REGULATED ENTITLEMENT VALUES 2026-2027 TARIFF YEAR

September 2026

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 2026.

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 2026 to 30 September 2027) 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 2025/26 (1 October 2025 – 30 September 2026). 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 2026/27.

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 (2026-2027)
[2] SONI TUoS Statement of System charges
[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 8.4% in the 2026/27 tariff year and SEM charges levied on an all-island basis have increased by 17.4% 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.

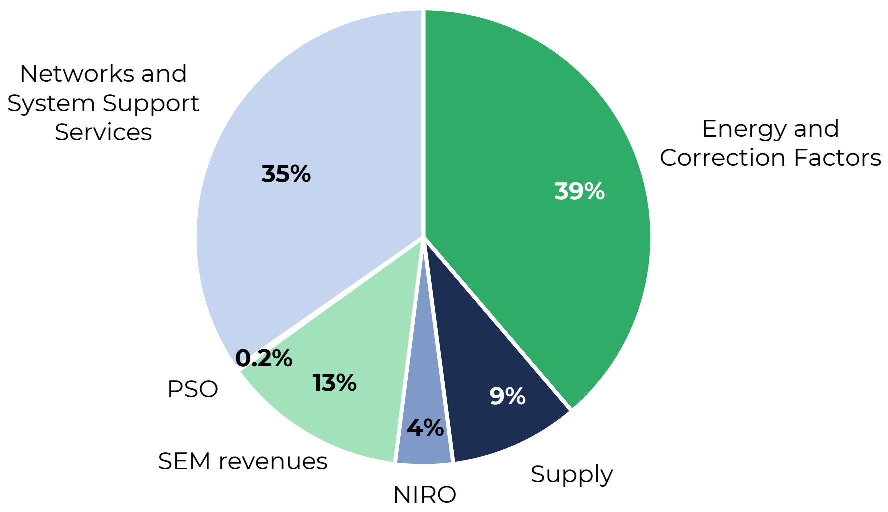
[4] Regulated Entitlement Values Information Note | Utility Regulator (uregni.gov.uk)

Table 1.1: Overall Revenue Entitlement

Revenue entitlement	2025/26	2026/27	Change from 2025/26	Change from 2025/26
Network, System Support and PSO charges (£million)	494.7	536.4	41.7	8.4%
SEM revenue (€million)	1,347.8	1,582.6	234.8	17.4%
NI proportion of SEM revenue (£million)[5]	213.5	237.2	23.8	11.2%
Total NI revenue entitlement (£million)	708.2	773.6	65.5	9.2%

1.13 The increase in revenue entitlements above affects 48% of the typical domestic bill (based on the most recent regulated tariff review, which came into effect in July 2026)[6] 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 July 2026



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

[5] Converted from euro to sterling using the average EUR/GBP exchange rate for the 12 months ended 18 August 2026, based on Bank of England daily exchange rate data.
[6] Power NI tariff briefing paper - July 2026

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 (2026/27 and 2027/28). 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 £66.7 million in 2025/26 to £71.1 million in 2026/27. 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 2026/27 deducts £7.4 million from the revenue entitlement due to a forecast over-recovery for the 2025/26 Tariff year. The K-factor adjustment in 2025/26 deducted £10.1 million from the revenue requirement, resulting in an increase of £2.7 million in the 2026/27 tariff year relative to 2025/26 due to change in the K-factor.

2.4 The net effect is that the TUoS revenue entitlement has increased from £56.6 million in 2025/26 to £63.7 million for 2026/27 (an increase of 12.5%). This increase is primarily driven by increased investment costs associated with D5 projects[7], resulting in increased return on capital, depreciation and operating expenses.

[7] D5 projects are large and strategically important transmission network development and asset replacement projects that increase network capacity and/or capability. Due to their scale, complexity, and associated risks or uncertainties, these projects require separate regulatory approval.

Table 2.1: TUoS revenue

Transmission	2025/26 £million	2026/27 £million	Change from 2025/26 £million	Change from 2025/26 %
Revenue entitlement	66.7	71.1	4.4	6.6%
K-factor	(10.1)	(7.4)	2.7	(26.7%)
Total	56.6	63.7	7.1	12.5%

2.5 NIE Networks recovers all TUoS charges from SONI and for 2026/27 this will be a monthly charge to SONI of £5.3 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 2026/27 is £47.3 million consisting of 75% of the revenue entitlement shown in Table 2.1 (£47.8 million), plus a further K-factor of -£0.5 million based on SONI's revenue recovery in previous years which carries forward a small over-recovery of STUoS revenue. This entitlement is an increase of 2.6% from £46.1 million in 2025/26.

