

PC5 Consultation



An Coimisiún
um Rialáil Fónais
Commission for
Regulation of Utilities

16/08/23

Agenda

Context

CAPEX

OPEX

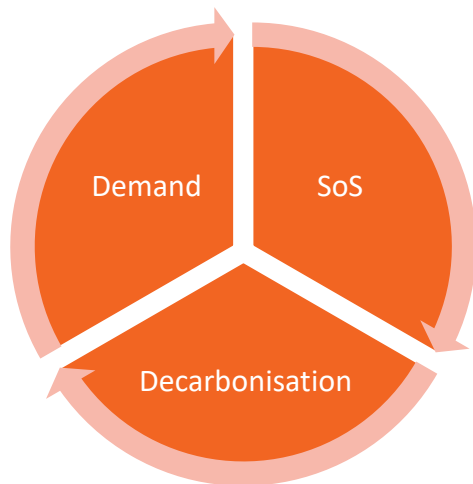
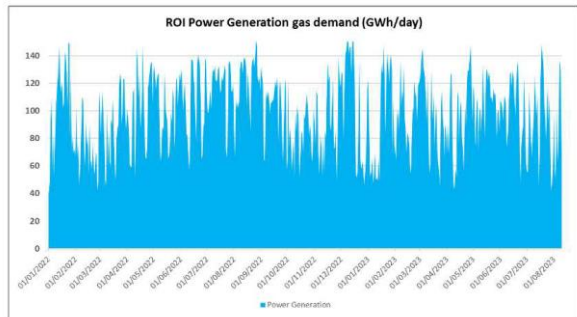
Regulatory Framework

Next Steps



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Context – challenges and opportunities

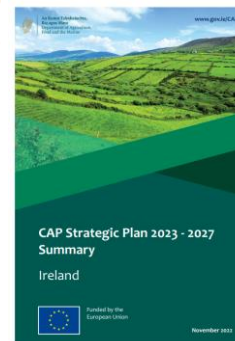
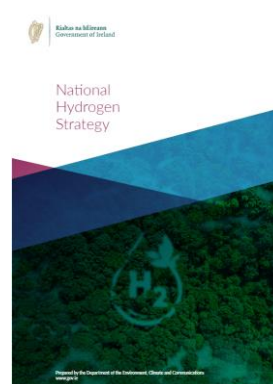
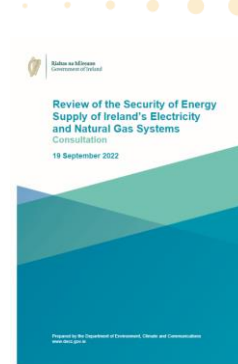


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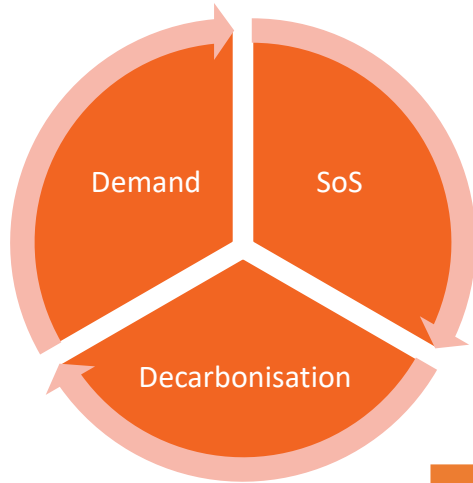


An Bille um Ghníomhú ar son na hAeráide agus um Fhorbairt Isealcharbóin
(Leasú), 2021
Climate Action and Low Carbon Development (Amendment) Bill 2021

Már a hIonascabóid
As Institiúid



Context – challenges and opportunities



PC5 is to provide allowances and a regulatory framework to facilitate GNI meeting the challenges and opportunities to be faced

€m, 20/21 prices	GNI request (€b)	CRU proposals (€b)	Difference (%)
Transmission	1.42	1.17	17.6%
Distribution	1.18	1.06	10.1%
Total PC5 revenue	2.6	2.23	14.2%

