



# DRAFT STRATEGIC DIRECTION

MAY 2026

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## **INTRODUCTION**

This Document brings together the analysis and engagement undertaken by the Single Electricity Market Committee (SEMC) to define a strategy for the wholesale markets on the island of Ireland. The purpose is to set out the SEMC's strategy to ensure the secure supply of electricity, the transition to a low-carbon system and efficient outcomes for consumers.

In this strategy the SEMC has structured its approach around four mutually reinforcing priorities and five cross-cutting themes and enablers.

## **HOW TO RESPOND TO THE CONSULTATION ON THE DRAFT STRATEGIC DIRECTION**

The consultation document sets out the SEMC's proposed strategic direction for the next five years and includes a new proposed mission and vision.

Four strategic priorities are also identified:

- Investment signals and market design
- Market integrity and competition
- EU alignment and cross border coordination
- Governance

These four overarching strategic priorities set out the key areas of focus through which the Committee will enhance the performance of the SEM and promote secure, low-carbon, and efficient outcomes for consumers.

Additionally, three cross-cutting themes - decarbonisation, security of supply, consumer protection, along with enablers - external communications, and policy advice will shape and inform work across all four priorities. These themes are not standalone activities, but consistent lenses applied throughout the Committee's remit.

The purpose of this consultation is to gather stakeholder views on how SEMC should refine and operationalise these priorities, ensuring they support security of supply, decarbonisation, efficiency and consumer benefit, while remaining firmly grounded in SEMC's wholesale mandate.

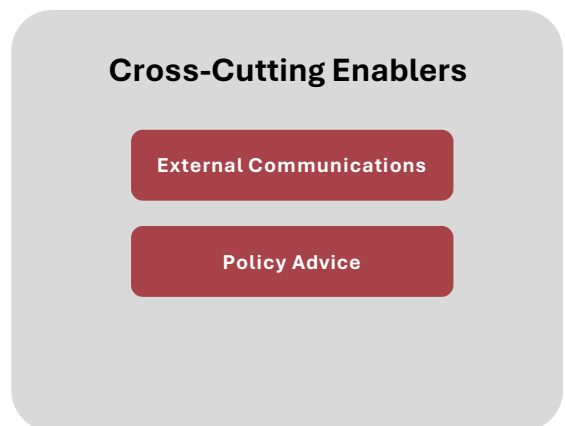
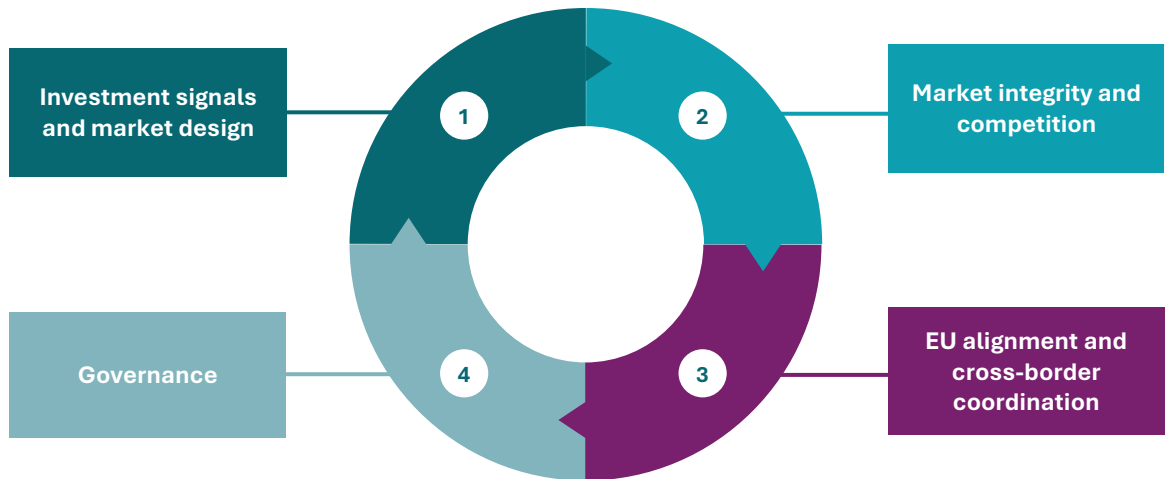
## **CONSULTATION QUESTIONS**

You are invited to provide views on the following questions;

1. Do the strategic priorities adequately reflect the SEMC's mandate?
2. Do the objectives under each strategic priority proposed reflect what stakeholders think the SEMC should focus on in the near and long term?
3. Is there anything missing from any of the strategic priorities?
4. Which strategic priorities do you consider should be prioritised within the draft Strategy?
5. Do you have any further comments on the clarity, scope or direction of the draft Strategy?