2.7 The NI component of GTUoS revenue for 2026/27 is £24.1 million, consisting of 25% of the NIE Networks TUoS revenue entitlement shown in Table 2.1 (£15.9 million), plus 15% of the revenue covering SONI's internal costs (£8.2 million).

Distribution Use of System revenue (DUoS)

2.8 Underlying distribution revenue entitlement has increased from £316.9 million in 2025/26 to £341.8 million in 2026/27. Similar to TUoS, these are based on the best available forecast of expenditure levels provided by NIE Networks and price control allowances set within the second and the third 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 2026/27 deducts £15.2 million from the revenue entitlement due to a forecast over-recovery for the 2025/26 tariff year. The K-factor adjustment in 2025/26 deducted £24.5 million from the revenue requirement, resulting in an addition of £9.3 million in the 2026/27 tariff year relative to 2025/26 due to change in the K-factor.

2.10 The net effect is that the DUoS revenue entitlement has increased from £292.5 million in 2025/26 to £326.6 million in 2026/27 (an increase of 11.7%). This increase is due to increased capital investment particularly in relation to the new DfE Decision on Fairer Grid Connections[8] and smart metering, resulting in increased return on capital, depreciation and operating expenses.

Table 2.2: DUoS revenue

Distribution	2025/26 £million	2026/27	Change from 2025/26 £million	Change from 2025/26 %
Revenue entitlement	316.9	341.8	24.9	7.9%
K-factor	(24.5)	(15.2)	9.3	(38.0%)
Total	292.5	326.6	34.1	11.7%

2.11 For both DUoS and TUoS there has been an increase in capital cost particularly the TUoS D5 capital expenditure. NIE Networks also raised a bond which resulted in an increase in its allowed return on capital. In addition, operational expenditure has been increased due to higher indirect costs and additional inspection, maintenance, faults and tree cutting (IMF&T) costs, as well as increases in business rates and licence fees.

2.12 Over the last two years, the DUoS revenue entitlement included the refund of a pension deficit over-recovery, calculated as the difference between the pension deficit costs recovered from customers during RP6 price control and the level of pension deficit allowance ultimately required. This over-recovery was fully refunded to customers in the first year of RP7 (2025/26). As a result, no further pension deficit refunds are provided in the subsequent years of RP7, including the 2026/27 tariff year, meaning there is no corresponding reduction in the regulated revenue entitlement to offset increases in other revenue components. In addition, the lower negative K-factor adjustment for both TUoS and DUoS, compared to the 2025/26 tariff year, has not been sufficient to offset underlying increases in revenue entitlement.

2.13 We expect that further investment in RP7, and on-going inflation will mean that DUoS and TUoS revenues for the 2027/28 tariff year will likely increase again next year.

[8] Decision on Fairer Grid Connection Costs | Department for the Economy

System Support Services (SSS) revenue

2.14 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	2025/26 £million	2026/27 £million	Change from 2025/26 £million	Change from 2025/26 %
SONI internal revenues	45.7	54.6	8.9	19.5%
Ancillary services	72.7	77.0	4.3	5.9%
CEP court ruling	67.3	31.3	(36.0)	(53.5%)
K-factor	7.7	10.4	2.7	35.1%
Sub total	193.4	173.3	(20.1)	(10.4%)
Less revenue to (GTUoS)	6.9	8.2	1.3	18.8%
Total SSS (excluding GTUoS)	186.5	165.1	(21.4)	(11.5%)

2.15 The underlying total SSS revenue has decreased from £193.4 million in 2025/26 to £173.3 million in 2026/27. Part of this revenue is recovered from generators through the all-island GTUoS charge of £8.2 million in 2026/27. As a result, the SSS tariff revenue recovered by SONI (excluding GTUoS) has decreased from the 2025/26 value of £186.5 million to £165.1 million in 2026/27 (an 11.5% decrease).