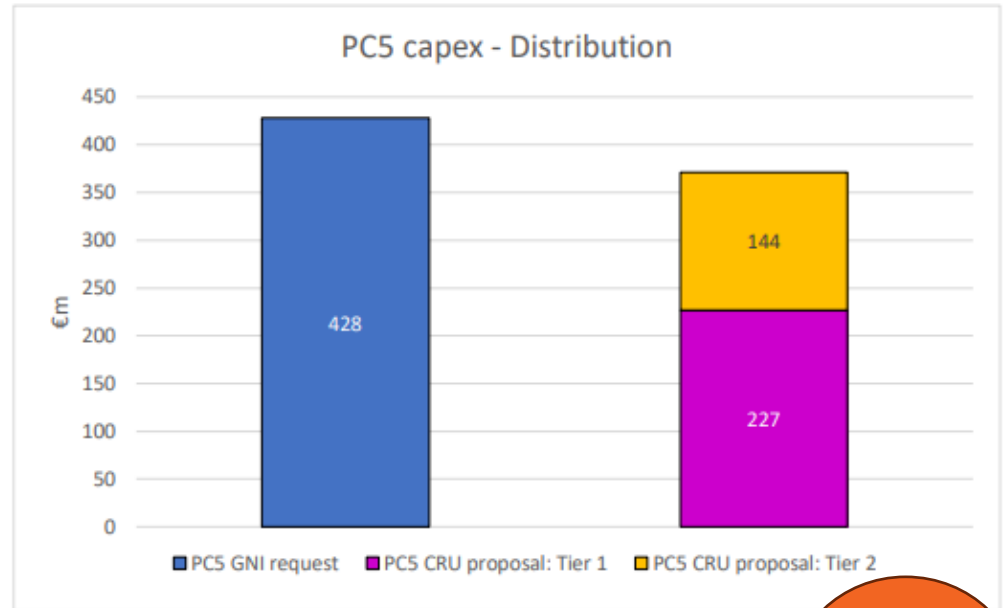
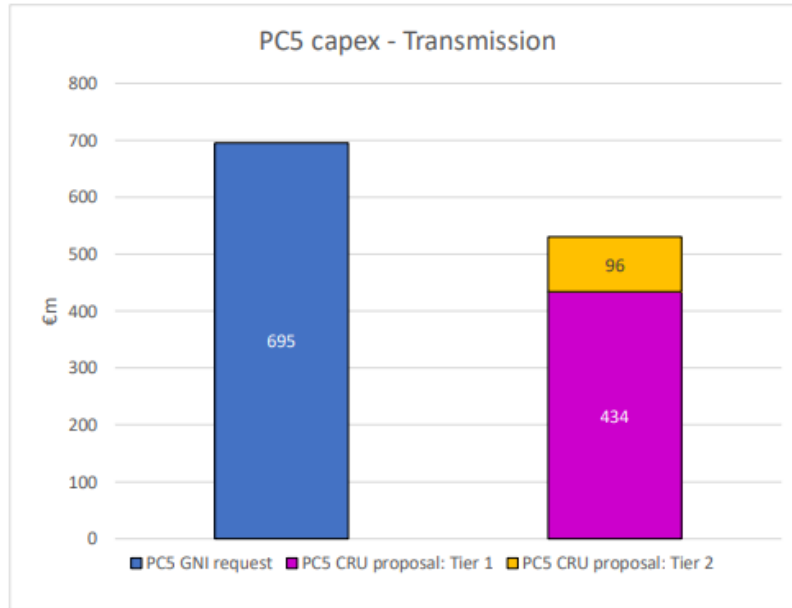
CAPEX Allowances



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CAPEX

- The CRU has undertaken a top-down and bottom-up assessment



Tier 1 & Tier 2 – different regulatory treatments (tier 2 at a relatively early stage of maturity), both subject to ex-post review