**Comments are invited on the consultation by close of business on the 2 June 2026. Responses should be submitted to [mbahmed@cru.ie](mailto:mbahmed@cru.ie).**

## STRATEGIC PRIORITIES



To deliver the change needed to decarbonise the all-island electricity system while maintaining secure and reliable supplies for customers through to 2030 and beyond, the SEM market design must provide efficient investment signals for long-term investment (without having certainty over the ultimate technology mix) and appropriate price signals to encourage efficient short-term market behaviours.

In order to ensure that new investment and market behaviours result in efficient prices for consumers and to ensure that customers' interests are protected, there must be fair and effective competition. Therefore, robust oversight of market participants and appropriate monitoring and enforcement actions taken when necessary are a critical part of this strategy to 2030 and as the market continues to evolve thereafter.

To effectively facilitate the above it is necessary to provide clarity on the direction of market design, changes to that design, and the rules around ensuring effective competition. Therefore, the alignment of the SEM market design with the EU target model will be central to the delivery of this strategy, effective use of regulatory resources and providing clear strategic direction to industry on the evolution of the market. Additionally, closer alignment will also provide benefits to consumers through more efficient trading via the interconnectors.

In support of this the SEMC will explore opportunities to improve its decision-making capacity to account for the rapid changes in the industry and the level of technological development. In addition, the SEMC will review its approach to external communications, stakeholder engagement, and how it explains its mandate.

## **CONTEXT**

Electricity markets across Europe are undergoing a period of profound transformation. The transition to low-carbon energy systems, rising electricity demand, rapid technological change and increasing geopolitical uncertainty are reshaping how electricity systems operate and how markets must function to support them.

Decarbonisation policies are accelerating the deployment of renewable generation across Europe. Wind and solar capacity are expanding rapidly, supported by European policy frameworks such as the European Green Deal, Fit for 55 and REPowerEU. At the same time, national climate legislation in both jurisdictions on the island of Ireland, including Ireland's Climate Action Plan, Northern Ireland's Climate Change Act, and the United Kingdom's net zero commitments, is driving the transformation of electricity systems and increasing the pace of renewable deployment. Electrification of transport, heating and industry is also increasing electricity demand and altering consumption patterns. These developments are reshaping how electricity markets operate and creating the conditions for more flexible, resilient and efficient markets.

Recent geopolitical developments have also reinforced the importance of energy security and resilience. Disruptions to global gas markets and shifts in international energy trade have highlighted the need for electricity systems that are both flexible and capable of supporting secure supplies during periods of volatility. Across Europe this has led to renewed investment in infrastructure, stronger emphasis on system adequacy and greater focus on resilience within market design.

Technological change is further transforming the energy landscape. Rapid advances in renewable technologies, battery storage, digitalisation and automation are enabling deeper decarbonisation while increasing the complexity of system operation. Electricity markets must increasingly accommodate a wider range of participants, technologies and operating conditions, while continuing to provide efficient price signals and maintain confidence among investors and consumers.

The SEM is experiencing many of these developments in a particularly concentrated way. This strengthens the contribution of the all-island system to climate objectives across both jurisdictions and creates new opportunities for innovation in system operation. At the same time, gas fired generation continues to provide the flexibility needed to support this transition. New interconnection, including the forthcoming Celtic Interconnector, will enhance access to neighbouring markets and increase the scope for efficient cross border trading. Electricity demand is expected to grow in the coming years, reflecting economic activity, electrification and the expansion of data driven industries. This provides a strong signal for investment in new capacity, flexibility and network infrastructure.

As these trends unfold, the SEM will need to ensure that generation adequacy, system flexibility and network capacity keep pace with growing demand and evolving consumption patterns. The projected expansion of electricity use strengthens the case for sustained investment in new infrastructure, technologies and operational capabilities that can support a secure and efficient low carbon system. In this context, well-functioning wholesale electricity markets play a critical role. Market arrangements must provide clear investment signals to support the development of new generation, flexibility and infrastructure, while ensuring that operational price signals reflect underlying system conditions. At the same time, robust oversight and effective competition are required to maintain confidence in the market and ensure efficient price formation.

