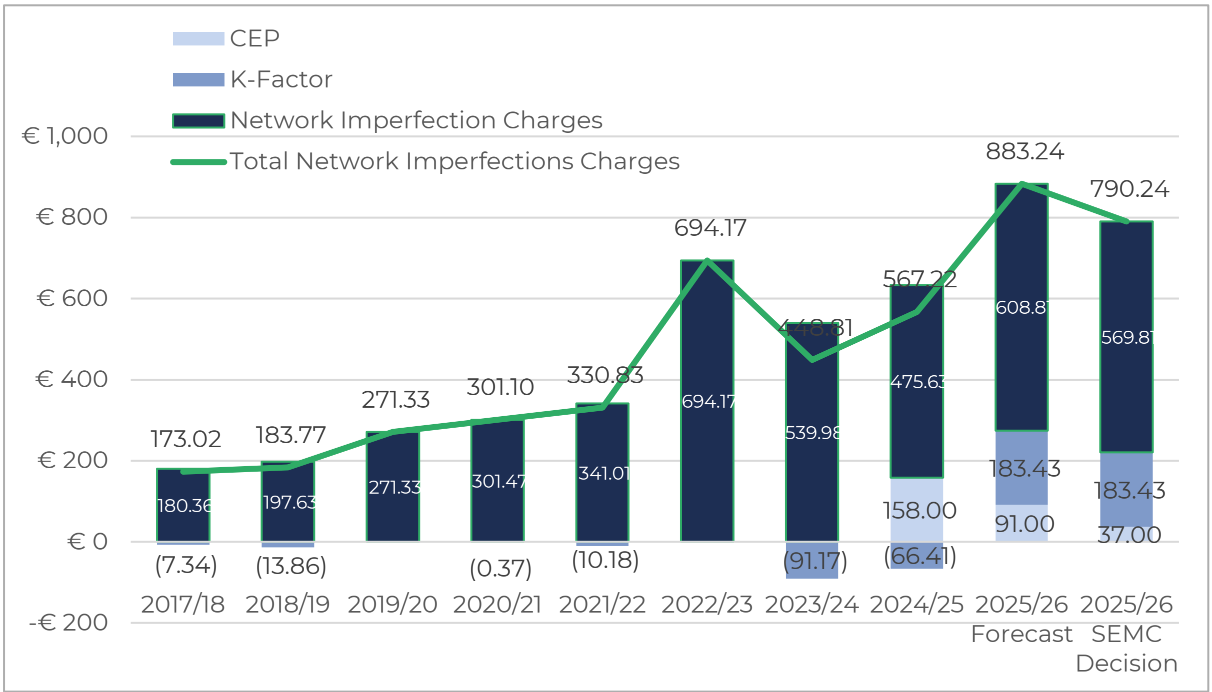


Figure 4.1: Historic and forecast Network Imperfections Charges

4.11 The SEM Committee continues to scrutinise the core drivers of these costs and has developed a biannual review of the costs covered by Network Imperfections Charges. Where appropriate, this enables any reductions in these costs to be passed on to consumers as quickly as possible. Further detail on the breakdown of Network Imperfections costs and actions to reduce these costs is made available on the SEM Committee website[8].

Market Operator revenue

4.12 SEMO incurs operational costs while carrying out its balancing market functions and recovers these costs, together with financing costs including a rate of return, through Market Operator tariffs and fees, which are levied on market participants. To facilitate this recovery of costs, the Market Operator submits proposals on its allowed revenue and the charges required to recover this revenue to the Regulatory Authorities.

[8] Publications | The Single Electricity Market Committee (semcommittee.com)

4.13 SEMO has submitted its Market Operator revenue requirement for tariff year 2025/26 which has been corrected and approved by the Regulatory Authorities. The revenue requirement specific to 2025/26 is €36.382 million (March 2025 prices). The 2025/26 revenue requirement will be corrected through the K factor included in the 2027/28 tariff year to reflect the price control final decision.

4.14 The K factor (over/under-recovery) in respect of the 2023/24 tariff year is an over recovery of €12.288 million.

4.15 SEMO will therefore receive a revenue for 1 October 2025 until 30 September 2026 of €24.094 million. This is reflected in the SEMO charging statement for 2025/26 published on the SEMO website[9].

SEMOpx revenue

4.16 SEMOpx is the designated Nominated Electricity Market Operator (NEMO) for the all-island market and offers its trading facilities via power exchanges. This means SEMOpx provides the only route to access the day ahead and intra-day markets. SEMOpx operates under an annual revenue recovery mechanism, as outlined in decision paper SEM-24-043[10], which facilitates the recovery of operational and capital-related costs, including an allowed rate of return. SEMOpx submits proposals on its allowed revenue and the charges required to recover this revenue to the Regulatory Authorities (RAs) for approval each year.