20%

OPEX Allowances

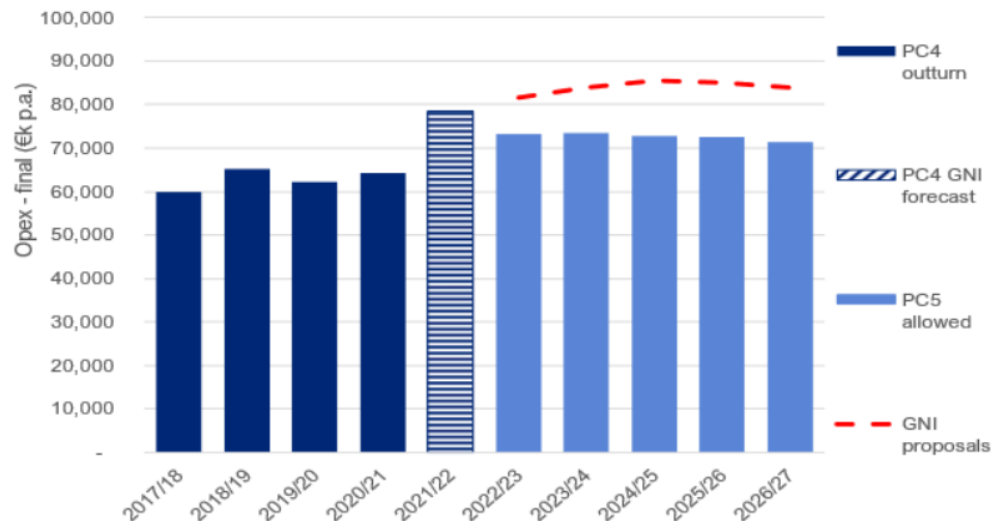
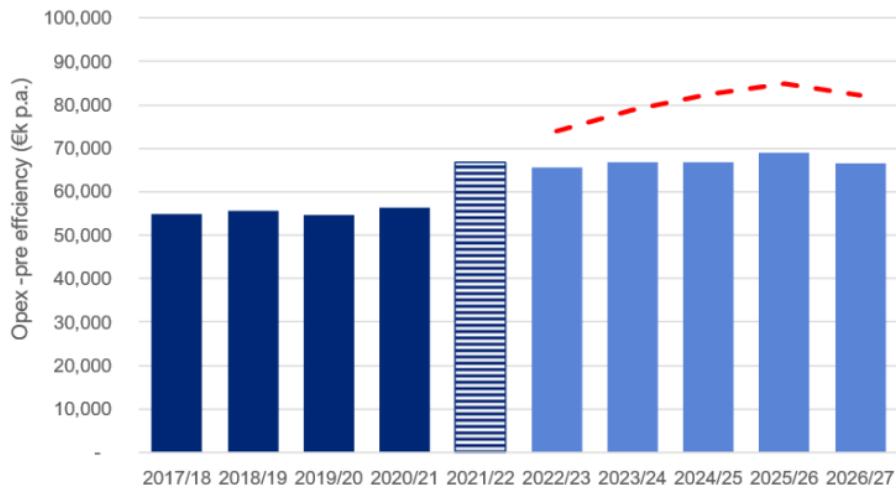


