



Energia Response to SEM-25-002
SEMO 2024-29 Price Control Draft Determination
Consultation Paper

May 25

1 Introduction

Energia welcomes the opportunity to respond to the 2024-29 SEMO Price Control Draft Determination (“the DD”). As one of the largest vertically integrated electricity generators and suppliers across the island of Ireland, Energia is invested in the success of SEMO in carrying out its core roles and responsibilities.

Energia is represented on the SEMO Working Group, and attended sessions in November 2024 and April 2025 on the subject of the DD. Energia welcomes the open engagement of SEMO and the RAs in facilitating the meetings of the working group.

2 Views on Price Control Framework

With regards to the new 25:75 opex cost sharing approach, while Energia understands the rationale with regards to knowledge-asymmetry and focusing on delivery rather than cost reduction, the RAs must also be aware that SEMO will now be less directly financially impacted by opex overspends. This makes monitoring of efficiency, as it relates to opex as well as capex, all the more important.

The RAs must also be vigilant regarding the identified risk from the change to the treatment of capital additions and the impact on SEMO’s incentives to deliver projects.

Energia is comfortable with the approach outlined on the treatment of Cloud opex. Energia is also comfortable with the proposal to remove the collection margin.

3 Views on Opex

Energia is supportive of the proposed increases in opex and associated FTEs if they are incurred efficiently and lead directly to tangible improvements in the delivery of SEMO’s core roles and responsibilities.

The modernisation of SEMO’s IT provision should lead to more efficient processes for SEMO’s stakeholders in the midst of a changing market environment. Energia supports the proposal for Delta Opex which makes additional opex expenditure contingent on delivery of capex projects. It will be important during the PC period that SEMO reports openly on how increased IT spend is making its core processes more efficient.

With regards to other costs, particularly finance and regulation, the challenge will be ensuring that any allowance is spent appropriately and efficiently, particularly with regards to line items such as professional fees. Spend on consultants should be justified relative to the benefits and the ultimate costs to the consumer.

4 Views on Capex

Energia is supportive of the proposed capex costs. Much of Energia’s comments regarding stakeholders experiencing the benefits of investments in IT in the form of efficient systems and processes applies to capex. Energia is supportive of the working group feedback that additional value should guide the prioritisation of capex projects.

5 Views on Incentivisation

Energia supports the introduction of symmetric KPIs to hold SEMO to a minimum acceptable standard. Energia also supports the RAs’ increases to the upper bounds that will require a higher level of service delivery to receive the maximum reward.

6 Views on Financeability

Energia has no further comments on financeability.

7 Other Comments

The consultation mentions the use of consultant subject matter experts to review DD proposals on items such as capex and IT. In future, it would be worth considering whether the work and opinion of the consultants can be shared in full with working group members.

Energia welcomes the opportunity to follow-up on any aspect of it's response bi-laterally.