



**Single Electricity Market  
(SEM)**

**SEMO Revenue Requirement for  
2025/26**

Information Paper

**SEM-25-046  
01 September 2025**

## EXECUTIVE SUMMARY

On 6 June 2025 SEMO submitted its 2025/26 revenue requirement of €40.888m and the 2023/24 K-factor which represents the final adjustment to close out that year. The 2023/24 K-factor submission was for €12.290m of an over recovery (in March 2025 prices). Combining these two elements SEMO's revenue requirement submission totalled €28.598m.

The RAs have reviewed SEMO's submission and calculations. Following engagement with SEMO, the final revenue requirement is set out in Table 1 below for the period from 1 October 2025 to 30 September 2026.

Category	€m (March 2025 prices)
2025/26 SEM Revenue (as per SEM-25-034)	36.382
2023/24 SEM K-factor (over-recovery)	(12.288)
<b>Total Revenue Required for 2025/26 Tariffs</b>	<b>24.094</b>

**Table 1: Total Revenue Requirement for SEMO for TY2025/26**

This revenue requirement is consistent with the latest SEMO price control decision (SEM-25-034) published by the SEM Committee on 1 July 2025 for the five-year period commencing 1 October 2024. It covers the second year of that price control decision.

SEMO submitted a revenue requirement for 2025/26 of €40.888m. This has been amended by the RAs to €36.382 to reflect the price control decision (SEM-25-034), published by the SEM Committee on 1 July 2025. This is outlined further in Section 2.1.

SEMO submitted the 2023/24 SEM K-factor over recovery of €12.290m to be set off and therefore reduce the Total Revenue required for 2025/26 within tariffs. The RAs have reviewed the submission and have amended the K-factor over-recovery to €12.288m following corrections made in certain calculations. This is outlined further in Section 2.2.

SEMO tariffs will be calculated using the above approved revenue requirement and published by SEMO.

The revenue requirement for 2025/26 and other figures in this information paper are in March 2025 prices, unless stated otherwise.

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# 1. Introduction

## 1.1 Background

The SEMO revenue requirement outlined in this information paper covers the period from 1 October 2025 until 30 September 2026. This includes the 2023/24 K-factor and forecasted 2025/26 revenue allowance for the SEM.

The revised SEM commenced on 1 October 2018. The SEMO Price Control Decision Paper (SEM-21-073) set out the revenues for the operation of the new market through to September 2024. This therefore included year 2023/24 which is captured within the K-factor associated with tariffs for 2025/26 and reflected within the Revenue Requirement outlined in this information paper.

# 2. SEMO 2025/2026 Revenue Requirement

## 2.1 SEM-25-034 Revenue Requirement for 2025/26

Based upon the current SEM Committee SEMO Price Control Decision (SEM-25-034) for the period 2024 to 2029, the revenue requirement is €36.382m for the period from October 2025 to September 2026. This is based on total Opex costs and total Finance costs as set out in Table 2.

<b>SEM-25-034 Revenue Requirement</b>	<b>Tariff Year 25/26 (€m)</b>
Total Opex	24.152
Total Finance (Depreciation, WACC return, Margin, Parent Company Guarantee)	12.229
<b>Total Revenue (March 2025 monies)</b>	<b>36.382</b>

**Table 2: SEMO Revenue Requirement for TY2025/26 excluding K-factor**

SEMO submitted a revenue requirement for 2025/26 of €40.888m based on its Business Plan submission for the new Price Control which will cover the period 01 October 2024 to 30 September 2029. The RAs approved SEM revenue requirement is €36.382m The key issues considered and adjustments made to the submitted revenue requirement by SEMO were:

- i. adjustments to reflect the final determination of the SEMO Price Control 2024-29 (SEM-25-034) including a reduction in opex allowances and the phasing out of the percentage margin applied to certain pass-through costs;
- ii. the correct application of the efficiency factor of 0.3% per annum applied on Opex (except Cloud Opex); and
- iii. correction of minor error corrections in certain calculation formulas.

## 2.2 SEM-21-073 2023/24 SEM K-Factor

The 2023/24 SEM K-factor is detailed in Table 3 below and shows an over-recovery of €12.005m (March 2024 Prices), against the actual 2023/24 SEM tariff revenue.

The total revenue requirement in 2023/24 was €11.680m while €23.685m was recovered through tariffs for the period.<sup>1</sup>

Annual K-Factor Calculation for 2023/24			
Entitlement	Approved Revenues as per SEM-21-073 and adjusted under SEM-23- 063		Indexed to Mar 24
	€'000's		€'000's
	2023 Monies		2024 Monies
Internal OpEx Allowance	14,149		14,588
Depreciation	9,003		5,400
Margin	420		442
Parent Company Guarantee	300		300
Return on RAB	996		544
KPIs			423
Y-2 New SEMO K factor over recovery	(321)		(331)
FX (Profit)/Loss			(1,891)
Accession/Participation Fee Income			(168)
Bank Interest (Income)/expense- Market and CORP			(7,460)
FX Adjustment			(168)
<b>Total Entitlement</b>	<b>24,547</b>		<b>11,680</b>
<b>Total Recovered on Tariffs</b>			<b>23,685</b>
<b>K Factor Over/(Under) recovery</b>			<b>12,005</b>

Table 3: Calculation of K-factor for the Year 2023/24

<sup>1</sup> Both figures in March 2024 prices as indicated in the table 3.



The key drivers for the over-recovery are:

- i. A stepped increase in the interest on deposit amounts because of a material increase in interest rates in 2023/24.
- ii. The revenue requirement for 2023/24 allowed for the forecast depreciation and WACC returns in the previous price control final determination. Actual depreciation and WACC returns were materially lower because actual capital expenditure was below that estimates/forecast in the Price Control 2021-24 final determination.
- iii. The revenue requirement makes no allowance for KPI performance. The K-factor adjustment for 2023/24 takes account of €418,000 in respect of SEMO KPI performance in 2023/24.

The 2023/24 SEM K-factor, shown in Table 4 below, is an over-recovery of costs which will be deducted from the revenue requirement for the 2025/26 tariffs. The value of the over-recovery in Table 4 (€12.005m in March 2024 prices) has been adjusted to March 2025 prices by the application of indexation as set out in the SEM-21-073 price control.

Category	€m
2023/24 SEM K-factor (over-recovery) – March 2024 prices	12.005
Indexation from March 2024 – March 2025	2.35%
2023/24 SEM K-factor (over-recovery) – March 2025 prices	12.288

**Table 4: Indexation of 2023/24 K-factor to March 2025 Prices**

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## 2.3 Total Revenue Requirement for 2025/26

Category	€m (March 2025 prices)
2025/26 SEM Revenue (as per SEM-25-034)	36.382
2023/24 SEM K-factor (over-recovery)	(12.288)
<b>Total Revenue Required for 2025/26 Tariffs</b>	<b>24.094</b>

**Table 5: Total Revenue Requirement for SEMO for TY2025/26**