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OPEX

- Base Step Trend approach

Transmission: €329.3m Vs €392.4m
 Distribution: €370.1m Vs €329.6m

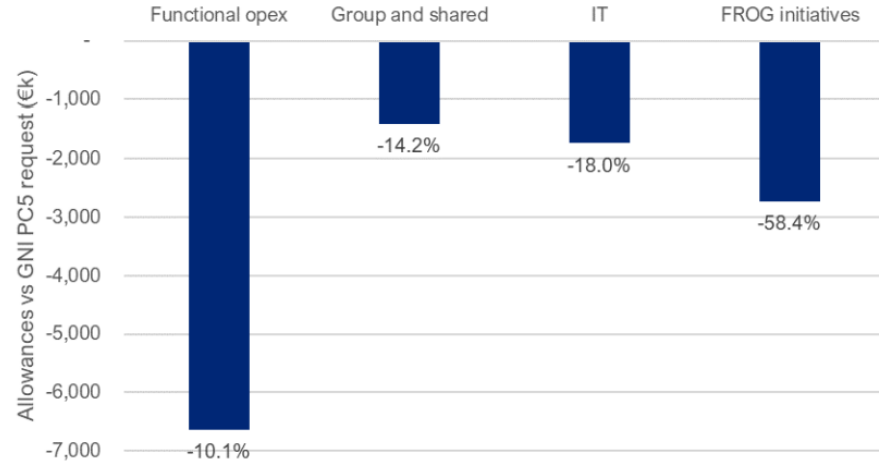
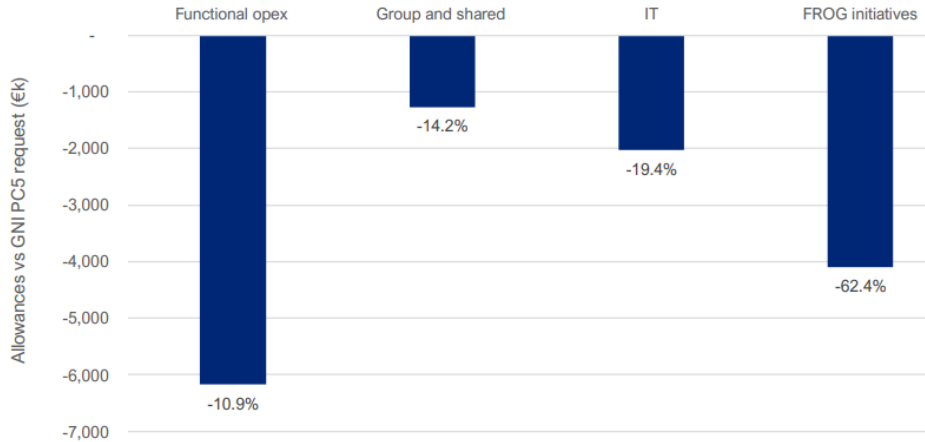


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1% net efficiency challenge to GNI's base opex rolling in PC5

