Utility Regulator
www.uregni.gov.uk

Regulated Entitlement Values
2024/2025 Tariff Year

September 2024

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 Queens 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; Markets; 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 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.

OUR VISION

To ensure value and sustainability in energy and water.

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 2024.

Audience

Electricity suppliers, customers, businesses, and consumer 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.

Contents

1. Introduction

1.1 Electricity suppliers in Northern Ireland pay a number of regulated charges, known as regulated entitlement values, which will be reflected in the final tariffs consumers pay to their suppliers through their electricity bills.

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

1.3 The Utility Regulator approves network charges and public service obligation (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 2024 to 30 September 2025) 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 collected or verified for the tariff year 2023/24 (1 October 2023 – 30 September 2024). 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 2024/25.

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

[1] https://www.nienetworks.co.uk/about-us/regulation/network-charges
[2] Transmission Use of System Charges (soni.ltd.uk)
[3] Publications | The Single Electricity Market Committee (semcommittee.com)

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 year's 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 focuses therefore 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, etc. over the medium term, and thus underlie any annual change discussion.

1.12 The regulated revenue entitlement for Network, System Support and PSO charges levied in Northern Ireland have increased by 17% in the 2024/25 tariff year and SEM charges levied on an all-island basis have increased by 19% as shown on Table 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.

Revenue entitlement	2023/24	2024/25	Change from 2023/24	Change from 2023/24
Network, System Support and PSO charges (£m)	412.0	480.3	68.3	16.6%
SEM revenue (€m)	979.1	1163	183.9	18.8%
NI proportion of SEM revenue (£m)	155.3	184.4	29.2	18.8%

Table 1: Overall revenue entitlement

1.13 The increase in revenue entitlements above affect 41% of the typical bill (based on the most recent regulated tariff review of April 2024) as shown in

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

Figure 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.

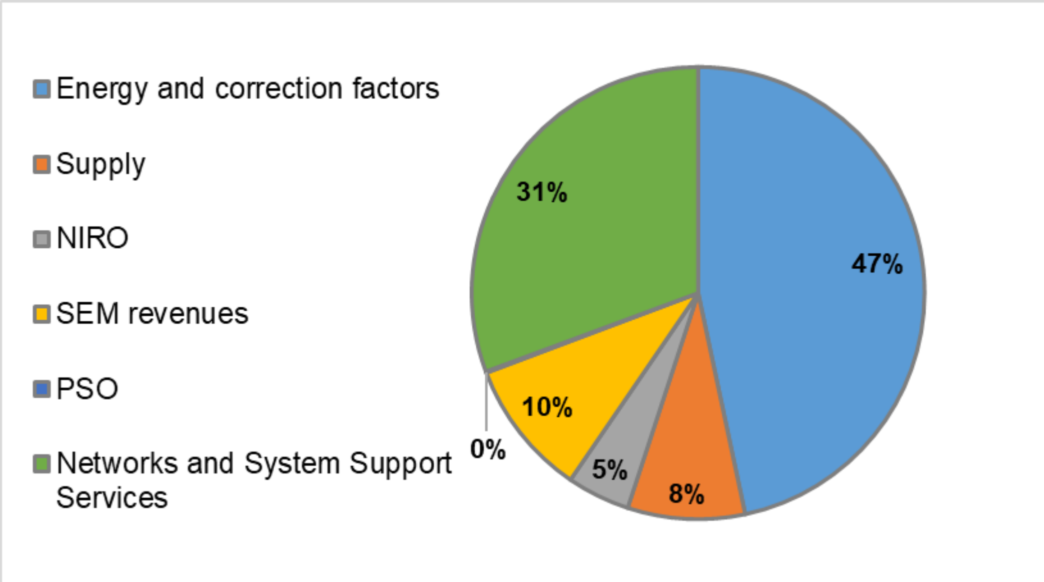

Figure 1: Components of a typical domestic bill at April 2024

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

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. These price controls determine 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 (2024/25 and 2025/26). Revenue for the 2025/26 financial year (the first year of the RP7 price control) has been estimated from the RP7 draft determination. This will be adjusted to reflect any changes in the RP7 final determination through future tariffs.