The SEMC is responsible for overseeing and developing these wholesale market arrangements. As the electricity system continues to evolve, the SEMC must ensure that the SEM remains capable of supporting secure, low-carbon and efficient outcomes for consumers across the island of Ireland. This strategy sets out the priorities through which the SEMC will strengthen market design, oversight and governance in response to these changing conditions.

## **STRATEGY DEVELOPMENT PROCESS**

The SEMC’s strategy has been developed through a structured process combining external analysis, stakeholder engagement and internal deliberation. The objective of this process has been to ensure that the strategy reflects both the evolving market context and the perspectives of those involved in the operation and development of the SEM.

The process began with a review of global, European and SEM-specific market trends to identify the key structural developments affecting electricity markets and the implications for wholesale market design. This analysis provided the initial foundation for identifying areas where the SEMC’s role may need to evolve.

Building on this analysis, targeted interviews were conducted with SEMC members and key stakeholders to capture perspectives on the current functioning of the SEM, emerging risks and priorities for the future development of the wholesale market.

These insights informed stakeholder workshops and further discussions with the SEMC, providing an opportunity to test emerging ideas, refine priorities and identify areas where greater clarity on the SEMC’s role would be beneficial.



## **MISSION AND VISION**

Rising renewable penetration, growing flexibility needs, shifting patterns of demand, and increasing exposure to geopolitical and infrastructure risks are transforming the conditions under which the SEM operates. Against this backdrop, the SEMC’s Mission and Vision provide the guiding reference point for how the SEMC will respond to these pressures. They articulate the SEMC’s purpose within a rapidly evolving market, clarify the outcomes it seeks to support, and set the foundation for a coherent and long-term strategic direction.

The vision describes the long-term ambition for the SEM, establishing the type of electricity market the SEMC seeks to enable across the island of Ireland. The mission defines the SEMC’s specific role in contributing to that vision through its statutory responsibilities.



## MISSION

The SEMC's mission is to ensure that the SEM operates efficiently, transparently and competitively in the interests of the all-island consumer. Through its oversight and development of the wholesale market framework, the SEMC plays a central role in supporting the delivery of a secure, low-carbon and competitive electricity system. While wider system outcomes, such as costs to consumers depend on multiple actors, including governments, system operators and market participants, the SEMC contributes by ensuring that market arrangements provide clear signals, robust governance and fair competition.

## VISION

The SEMC's vision describes the long-term ambition for the SEM. The SEM is expected to continue evolving in response to rapid decarbonisation, increased electrification, technological innovation and changing patterns of supply and demand. In this context, the SEMC seeks to ensure that the market remains competitive, resilient and capable of enabling the transition to a low-carbon energy system.

The vision balances three dimensions:

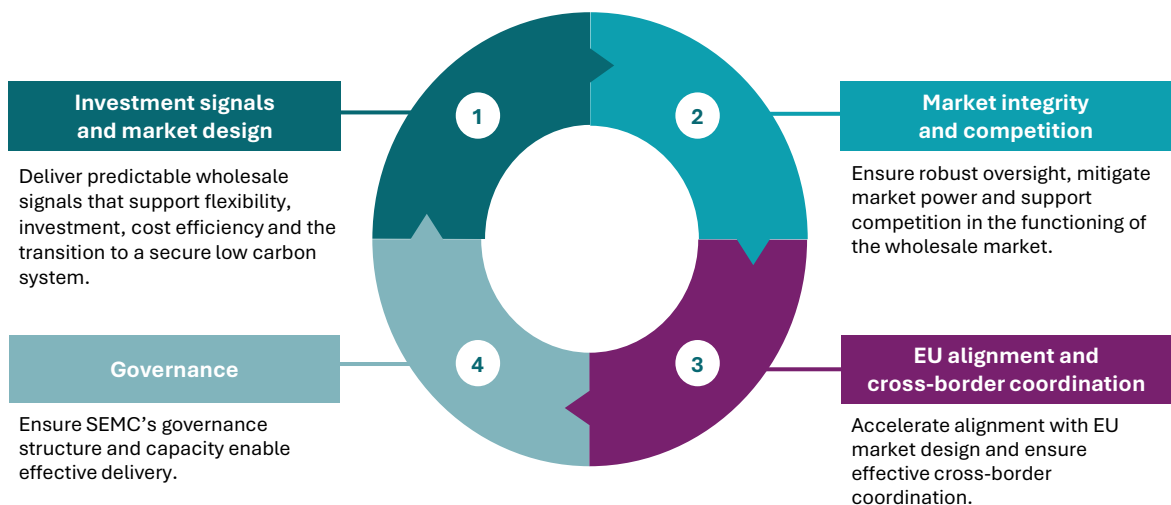
- 1. Competitiveness:** ensuring that market structures promote efficiency, innovation and cost discipline.
- 2. Sustainability:** enabling the integration of low-carbon generation and supporting climate objectives.
- 3. Security of Supply:** ensuring that sufficient capacity and flexibility are available to meet demand reliably as the system transitions.

