Commission for Energy Regulation

An Coimisiún um Rialáil Fuinnimh

PUBLIC SERVICE OBLIGATION LEVY

PROPOSED 2006 CHARGES

Draft Decision

CER/05/102
1ST July 2005

Introduction

Under Section 9(2) and (3) of the Electricity Regulation Act 1999, (Public Service Obligations) Order (Amended) 2002, (SI 217 of 2002), the Commission is obliged to approve ESB's estimated additional costs to be incurred in complying with the Public Service Obligation imposed on ESB and apportion those costs, recoverable from all final customers of electricity, based on the proportion of maximum demand attributed to each category of accounts (Domestic, Small/Medium, and Large).

Proposed PSO Levy Charges

The levy proposed for 2006 is €25,785,961.86. [1] Netting off has been used in the calculation of the levy where appropriate.

Customer Category	Annual Levy Amount
Domestic customers	€5.65 / customer
Small commercial customers (maximum import capacity of less than 30kVA)	€ 17.89/ customer
Medium and large customers (maximum import capacity of greater than 30kVA)	€ 3.07/ kVA

These proposed rates will be in effect from January 1st 2006 until December 31st 2006 inclusive. (Refer to Appendix 1 for the allocation of the Levy by customer category and percentage of individual peaks.)

Best New Entrant Price

A Best New Entrant (BNE) price of €72.86 has been used in calculating the PSO figures detailed above. This is based on the BNE price for 2006 as contained in the Commission's consultation paper on this matter (Ref: CER/05/088). The Commission will issue a Decision regarding the BNE price prior to the PSO Decision on 1st August 2005. If required, the PSO calculation will be revised to incorporate a change in the BNE price.

Emissions Trading

In calculating emissions costs for 2006 the Commission has assumed a carbon allowance cost of €19.66/t. This is the figure used in the Commission's consultation paper regarding the BNE price for 2006. Generation plant will have

[1] This figure assumes that the necessary Statutory Instrument will be enacted by August 1st to enable recovery of costs pertaining to additional peaking capacity and new generation capacity under the PSO. Peaking capacity refers to 52MW at Aghada, 52MW at Tawnaghmore and 104MW at Rhode and 167MW contracted from Ballylumford. New generation capacity refers to capacity contracted to ESB Customer Supply under the Capacity and Differences Agreement (CADA).

to purchase carbon allowances in excess of those allocated to them for free under the National Allocation Plan.

Receipt of Comments

Under Section 9(3)(d) of Statutory Instrument 217 of 2002, comments on this Draft Decision paper must be submitted by July 16th 2005. Please forward comments, preferably in electronic format, to Sean Mac An Bhaird (smacanbhaird@cer.ie).

1st July 2005

Appendix 1 – Allocation of 2006 PSO Levy

Customer Category	Individual Peak Kw	% of Total Individual Peaks		PSO Allocation	Customer Numbers	Total MICs	Annual Charge		Monthly Charge	
				€ mil.			€/customer	€/kVA	€/customer	€/kVA
Domestic Profile	2,142,144	39.3		10.135	1,793,957		5.65		0.47	
Small & Medium Profile	613,792	11.3		2.904	162,324		17.89		1.49	
Large Profile	2,694,147	49.4		12.747		4,152,481		3.07		0.26