Transmission use of system revenue (TUoS)

2.2 Underlying transmission revenue entitlement has increased between tariff years from £62.6 million in 2023/24 to £63.8 million for 2024/25. These figures are based on the best available forecasts of expenditure levels provided by NIE Networks and price control allowances set within the final year of RP6 and the first year of 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. While the K factor in 2024/25 adds £5.6 million to the revenue entitlement, this has reduced from 2023/24 and results in approved TUoS charges decreasing from £72.3 million in 2023/24 to £69.3 million for 2024/25.

2.4 The net effect is that the TUoS revenue entitlement has decreased by 4.2% for 2024/25.

Transmission	**2023/24 £m**	**2024/25 £m**	**Change from 2023/24 £m**	**Change from 2023/24 %**
Revenue entitlement	62.6	63.8	1.2	1.9%
K-Factor	9.8	5.6	(4.2)	(42.9%)
Total	**72.3**	**69.3**	**(3.0)**	**(4.2%)**

Table 2: TUoS revenue

2.5 NIE Networks pass on all TUoS charges to SONI. 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 2024/25 is £55.8 million consisting of 75% of the revenue entitlement shown in Table 2 (£52.0 million), plus a K-factor of £3.9 million which carries forward an under recovery of STUoS revenue by SONI from 2021/22. This is an increase of 2.2% from £54.6 million in 2023/24.

2.7 The NI component of GTUoS revenue for 2024/25 is £22.8 million consisting of 25% of the NIE Networks TUoS revenue entitlement shown in Table 2 (£17.3 million), plus 15% of the revenue covering SONI's internal costs (£5.5 million). When converted to euros, this is a combined revenue of €26.7 million to be recovered from generators. This figure is provided in euros as G-TUoS is an all-island tariff.

Distribution use of system revenue (DUoS)

2.8 Underlying distribution revenue entitlement has increased from £278.2million in 2023/24 to £288.7million for 2024/25. 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 last year of RP6 and the first year of RP7 price control, updated with both actual and forecast inflation.

2.9 After allowing for K factor movements, which accounts for any true up of revenues in previous years once actual values become known, approved DUoS charges are increasing from £314.7 million in 2023/24 to £316.8 million for 2024/25.

Distribution	**2023/24 £m**	**2024/25 £m**	**Change from 2023/24 £m**	**Change from 2023/24 %**
Revenue entitlement	278.2	288.7	10.5	3.8%
K-Factor	36.4	28.1	(8.3)	(22.8%)
Total	**314.7**	**316.8**	**2.1**	**0.7%**

Table 3: DUoS revenue

2.10 The increase in underlying DUoS revenue entitlement is broadly in line with inflation. Additional investment in RP6 and RP7 continues to increase revenue. For this tariff year, these increases are offset by a one-off refund of an over recovery of pension allowances during RP6 in the first year of RP7.

2.11 The relatively high K factor adjustment is due to higher than forecast levels of inflation in previous years. As these unwind, the K factor falls and the reduction in K factor further off-sets the underlying increase in revenue entitlement, reducing the nominal increase in DUoS revenue to 0.7%.

System Support Services (SSS) revenue

2.12 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.

Revenue entitlement	2023/24 £m	2024/25 £m	Change from 2023/24 £m	Change from 2023/24 %
SONI internal revenues	37.6	36.3	(1.3)	(3.5%)
Ancillary services	63.5	52.2	(11.3)	(18.0%)
CEP court ruling	0.0	56.3	56.3	
K factor	(7.7)	21.8	29.4	
Sub total	**93.4**	**166.5**	**73.1**	**78.2%**
Less revenue to Generation Transmission (GTUoS)	5.7	5.5	(0.1)	(3.4%)
Total SSS (excluding GTUoS)	**87.8**	**161.0**	**73.2**	**83.5%**

Table 4: System Support Services (SSS) revenue

2.13 SSS tariff revenue has increased (83.5%) from the 2023/24 value of £87.8 million to £161.1 million in 2024/25. The underlying total SSS revenue has increased from £93.4 million in 2023/24 to £166.5 million in 2024/25. The difference in total revenue and that which flows into the SSS tariff is a result of a proportion of TSO costs (£5.5 million) being allocated to G-TUoS in line with our allocation decision.

