



**Single Electricity Market
(SEM)**

Trading and Settlement Code

**SEM Operational Parameters Consultation
2026**

**SEM-25-043
08 August 2025**

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1. Introduction

Under the terms of the SEM Trading and Settlement Code (TSC), the Regulatory Authorities (RAs) shall determine certain parameters proposed by the Market Operator (MO) and the TSOs, as applicable, in relation to the calculation and treatment of participants' Required Credit Cover and matters related to Imbalance Settlement.

In May 2025 therefore, the RAs requested SEMO to review the parameters utilised in the calculation of Required Credit Cover and of the Price Materiality Threshold.

On 24 July 2025, the RAs received the final reports from SEMO outlining their recommendations for the proposed values for the above parameters. The purpose of this consultation paper is to invite comments on SEMO's proposals as summarised in this paper and detailed within the reports from SEMO which are published alongside it.

Responses should be sent, in electronic form by close of business on 05 September 2025 to: tsc@cru.ie and caroline.winder@uregni.gov.uk.

All responses received will be provided to SEMO and may be published unless the respondent clearly indicates that their response is confidential.

2. Parameters for the Determination of Required Credit Cover

The TSC sets out the rules for the calculation of Required Credit Cover for Participants. The calculation recognises that the Required Credit Cover for each Participant is made up of known and unknown exposures. The known exposure is based on invoiced amounts and published Settlement values. The unknown exposure, called the Undefined Exposure, is based on statistical analysis of known historical values of Settlement or Pricing. New or Adjusted participants, those whose historical values of Settlement are unknown or not reflective of current levels of trade, have their Required Credit Cover calculated using forecast volumes against prices calculated from known prices, while Standard Participants have their Required Credit Cover calculated using known Settlement values.

In each of these calculations, and in the day-to-day Credit Assessment process, a number of parameters are used. Under paragraph G.10.1.1 of the TSC, the Market Operator is required to “report to the RAs at least four Months before the start of the Year”, proposing values for the parameters for the determination of Required Credit Cover. These parameters are listed below:

- the Fixed Credit Requirement;
- the Historical Assessment Period;
- the Analysis Percentile Parameter;
- the Credit Cover Adjustment Trigger;
- the Warning Limit; and
- the Breach Limit.

The RAs also requested SEMO to report on, and propose a value for, the Undefined Exposure Period parameter. All these parameters are explained below:

- I. **Fixed Credit Requirement Parameter (FCR_{py}):** This sets out the value of the Required Credit Cover that must be in place for each registered Supplier Unit or Generator Unit. A value will be required for all trading unit types, including Assetless Traders.
- II. **Number of Days in the Undefined Exposure Period g ($UEPBD_g$):** The number of days in the Undefined Exposure Period, g , the period for which settlement amounts are not known, but where participants are incurring, or could incur, further liability until they are removed from the market.
- III. **Number of days in the Historical Assessment Period ($DINHAP$):** The number of days in the Historical Assessment Period is the number of days prior to the day of the issue

of the latest relevant Settlement Document over which a statistical analysis of a Participant's incurred liabilities shall be undertaken in order to support the forecasting of undefined liabilities for that Participant. This will be the number of historical days over which the analysis quantities, prices, or settlement values will be carried out for the purposes of forecasting values for the calculation of exposure over the Undefined Exposure Period, eventually used to determine the level of Required Credit Cover for each participant.

- IV. **Analysis Percentile Parameter (AnPP):** This is the z-score value taken from the standard normal distribution that determines the percentile confidence value that the Actual Exposure for each Participant, once determined, will fall below the estimate of the Undefined Potential Exposure.
- V. **Credit Cover Adjustment Trigger:** The expected percentage change in future generation or demand that leads a participant to report to SEMO that it should become an Adjusted Participant rather than a Standard Participant and have its Credit Cover requirements calculated from its forecasts of future demand or generation.
- VI. **Level of Warning Limit:** If the ratio of a Participant's Required Credit Cover to its Posted Credit Cover exceeds the value of this parameter a Warning Notice will be sent to the Participant.
- VII. **Level of Breach Limit:** If the ratio of a Participant's Required Credit Cover to its Posted Credit Cover exceeds this value a Credit Cover Increase Notice is issued, which will require remedy by the Participant, including by posting additional Credit Cover.

SEMO's report (SEM-25-043a), which is published alongside this consultation paper, reviews the values that these parameters have been set to since Go-Live of the revised SEM arrangements in 2018. SEMO propose no changes to the Required Credit Cover parameters for the 2026 calendar year. In 2023 the Number of Days in the Historical Assessment Period (DINHAP) was changed to 60 for SEM year 2024. This parameter had previously been set to a value of 100 days since 2018.

The reason SEMO is proposing to maintain the value of DINHAP at 60 days is due to the volatility that the market has seen in the last few years. From the analysis presented by SEMO (SEMO's report SEM-25-043a), the Undefined Exposure values and the Credit Assessment Price are similar for DINHAP values of 60 days and 100 days when prices are stable. However, when prices become volatile, a larger DINHAP reacts more slowly to sudden changes.

Table 1 summarises SEMO's proposed values for the Credit Cover parameters for 2026.

Table 1. Credit Cover Parameters – approved values for 2025 and proposed values for 2026

Parameter	2025 SEM Current Values	2026 SEM Proposed Values
Fixed Credit Requirement (FCR _{py}) for Generator Units	€5,000	€5,000
Fixed Credit Requirement (FCR _{py}) for Supplier Units	Based on a rate of €8.77/MWh of average daily demand subject to a minimum value of €1,000 and a maximum of €15,000	Based on a rate of €8.77/MWh of average daily demand subject to a minimum value of €1,000 and a maximum of €15,000
Fixed Credit Requirement (FCR _{py}) for Capacity Market Units	€0	€0
Number of Days in the Undefined Exposure Period for each Undefined Exposure Period, g, UEPBD _g	7	7
Number of days in the Historical Assessment Period, DINHAP	60 Days for Trading and Capacity	60 Days for Trading and Capacity
Analysis Percentile Parameter, AnPP	1.645	1.645
Credit Cover Adjustment Trigger	30%	30%
Level of the Warning Limit	80%	80%
Level of the Breach Limit	100%	100%

3. Price Materiality Threshold

The Price Materiality Threshold refers to the threshold, approved from time to time by the Regulatory Authorities under paragraph B.19.3.1(b) of the TSC, which is applied in the event of a Pricing Dispute or where a manifest error is identified by the Market Operator for the purpose of Repricing.

The Price Materiality Threshold tests when a change to input data as a result of an upheld dispute causes a change in the price greater than the threshold. If the Price Materiality Threshold is exceeded, the price is recalculated and included in a Settlement re-run. SEMO propose to make no changes to the value of this parameter for 2026 in their report (SEM-25-043b). This is summarised in Table 2 below.

Table 2. Price Materiality Threshold –current value for 2025 and proposed value for 2026

Parameter	2025 SEM Current Value	SEMO's Proposed Value for 2026
Price Materiality Threshold	5%	5%

4. Next Steps

Responses are invited from interested stakeholders in relation to the values of the parameters proposed by SEMO, as summarised in this paper, and as set out in further detail in the accompanying submission from SEMO.

Responses to this consultation paper should be sent to tsc@cru.ie and caroline.winder@uregni.gov.uk by the close of business on 05 September 2025.

All responses received will be provided to SEMO and may be published unless the respondent clearly indicates that the response is confidential.

A final decision on the parameters consulted on in this paper will be published later in 2025.