2.16 The principal reasons for the movements in SSS revenue are as follows:

a) Increases in SONI's internal costs as it restructures and builds capacity to address increased workload and deliver 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 with higher levels of System Non-Synchronous Penetration (SNSP) on the all-island system. This drives a higher Temporal Scarcity Scalar (TSS) which increases costs.

c) A higher K-factor under-recovery to be accounted for in 2026/27.

d) These increases are more than offset by a lower provision of £31.3 million for the potential 2026/27 tariff year costs associated with fulfilling the court judgement regarding Clean Energy Package (CEP). This provision is not trying to recover any potential historic liabilities so is much lower than the past two years.

2.17 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.

2.18 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.

2.19 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.

2.20 We have undertaken licence modification decisions[9] to establish a dedicated CEP fund. The modifications were designed to ringfence CEP funds in a separate bank account until such times as the courts have opined on this matter. Monies already collected in tariffs will be added to the fund at the direction of the UR. Disbursements can only be made for CEP liabilities and at the discretion of UR. If liabilities do not arise, this revenue will be returned to electricity consumers.

2.21 The latest best estimate of the historical liability from January 2020 up to and including the 2026/27 tariff year is £154.9 million. The provision in this year's regulated entitlement is £31.3 million which represents the current liability estimate less the forecast £123.6 million expected to be recovered via tariffs up to the 30 September 2026.

2.22 While SSS revenue has fallen by 11.5%, SSS tariffs have decreased by 11.9% from 2.826 p/kWh to 2.489 p/kWh. This is due to SONI demand forecasts increasing by 0.5% compared to the previous year forecast. Any forecast error in demand will be reflected in actual revenue recovery which will be

[9] Decision on amendments to SONI's licence revenue formula to facilitate Clean Energy Package costs and k-factor changes.

accounted for in the future K-factor adjustment for over / under-recovery of revenue.

Collection Agency Income Requirement (CAIRt)

2.23 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.

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

2.25 For 2026/27, 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.

2.26 Moyle has advised SONI that up to £8.0 million should be returned to customers in 2026/27. At Moyle's request, SONI has set the tariff (-0.121 p/kWh) based on SONI's demand forecast of 6,635 GWh.

Overall Network and System Support Services revenue

2.27 Table 2.4 below shows the maximum amount recoverable for network and system support costs charged to suppliers between 2025/26 and 2026/27. The increase in DUoS revenue has been partially offset by a reduction in SSS and CAIRt resulting in an overall increase of 2.3% compared to 2025/26.

2.28 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	2025/26 £million	2026/27 £million	Change from 2025/26 £million	Change from 2025/26 %
Supplier Transmission (STUoS)	46.1	47.3	1.2	2.6%
Distribution (DUoS)	292.5	326.6	34.1	11.7%
System Support Services (SSS)	186.5	165.1	(21.4)	(11.5%)
CAIRt	(6.0)	(8.0)	(2.0)	33.3%
Total	519.1	531.0	11.9	2.3%

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.

Sustainable Energy Programme (NISEP) costs

3.5 A levy is imposed on all demand to fund the Northern Ireland Sustainable Energy Programme (NISEP). The objective of this programme is to promote energy efficiency with particular regard to vulnerable electricity customers. The latest forecast of expenditure is £8.1 million for 2026/27.

Overall PSO revenue

3.6 Table 3.1 below shows that the maximum amount recoverable for PSO will change from a £24.3 million rebate in 2025/26 to a charge of £5.4 million for 2026/27, following the winding up of the PPB (legacy generation).

Table 3.1: PSO revenue

Revenue entitlement	2025/26 £million	2026/27 £million	Change from 2025/26 £million	Change from 2025/26 %
Landbank	0.05	0.12	0.07	134.0%
Legacy generation	(19.2)	0.0	19.2	(100.0%)
NISEP	8.2	8.1	(0.1)	(1.2%)
K-factor	(13.3)	(2.9)	10.4	(78.2%)
Total	(24.3)	5.4	29.7	(122.2%)

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[10].

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 2026/27 cleared at a cost of €576.3 million. In addition, €220.7 million of multi-year Reliability Options, successfully awarded within previous Capacity Auctions, is further included in the total cost for 2026/27. The K-factor adjustment is deducted from this total capacity cost. The K-factor amount is a negative €48.8 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.

4.5 The increase in the capacity pot for 2026/27 (€797 million before the K-factor) relative to 2025/26 is due to several factors. These include higher capacity clearing prices in the T-4 2026/27 Capacity Auction, multi-year

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

Reliability Options from previous auctions, and the fact that the 2025/26 capacity pot was reduced following the removal of capacity associated with units that had terminated or were not expected to deliver during that capacity year. As a result, the 2025/26 capacity pot was lower than would typically be expected based on historical trends. The increase in the 2026/27 capacity pot therefore reflects both the higher cost of capacity procured for the year and the absence of a similar level of terminations and delivery delays. Consequently, the 2026/27 increase is more consistent with historical capacity cost trends and results in higher Supplier Capacity Charges for the tariff year.