2.14 The principal reasons for the SSS revenue increase are due to the following factors:

a) Forecast revenue to cover SONI internal costs has reduced because depreciation of ISEM set up costs came to an end in 2023/24. This reduction has been off set in part by additional costs for future all-island projects to develop market systems to address increasing use of renewable energy.

b) Ancillary service costs are forecast to reduce following the outcome of a consultation by the Transmission System Operators (SONI and EirGrid), which will reduce ancillary service tariff rates payments. The reduction in payments is forecast as the SEM Committee has decided to implement the TSOs' Recommendation, to reduce the Temporal Scarcity Scalar (TSS) values, from October 2024. From October 2024, the TSS should be reduced to 4 (as opposed to 6.3), when System Non-Synchronous Penetration (SNSP) > 70% and to 2.25 (as opposed to 4.7), when SNSP > 60%.

c) A forecast provision of £56.3 million for the potential costs of fulfilling the court judgement regarding Clean Energy Package (CEP) costs.

d) In a previous tariff year SONI collected less money than required due to costs being higher and demand lower in 2022/23. This created a high K factor of £21.8m which customers are required to pay, resulting in a £29.4 million difference between this tariff year and 2023/24. Ancillary service payments in 2022/23 were £14.0m higher than forecast due to an increase in services offered as more batteries connected to the system. The balance of the K factor of £7.8m is due to a number of factors including higher than forecast inflation and lower than expected demand in 2022/23.

e) Other uncertainty mechanism requests which have increased revenue allowances, such as, some large-scale all island projects, e.g. Future Arrangements for System Services (FASS), Scheduling and Dispatch Programme and Strategic Markets Programme.

2.15 One of the significant increases relates to 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. 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. In the meantime, we consider that it would be prudent to authorise SONI to collect the sums which would be required to provide compensation in line with the High Court ruling were that appeal to be unsuccessful. This provisional sum is £56.3 million.

2.16 It is worth noting that the SSS charge (in p/kWh) has increased by a larger percentage than the regulated entitlement. Whilst revenue has risen by 83.5%, SSS tariffs have increased nominally by 87.6% from 1.263 p/kWh to 2.369 p/kWh. This is due to SONI demand forecasts falling by (2.2%) since the previous year forecast.

Collection Agency Income Requirement (CAIRt)

2.17 Moyle's transmission licence permits it to raise revenues from sales of capacity on the Moyle interconnector and to recover the balance of its revenue requirements from payments received from SONI under the Collection Agency Agreement.

2.18 The Collection Agency Income Requirement (CAIRt) which SONI collect from suppliers and pay to Moyle Interconnector Limited is apportioned across the predicted units transmitted.

2.19 For 2024/25, Moyle has agreed to pay an amount to SONI based on the CAIRt arrangements, which will effectively be returned to NI customers through its distribution account.

2.20 Moyle has advised SONI that up to £4.0 million should be returned to customers in 2024/25. At Moyle's request, SONI has set the tariff (-0.059 p/kWh) based on SONI's forecast of 6,800 GWh.

Overall Network and System Support Services revenue

2.21 Table 5 below shows that the maximum amount recoverable for network and system support costs charged to suppliers between 2023/24 and 2024/25.

2.22 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.

Revenue entitlement	**2023/24 £m**	**2024/25 £m**	**Change from 2023/24 £m**	**Change from 2023/24 %**
Supplier Transmission charges (STUoS)	54.6	55.8	1.2	2.2%
Distribution charges (DUoS)	314.7	316.8	2.1	0.7%
System Support Services charges (SSS)	87.8	161.0	73.2	83.5%
CAIRt	(3.3)	(4.0)	(0.7)	21.0%
Total	**453.8**	**529.7**	**75.9**	**16.7%**

Table 5: Network and System Support Services revenue

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 Network's 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.

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 2024/25 year relates to ongoing SEM resettlement and run-off of PPB's licence obligations and carry over of the the difference between forecast and actual amounts for 2023/24 resulting in a rebate in 2024/25.

