

10th October 2014

Our Ref: D/14/22063

Mr. Neil Walker
Head of Infrastructure, Energy and Environment
Ibec
84/86 Lower Baggot Street
Dublin 2

Re. PSO Cost Allocation

Dear Neil,

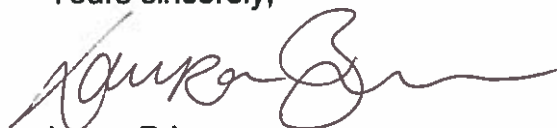
Following your queries, the CER has discussed with ESB Networks the allocation of the 2014/15 PSO levy to the three electricity customer categories against which the PSO is charged, including "large profile users" such as the ones Ibec represents.

The CER has received no evidence to date that the figures underlying the allocation of the PSO costs to the three categories, including the peak demand for large users, are not robust. The CER is satisfied that the methodology used by ESB Networks is consistent with the governing legislation and on this basis reflects current peak demand patterns.

The CER believes that there is merit in publication of the methodology for the allocation of PSO costs, including in relation to the peak demand for the three categories, in the consultation paper for the forthcoming 2015/16 PSO levy. This paper is scheduled to be published in June 2015.

We look forward to your response to the consultation paper next year and trust that this closes the matter.

Yours sincerely,



Laura Brien
Director, Energy Markets