Network Imperfections charges

4.6 Network Imperfections Charges are mainly the costs associated with constraints on the all-island transmission network. The purpose of the network imperfections charge is to ensure that the Transmission System Operators (TSOs) can recover their forecast total costs for operating a secure and reliable electricity system.

4.7 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.

4.8 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.

4.9 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.

4.10 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.

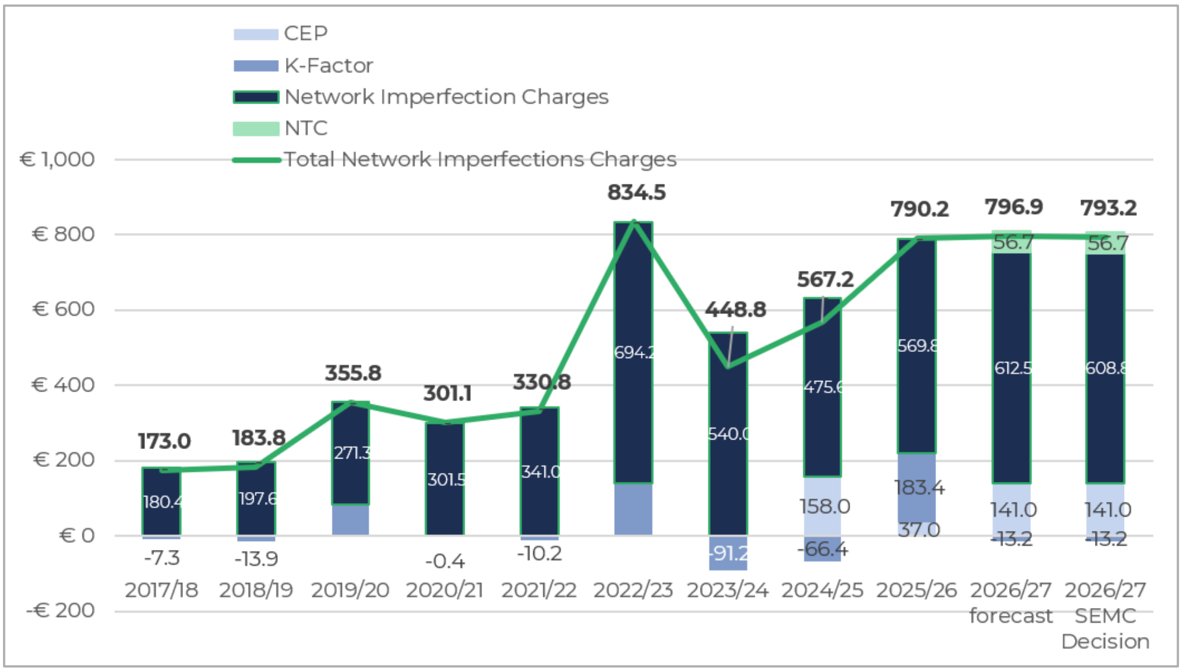
4.11 The Network Imperfections Charges for 2026/27 have been driven predominantly by wholesale fuel and carbon prices (particularly natural gas prices which have increased significantly this year), changes in renewable generation levels, interconnector flows and generator and transmission outages. The inclusion of a provision for potential payments to market participants under Article 13 of Regulation (EU) 2019/943 and historic liabilities in respect of the Interconnector Net Transfer Capacity Restriction (NTC) are other significant drivers of forecast costs.

4.12 For 2026/27, the Network Imperfections Charge is €793.2 million (total costs €806.4 million plus K-factor adjustment of -€13.2 million) compared to €790.2 million for 2025/26. The 2026/27 Charge also includes the TSOs' forecast cost provision for potential payments associated with Article 13 of Regulation (EU) 2019/943, revenue relating to the recovery of such historic NTC compensation costs (subject to confirmation that an independent verification and audit process has been completed).

4.13 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.

4.14 Further detail on the breakdown of Network Imperfections costs and actions to reduce these costs is made available in the Network Imperfections Charges 2026/27 Decision Paper[11]. Figure 4.1 below, sourced from the SEM Committee website, details historic and forecast Network Imperfection charges.