3.5 The PPB and the associated generation contracts are forecast to save customers £53.1 million in the 2024/25[5] tariff year. This compares to a net saving of £52.0 million forecast for the 2023/24 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 promote energy efficiency with particular regard to vulnerable electricity customers. Costs for 2024/25 have been updated to reflect the latest forecast expenditure at £8.1 million for 2024/25. This is due to a true up of expenditure across financial years, which ensures available funding is spent on a cumulative basis.

[5] 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.

Overall PSO revenue

3.7 Table 6 below shows that the maximum amount recoverable for PSO will change from a £41.8m rebate to a rebate of £49.4m for 2024/25.

Revenue entitlement	2023/24 £m	2024/25 £m	Change from 2023/24 £m	Change from 2023/24 %
Landbank	0.0	0.0	-	-
Legacy generation	(52.0)	(53.1)	(1.1)	2.1%
NISEP	8.3	8.1	(0.2)	(2.4%)
K factor	1.9	(4.4)	(6.3)	(331.6%)
Total	**(41.8)**	**(49.4)**	**(7.6)**	**18.1%**

Table 6: PSO revenue

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[6].

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 7 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 2024-25 cleared at a cost of around €530.2m. In addition, €50.5m of multi-year Reliability Options, successfully awarded within previous Capacity Auctions, is added to the total cost for 2024-25. The K-factor adjustment is added to the total capacity cost. The K-factor amount is €22.1m, which accounts for adjustments to the 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 increase in the capacity pot for 24/25 (€580.7m before the K-Factor) relative to 23/24 is due to several factors. The average cost (€/MW) in the 24/25 T-1 Capacity Auction was higher than the average cost (€/MW) in the 23/24 T-1 Capacity Auction. Also, there are several new projects that were awarded multi-year contracts in the 23/24 Capacity Auctions and as such the cost of the multi-

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

year capacity, as well as the cost of the MW procured in the 24/25 Capacity Auctions, are both reflected in the 24/25 capacity pot.

Imperfection charges

4.5 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.

4.6 The 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.

4.7 The imperfection costs for 2024/25 have been driven predominately by the inclusion of a provision for potential payments to participants under Article 13 of Regulation (EU) 2019/943. This provision has been included to ensure sufficient funding is allowed to meet any potential future obligations that may arise, without prejudice to the outcome of the appeal of the High Court Judgements. Transmission outages and increased renewable and interconnector capacity has also had an inflationary impact on the Imperfections Charges for 2024/25. For 2024/25, the imperfections charge is €567.21 million (constraint costs €633.62m – k-factor adjustment €66.41m) compared to €448.81 million for 2023/24. This charge is €24.8m lower than the proposed forecast submitted by the TSOs. The SEMC revised downwards, costs associated with transmission outages, operational constraints and dispatch of pumped storage.

4.8 The SEM Committee continues to scrutinise the core drivers of these costs and has developed a biannual review of the costs covered by 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 imperfections costs is made available on the SEM Committee website.

Market Operator revenue

4.9 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.

4.10 SEMO has submitted its Market Operator revenue requirement for tariff year 2024/25 which has been approved by the Regulatory Authorities. The revenue requirement specific to 2024/25 is €30.842m (March 2024 prices). Although, this is an interim position. The final allowed revenue will be based on final decision of the next SEMO price control 2024-29. The 2024/25 revenue requirement will be corrected through the K-factor included in the 2026/27 tariff year to reflect the price control final decision.

4.11 The K-factor (over/under-recovery) in respect of the 2022/23 tariff year is an over-recovery of €4.679m.

4.12 SEMO will therefore receive a revenue for 1 October 2024 until 30 September 2025 of €26.162m[7]. This is reflected in the SEMO charging statement for 2024/25 published on the SEMO website.

SEMOpx revenue

4.13 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. A price control mechanism currently exists for SEMOpx to allow for the recovery of operational costs together with capital related costs, including a rate of return. To facilitate this recovery of costs, SEMOpx submits proposals on its allowed revenue and the charges required to recover this revenue to the Regulatory Authorities (RAs).