4.17 SEMOpx's approved revenue requirement for tariff year 2025/26 is €5.502 million. Combined with a K factor over recovery of €0.760 million for the 2023/24 tariff year, SEMOpx will receive a revenue for 1 October 2025 until 30 September 2026 of €4.743 million (March 2025 prices)[11].

Residual Error Volume

4.18 Residual Error Volume Price relates to differences between actual and metered volumes which can be positive or negative.

4.19 This error volume can occur due to a number of reasons including differences between actual consumption and profiled consumption of non-interval metered customers, and differences between loss-adjustment factors and actual losses on the transmission and distribution systems.

[9] SEM-25-049 SEMO 2025/26 Revenue Requirement and K-Factor 2023/24 Information Paper | The Single Electricity Market Committee
[10] SEM-24-043 SEMOpx Revised Regulatory Revenue Recovery Framework Decision Paper | The Single Electricity Market Committee
[11] SEM-25-042 SEMOpx Revenue Information K-factor 25_26 | The Single Electricity Market Committee

4.20 The £47.5 million swing between the 24/25 and 25/26 tariffs resulted from a change and subsequent reversal in the K factor methodology. For the 23/24 tariff, the Market Operator (MO) decided to stop applying a K factor adjustment for the 21/22 financial year, basing the calculation only on final resettled volumes to get a "true view" of the residual error.

4.21 However, due to reduced differences between initial and resettled volumes in the 24/25 tariff submission, the MO reverted to the original methodology for the 24/25 tariff, which required a catch-up adjustment for the 21/22 and 22/23 financial years. This catch-up adjustment resulted in a K factor value of negative (£40 million) for the 24/25 tariff. The subsequent return to the original, ongoing methodology in the 25/26 tariff resulted in a K factor value of £7.5 million

4.22 The total Residual Error Volume amount for 2025/26 is estimated at €14.7 million. Taking account of a K factor adjustment for an over recovery of €7.6 million the total amount for 2025/26 is €7.5 million.

Overall SEM revenues

4.23 Table 4.1 below shows the amount recoverable under some of the main SEM charges in 2025/26. The amount has increased by 16%:

Table 4.1: Main charges regulated by the SEM committee

Revenue Entitlements	2024/25 €million	2025/26 €million	Change from 2024/25 €million	Change from 2024/25 %
Capacity	602.8	521.3	(81.5)	(13.5%)
Imperfections charge	567.2	790.2	223.0	39.3%
Market Operator charges	26.2	24.1	(2.1)	(8.0%)
SEMOpx charge	6.0	4.7	(1.3)	(21.7%)
Residual Error Volume	(40.0)	7.5	47.5	118.8%
Total	1,163.0	1,347.8	184.6	15.9%

ANNEX A– Five-year history tables.

The tables below show the charges over five years for ease of reference. The narrative for the five years is available in the previous years Regulated Entitlement Values Information Note on the Utility Regulator website.

Network and System Support Services revenue

Revenue Entitlements	2021/22 £million	2022/23 £million	2023/24 £million	2024/25 £million	2025/26 £million
Supplier TUoS	35.4	37.4	54.6	55.8	46.1
DUoS	203.3	231.8	314.6	316.8	292.5
System Support Services charges (SSS)	69.4	58.4	87.8	161.1	186.5
CAIRt	0.0	(3.0)	(3.3)	(4.0)	(6.0)
Total	308.0	324.6	453.7	529.7	519.1

All prices in nominal

Public Service Obligation revenue

Revenue Entitlements	2021/22 £million	2022/23 £million	2023/24 £million	2024/25 £million	2025/26 £million
Landbank	0.4	0.6	0.0	0.0	0.1
Legacy generation	(23.3)	(32.4)	(52.0)	(53.1)	(19.2)
NISEP	8.9	8.9	8.3	8.1	8.2
K factor	1.3	1.1	1.9	(4.4)	(13.3)
Total	(12.7)	(21.8)	(41.8)	(49.4)	(24.3)

All prices in nominal

Revenue regulated by the SEM Committee (all island revenues)

Revenue Entitlements	2021/22 €million	2022/23 €million	2023/24 €million	2024/25 €million	2025/26 €million
Capacity	372.7	344.9	463.5	602.8	521.3
Imperfections charge	330.8	834.5	448.8	568.2	790.2
Market Operator charge	20.7	17.0	24.5	26.2	24.1
SEMOpx charge	3.9	4.5	6.0	6.0	4.7
Residual Error Volume	13.0	(12.8)	36.3	(40.0)	7.5
Total	741.1	1,188.1	979.1	1,163.0	1,347.8

All prices in nominal