These dimensions describe the type of electricity market the SEMC seeks to enable over the long term: one that supports efficient competition, facilitates decarbonisation, and ensures that sufficient capacity and flexibility are available to maintain reliable supply. The SEMC contributes to this vision through its mission of ensuring that wholesale markets operate efficiently, transparently and competitively in the interests of the all-island consumer. Within this mandate, the SEMC's role is to develop and oversee market arrangements that provide clear investment and operational signals, support fair competition, and maintain confidence in the functioning of the market.

This strategy therefore focuses on four strategic priorities that will enable the SEMC to most effectively influence market outcomes: ensuring that market design provides efficient investment and operational signals, safeguarding market integrity and effective competition, maintaining alignment with European market frameworks and cross-border arrangements, and strengthening governance and delivery capability. The strategic priorities set out in the following section translate the mission into the SEMC's core areas of focus for the coming years.

## STRATEGIC PRIORITIES & CROSS-CUTTING THEMES

### OVERVIEW OF STRATEGIC PRIORITIES



The SEMC aims to ensure that the wholesale electricity market continues to deliver clean, secure and efficient outcomes for consumers, now and in the future.

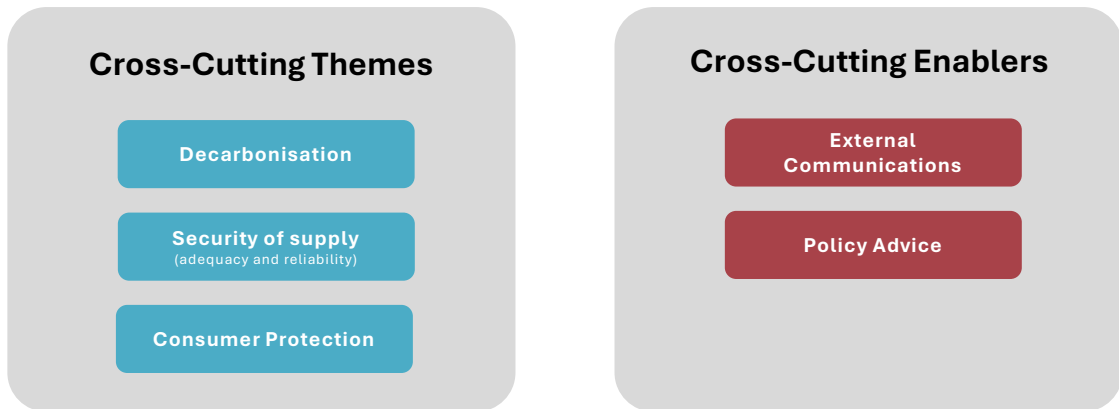
The SEMC's strategy is structured around four strategic priorities. Together, these priorities define the core areas of focus through which the SEMC will strengthen the functioning of the SEM and support secure, low-carbon and efficient outcomes for consumers.

The four strategic priorities are central to ensuring that market arrangements provide clear and predictable signals for investment and operation, that competition and integrity are maintained, that cross-border coordination and EU alignment are maximised, and that the SEMC's governance structures and capabilities enable effective delivery.

The strategic priorities are mutually reinforcing. Strong market design requires effective oversight. Cross-border integration depends on robust governance and coordinated decision-making. Clear investment signals support both system security and decarbonisation. Together, they form a coherent framework for action rather than a set of standalone priorities.

In addition, several cross-cutting themes and enablers, which comprise decarbonisation, security of supply, consumer protection, external communications and policy advice, inform and shape activity across all four priorities. These themes are not separate workstreams, but lenses applied consistently to the SEMC's remit.

## CROSS-CUTTING THEMES AND ENABLERS



The SEMC has identified three cross-cutting themes: decarbonisation, security of supply and consumer protection, and two cross-cutting enablers: external communication and policy advice that shape how the strategic priorities will be delivered (as illustrated in the figure above). These do not constitute additional strategic priorities; rather, they act as cross-cutting considerations that guide how each strategic priority is pursued.