OPEX

■ Base Step Trend approach



Regulatory Framework

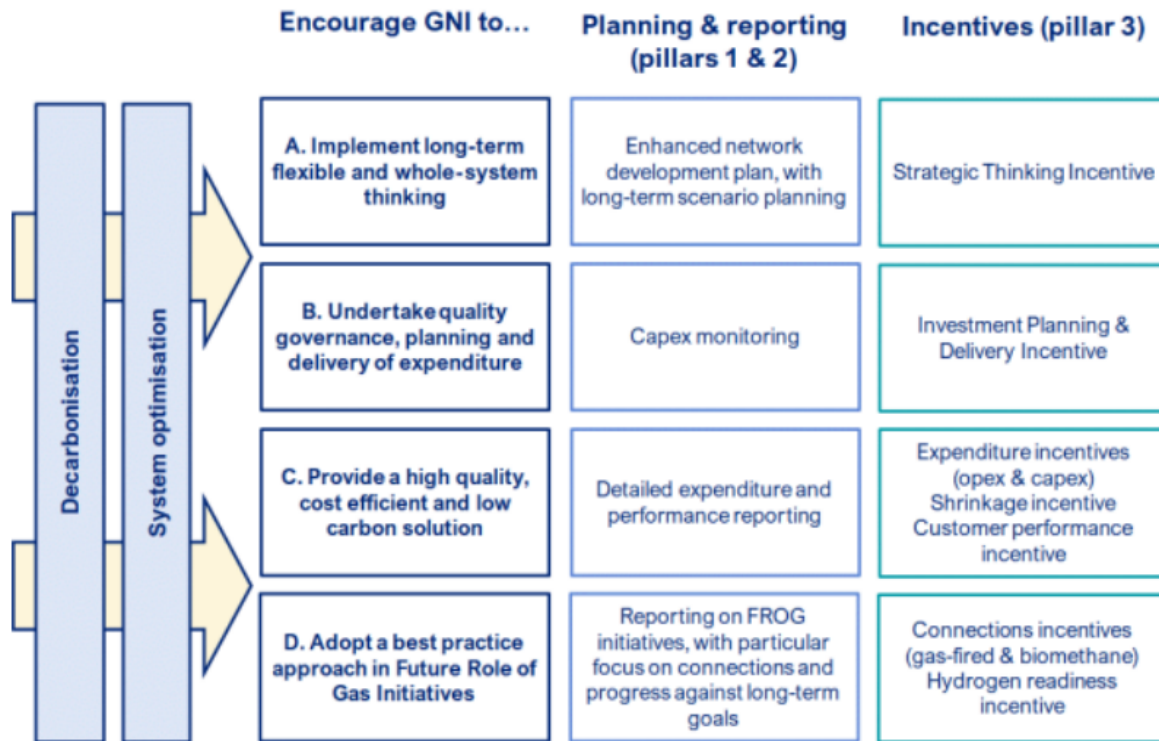


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Regulatory Framework

**Allowance +
Regulatory
Framework =**

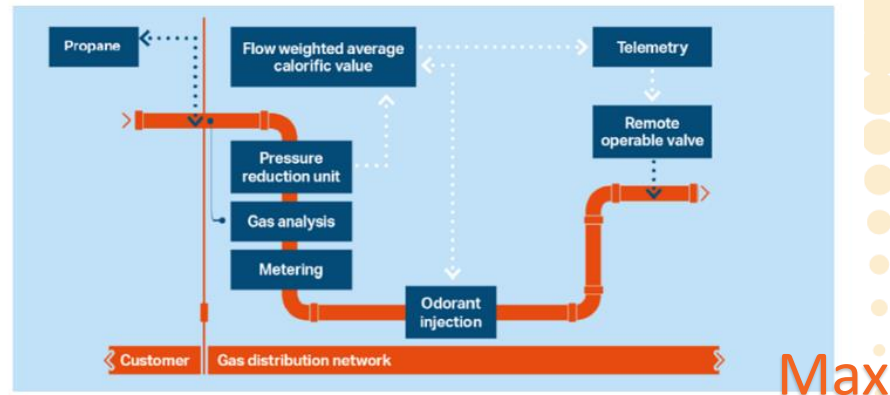
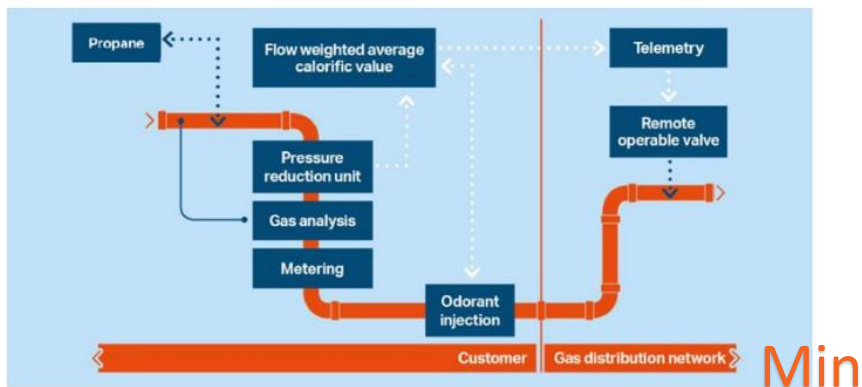
facilitate GNI meeting
the challenges and
opportunities to be
faced



Source: CEPA analysis.

Biomethane

- **Biomethane connection - Max Vs Min** – Max proposed with 30% contribution both for Direct and Centralised Grid Connection, compression costs included in allocation



- **Biomethane Incentive connection** - scorecard assessed at end of PC5 on (i) timeliness, (ii) biomethane output & (iii) compliance and market arrangements. Annual reporting submitted over the PC5 period. Financial reward of + / - €0.25m per annum.

Next Steps



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Next Steps

- Consultation open until 20th September
- Decision this year



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