Figure 4.1: Historic and forecast Network Imperfections Charges



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

Market Operator revenue

4.15 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.

4.16 SEMO has submitted its Market Operator revenue requirement for tariff year 2026/27 which has been corrected and approved by the Regulatory Authorities. The revenue requirement specific to 2026/27 is €40.3 million. The 2026/27 revenue requirement will be corrected through the K-factor included in the 2028/29 tariff year to reflect the price control final decision.

4.17 The K-factor (over/under-recovery) in respect of the 2024/25 tariff year is a negative €5.4 million, representing an over-recovery.

4.18 SEMO will therefore receive a revenue for 1 October 2026 until 30 September 2027 of €34.9 million. This is reflected in the SEMO charging statement for 2026/27 published on the SEMO website [12].

SEMOpx revenue

4.19 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[13], 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.

4.20 SEMOpx's approved revenue requirement for tariff year 2026/27 is €6.0 million. Combined with a K-factor over-recovery of €0.9 million for the 2024/25 tariff year, SEMOpx will receive a revenue for 1 October 2026 until 30 September 2027 of €5.1 million[14].

[12] SEMO Revenue Requirement for 2026/27 | The Single Electricity Market
[13] SEM-24-043 SEMOpx Revised Regulatory Revenue Recovery Framework Decision Paper | The Single Electricity Market Committee
[14] SEMOpx Revenue Requirement and K-factor Information Paper 2026/27 | The Single Electricity Market Committee

Residual Error Volume

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

4.22 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.

4.23 The decrease in the Residual Error Volume Price is primarily driven by an over-recovery of costs in 2024/25, which is being returned to consumers through the tariff. Lower forecast residual error volumes and lower energy prices also contribute to the reduction.

4.24 The total Residual Error Volume amount for 2026/27 is estimated at €11 million. Taking account of a K-factor adjustment for an over-recovery of €9.9 million the total amount for 2026/27 is €1.2 million.

Overall SEM revenues

4.25 Table 4.1 below shows the amount recoverable under some of the main SEM charges in 2026/27. The amount has increased by 17.4%:

Table 4.1: Main charges regulated by the SEM committee

Revenue Entitlements	2025/26 €million	2026/27 €million	Change from 2025/26 €million	Change from 2025/26 %
Capacity	521.3	748.2	226.8	43.5%
Imperfections charge	790.2	793.2	3.0	0.4%
Market Operator charges	24.1	34.9	10.8	44.8%
SEMOpx charge	4.7	5.1	0.4	8.5%
Residual Error Volume	7.5	1.2	(6.3)	(84.5%)
Total	1,347.8	1,582.6	234.8	17.4%

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	2022/23 £million	2023/24 £million	2024/25 £million	2025/26 £million	2026/27 £million
Supplier TUoS	37.4	54.6	55.8	46.1	47.3
DUoS	231.8	314.6	316.8	292.5	326.6
System Support Services charges (SSS)	58.4	87.8	161.1	186.5	165.1
CAIRt	(3.0)	(3.3)	(4.0)	(6.0)	(8.0)
Total	324.6	453.7	529.7	519.1	531.0

All prices in nominal

Public Service Obligation revenue

Revenue Entitlements	2022/23 £million	2023/24 £million	2024/25 £million	2025/26 £million	2026/27 £million
Landbank	0.6	0.0	0.0	0.1	0.1
Legacy generation	(32.4)	(52.0)	(53.1)	(19.2)	0.0
NISEP	8.9	8.3	8.1	8.2	8.1
K-factor	1.1	1.9	(4.4)	(13.3)	(2.9)
Total	(21.8)	(41.8)	(49.4)	(24.3)	5.4

All prices in nominal

Revenue regulated by the SEM Committee (all island revenues)

Revenue Entitlements	2022/23 €million	2023/24 €million	2024/25 €million	2025/26 €million	2026/27 £million
Capacity	344.9	463.5	602.8	521.3	748.2
Imperfections charge	834.5	448.8	568.2	790.2	793.2
Market Operator charge	17.0	24.5	26.2	24.1	34.9
SEMOpx charge	4.5	6.0	6.0	4.7	5.1
Residual Error Volume	(12.8)	36.3	(40.0)	7.5	1.2
Total	1,188.1	979.1	1,163.0	1,347.8	1582.6

All prices in nominal