Decarbonisation, security of supply and consumer protection represent key system outcomes that the wholesale electricity market must support. While the SEMC does not deliver these outcomes on its own, its decisions on market design, oversight and governance influence how effectively the electricity system can integrate low-carbon generation, maintain reliable supply and deliver efficient outcomes for consumers. When pursuing each of its strategic priorities, the SEMC therefore considers how its decisions support these wider system outcomes.

External communications and policy advice also shape the delivery of the strategic priorities. Clear communication supports transparency and stakeholder confidence in the functioning of the wholesale market, while engagement with governments and European institutions helps ensure that market arrangements remain aligned with wider policy developments.

These cross-cutting themes and enablers are therefore applied across all strategic priorities. The following section sets out in detail the strategic objectives that sit beneath each strategic priority and on which the SEMC will focus its efforts. The cross-cutting considerations will guide how those objectives are implemented in practice.

## STRATEGIC PRIORITIES, METRICS AND OBJECTIVES

### STRATEGIC PRIORITY 1 | INVESTMENT SIGNALS AND MARKET DESIGN

**Deliver predictable wholesale market signals that support flexibility, investment, cost efficiency and the transition to a secure low-carbon system.**

As the system transitions toward higher levels of renewable generation, increased electrification and evolving adequacy requirements, market design must ensure that price signals remain clear and aligned with system needs.

Efficient investment and operational decisions depend on predictable and transparent market frameworks. Where signals are distorted, unstable or insufficiently aligned with system requirements, risks increase for consumers in the form of higher costs, delayed infrastructure or inadequate flexibility.

By maintaining robust and adaptive wholesale market arrangements, the SEMC supports efficient capital allocation, competition and innovation. Effective market design therefore underpins security of supply, decarbonisation and consumer benefit, while remaining firmly within the SEMC's statutory remit.

#### METRICS

- Increased participation of flexible and low-carbon technologies across wholesale markets
- Reduced levels of system inefficiencies and constraint-related costs over time

Each strategic priority is supported by a set of strategic objectives that define the areas of focus through which the SEM Committee will deliver the strategy.

#### OBJECTIVES

- 1. Flexibility signals** - Enhance market arrangements to enable participation of flexible and emerging technologies in all relevant markets including shorter market time windows and gate closure times.
- 2. Investment bankability** - Provide stable and transparent market frameworks to support long-term investment decisions.
- 3. Imperfections** - Ensure TSOs establish and maintain a structured approach to monitoring and assessing network constraint and curtailment costs in order to identify opportunities to reduce costs for consumers.
- 4. Market development** - Ensure SEM market arrangements evolve in line with EU requirements on decarbonisation, electrification and security of supply, including considering the evolution of price formation and underlying system needs.
- 5. Resource adequacy and system services** - Oversee and refine capacity and system services frameworks to ensure system reliability and efficient remuneration.

Success under this priority will be reflected in wholesale markets that provide clear and credible signals for both short-term operation and long-term investment. Market arrangements will enable the participation of flexible and low-carbon technologies while ensuring that prices reflect underlying system conditions and support efficient outcomes for consumers.

## STRATEGIC PRIORITY 2 | MARKET INTEGRITY AND COMPETITION

**Ensure robust oversight, mitigate market power and support competition in the functioning of the wholesale market.**

A well-designed market cannot deliver efficient outcomes without strong integrity and oversight. As the SEM evolves, increasing complexity, concentration risks and new technologies may create opportunities for distortion, abuse or reduced transparency.

Maintaining confidence in the wholesale market is essential for investment, competition and consumer trust. The SEMC therefore plays a central role in ensuring that the market operates fairly, transparently and in accordance with its licences and legislation.

### METRICS

- Identification of market abuse or rule breaches
- Timely resolution of market monitoring investigations
- Transparent market information available to participants

Each strategic priority is supported by a set of strategic objectives that define the areas of focus through which the SEM Committee will deliver the strategy.

### OBJECTIVES

1. **Monitoring** - Develop market monitoring and analytical capabilities to identify abnormal bidding behaviour, price anomalies and rule breaches.
2. **Market power mitigation** - Monitor market concentration and assess potential market power, applying mitigation measures where risks to effective competition are identified.
3. **Transparency** - Continue publication of market information and improve communication to support transparency, market confidence and informed participation.
4. **System operator accountability** - Strengthen reporting arrangements and activities to support transparency in market operation.
5. **Remit clarity and communication** - Strengthen transparency of the SEMC's remit, including its role in EU legislation and cross-border coordination, through clear communication and engagement.