4.14 The 2019-22 SEMOpx Price Control initially covered the period 3 October 2019 to 2 October 2022, and the final year of the Price Control was rolled over for 2022/23 and 2023/24.

4.15 On 10 June 2024, the SEM Committee published a decision on a streamlined Regulatory Revenue Recovery Framework for SEMOpx[8] This Framework applies from tariff year 2024/25.

[7] SEMO Tariffs 2024/2025 Information Paper
[8] SEM-24-043 SEMOpx Revised Regulatory Revenue Recovery Framework

4.16 SEMOpx's approved revenue requirement for tariff year 2024/25 is €5.773m. Combined with a K-factor under recovery reduction of €0.189 million for the 2022/23 tariff year, SEMOpx will receive a revenue for 1 October 2024 until 30 September 2025 of €5.962 million.

Residual Error Volume

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

4.18 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. The K Factor process was amended for the 23/24 tariff due to a large imbalance in the financial figures resulting from the difference between initial and resettlement metered volumes. It was decided that only final resettled volumes gave a true view of the overall residual error value for a given year and an adjustment K factor was applied on this basis i.e. no K factor adjustment was applied in 23/24 for year 21/22. The initial and resettlement differences have reduced in size and so the Market Operator deemed it appropriate to return to the original K factor process based on the financial numbers for the 24/25 tariff onwards. To do this a K factor needs to be calculated on a financial basis for two financial years to catch up for the change in process for the 23/24 tariff calculations. The 2 years K factor that will be adjusted in the 24/25 tariff process are for the financial years 21/22 and 22/23

4.19 The total Residual Error Volume amount for 2024/25 is estimated at €11.61 million. Taking account of a K-factor adjustment for an over recovery of €51.6 million the total amount for 2024/25 is -€40 million.

Overall SEM revenues

4.20 Table 7 below shows the amount recoverable under some of the main SEM charges in 2023/24. The amount has increased by 19%:

Revenue entitlement	**2023/24 €m**	**2024/25 €m**	**Change from 2023/24 €m**	**Change from 2023/24 %**
Capacity	463.5	602.8	139.3	30.1%
Imperfections charge	448.8	568.2	120.0	26.6%
Market Operator charge	24.5	26.2	1.6	6.6%
SEMOpx charge	6.0	5.8	(0.2)	(3.3%)
Residual Error Volume	36.3	(40.0)	(76.3)	(210.2%)
Total	**979.1**	**1,163.0**	**183.9**	**18.8%**

Table 7: Main charges regulated by the SEM Committee

ANNEX – 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 entitlement	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m
Supplier TUoS	34.3	35.4	37.4	54.6	55.8
DUoS	219.1	203.3	231.8	314.6	316.8
System Support Services charges (SSS)	53.6	69.4	58.4	87.8	161.1
CAIRt	(3.5)	0.0	(3.0)	(3.3)	(4.0)
Total	**303.6**	**308.0**	**324.6**	**453.7**	**529.7**

All prices in nominal

Public Service Obligation revenue

Revenue entitlement	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m
Landbank	0.2	0.4	0.6	0.0	0.0
Legacy generation	(4.9)	(23.3)	(32.4)	(52.0)	(53.1)
NISEP	9.3	8.9	8.9	8.3	8.1
K factor	(9.6)	1.3	1.1	1.9	(4.4)
Total	**(5.0)**	**(12.7)**	**(21.8)**	**(41.8)**	(49.4)

All prices in nominal

Revenue regulated by the SEM Committee (all island revenues)

Revenue entitlement	2020/21 €m	2021/22 €m	2022/23 €m	2023/24 €m	2024/25 €m
Capacity	370.3	372.7	344.9	463.5	602.8
Imperfections charge	301.1	330.8	834.5	448.8	568.2
Market Operator charge	16.5	20.7	17.0	24.5	26.2
SEMOpx charge	3.1	3.9	4.5	6.0	5.8
Residual Error Volume	28	13.0	(12.8)	36.3	(40.0)
Total	**719.0**	**741.1**	**1,188.1**	**979.1**	**1,163.0**

All prices in nominal