Success will be reflected in a market that operates transparently and competitively, where participants have confidence that rules are applied consistently and that market abuse is effectively monitored and addressed. Robust oversight and clear market information will support fair competition and reinforce trust in the functioning of the SEM.

## STRATEGIC PRIORITY 3 | EU ALIGNMENT AND CROSS-BORDER COORDINATION

### **Accelerate alignment with EU market design and ensure effective cross-border coordination.**

The SEM operates within the framework of the EU Internal Energy Market, including day-ahead and intraday market coupling arrangements. Enhancing alignment with EU legislation, the EU target model and market coupling arrangements is essential to maintain competitive and efficient trading arrangements and investor confidence. This will provide clarity to industry on the direction of market design and allow better use of SEMC time and resources by focusing on those areas of market design that provide the greatest impact to SEM.

Greater alignment with the EU market will also support more effective engagement with ACER, Ofgem and other European regulators. This will help ensure that future changes to market rules take account of the SEM and its trading arrangements with both GB and EU markets.

Effective cross-border coordination between Northern Ireland and Ireland has been fundamental for ensuring coherent decision-making and stable market arrangements and maintaining that co-ordination will be critical to the delivery of this strategy.

### **METRICS**

- Timely alignment and implementation of relevant EU market legislation and coupling arrangements.
- SEM arrangements aligned with EU electricity market design developments
- Efficient cross-border trading and effective utilisation of interconnection capacity with both GB and EU

Each strategic priority is supported by a set of strategic objectives that define the areas of focus through which the SEM Committee will deliver the strategy.

### **OBJECTIVES**

- 1. EU Market alignment** - Ensure SEM arrangements remain aligned with European electricity market design, and oversee TSO proposals to ensure alignment with EU requirements.
- 2. Cross-border market coupling** - Ensure SEM market arrangements continue to support efficient cross-border trading and effective use of interconnection capacity with both SEM - GB and SEM - EU.
- 3. Interconnector and cross-border trading frameworks**  
Proactively represent SEM interests in European discussions and working groups.
- 4. Regulatory engagement at EU level** - Monitor EU electricity market reforms and engage with relevant European regulatory bodies to ensure representation of SEM interests in evolving EU Market design.

Success under this objective will be reflected in the SEM continuing to operate in alignment with evolving European market frameworks while maintaining efficient cross-border trading arrangements. Effective coordination between institutions and jurisdictions will ensure that SEM developments remain compatible with EU market design and support efficient use of interconnection.

## STRATEGIC PRIORITY 4 | GOVERNANCE

**Ensure the SEMC’s governance structure and capacity enable effective delivery.**

The effectiveness of the SEMC’s market oversight and design functions depends on its governance arrangements, clarity of remit and organisational capability.

As the market becomes more complex and technical, ensuring sufficient expertise, resource, coordination and decision-making efficiency is critical. Strong governance underpins all other strategic objectives.

### **METRICS**

- Delivery of the SEMC work programme milestones within agreed timelines.
- Stakeholder confidence in the SEMC’s independence, governance and regulatory oversight.

Each strategic priority is supported by a set of strategic objectives that define the areas of focus through which the SEM Committee will deliver the strategy.

### **OBJECTIVES**

- 1. Clarity on role and remit** - Maintain clear and complementary responsibilities between the SEMC, governments, system operators and regulatory authorities, in its role as an independent regulator.
- 2. Strengthen cross-regulator delivery structure** - Enhance joint working arrangements between UR and CRU at the working level on SEMC matters, through well-defined processes for joint planning, information sharing and decision-making.
- 3. Technical capability and capacity** - Ensure expertise and resourcing to oversee evolving market complexity.
- 4. Efficient and transparent decision-making** - Streamline approval processes and governance procedures to support efficient, transparent and accountable decision-making.
- 5. Interaction with the NI and ROI departments** - Maintain regular proactive communication with the relevant department in each jurisdiction, including through structured, collective and cross-border engagement.

Success will be reflected in governance arrangements that enable the SEMC to respond effectively to evolving market conditions. Clear roles, strong coordination between regulators and efficient decision-making processes will support the timely delivery of SEMC priorities.