Single Electricity Market
(SEM)

SEMO Revenue Requirement for 2026/27

Information Paper

SEM-26-57
03 September 2026

EXECUTIVE SUMMARY

On 17 July 2026 SEMO submitted its revised revenue requirement for 2026/27 of €40.340m and the 2024/25 K-factor which represents the final adjustment to close out that year. The 2024/25 K-factor submission was for €5.316m of an over recovery (in March 2026 prices). Combining these two elements SEMO's revenue requirement submission totalled €35.023m.

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 2026 prices)**
2026/27 SEM Revenue (as per SEM-25-034)	40.340
2024/25 SEM K-factor (over-recovery)	(5.396)
Total Revenue Required for 2025/26 Tariffs	**34.944**

Table 1: Total Revenue Requirement for SEMO for TY2026/27

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 third year of that price control decision.

SEMO submitted a revenue requirement for 2025/26 of €40.340m. This has not been amended by the RAs as it reflects 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 2024/25 ISEM K-factor over recovery of €5.316m to be set off and therefore reduce the Total Revenue required for 2026/27 within tariffs. The RAs have reviewed the submission and have amended the K-factor over-recovery to €5.396m following corrections made in certain calculations related to Market System Release costs. 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 2026/27 and other figures in this information paper are in March 2026 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 2026 until 30 September 2027. This includes the 2024/25 K-factor and forecasted 2026/27 revenue allowance for the SEM.

The new I-SEM commenced on 1 October 2018. The SEMO Price Control Decision Paper (SEM-25-034) set out the revenues for the operation of the new market through to September 2029. This therefore included year 2024/25 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 €40.340m for the period from October 2026 to September 2027. This is based on total Opex costs and total Finance costs as set out in Table 2.

SEM-25-034 Revenue Requirement	**Tariff Year 26/27 (€m)**
Total Opex	25.155
Total Finance (Depreciation, WACC return, Margin, Parent Company Guarantee)	15.185
Total Revenue (March 2026 monies)	**40.340**

Table 2: SEMO Revenue Requirement for TY2026/27 excluding K-factor

SEMO has submitted a revenue requirement for 2026/27 of €40.340m based on new Price Control Decision and thus, the RAs have approved the proposed revenue requirement without any correction / modification.

2.2 SEM-25-034 2024/25 SEM K-Factor

SEMO has submitted 2024/25 K-factor of €5.130m (March 2025 Prices). RAs have made adjustment to the Market System Release costs submitted by SEMO as per SEMOC's decision and interpretation of SEMO Price Control 2024-29 Final Determination cost recovery mechanism with respect to Market System Releases. Accordingly, K-factor has been adjusted upwards by €0.076m (March 2025 Prices).

Amended 2024/25 SEM K-factor is detailed in Table 3 below and shows an over-recovery of €5.206m (March 2025 Prices), against the actual allowed 2024/25 SEM tariff revenue.

The total allowed revenue collection entitlement in 2024/25 was €21.033m while €26.239m was recovered through tariffs for the period.[1]

(€m, March 2025 Prices)	**2024/25**
Actual Income	
Fixed Market Operator Generator Charge ISEM	1.292
Fixed Market Operator Supplier Charge ISEM	0.030
Variable Market Operator Charge ISEM	22.728
Actual Revenue - PCG	0.300
Actual Revenue - Margin	0.689
Actual Revenue - Return on RAB	0.777
Actual Revenue - KPIs	0.423
Actual Revenue - Accession Fees	0.014
Actual Revenue - Participation Fees	0.132
Total Income	**26.386**
Actual Expenditure for OPEX	
Actual Expenditure - Payroll (Labour)	5.566
Actual Expenditure - IT & Telecoms	4.661
Actual Expenditure - Facilities, HR etc.	2.256
Actual Expenditure - Finance and Regulation	0.986

[1] Both figures in March 2025 prices as indicated in the table 3. Tariff Collection figure does not include Accession and Participation Fee as they are not collected from consumers.

Actual Expenditure - Delta Opex	0.000
Actual Expenditure - Cloud Opex	3.858
Actual Expenditure for CAPEX	
Market System Release	0.034
Market System Release Support	0.047
Predictable Capex	5.683
Unpredictable Capex	0.451
Allowed Revenue Collections for OPEX	
Allowed Revenue - Payroll (Labour)	6.531
Allowed Revenue - IT & Telecoms	4.876
Allowed Revenue - Facilities, HR etc.	2.179
Allowed Revenue - Finance and Regulation	1.509
Allowed Revenue (Revised) - Delta Opex	0.797
Allowed Revenue - Cloud Opex	6.074
Allowed Revenues for Financing charges	
Actual Revenue - PCG	0.300
Actual Revenue - Margin	0.689
Actual Revenue - Return on RAB	0.791
Actual Revenue - Depreciation	6.183
Other Allowed Revenues	
Actual Revenue - KPIs	0.423
Actual Revenue - Bank Interest (Income)/Expense	-2.824
Actual Revenue - FX (Profit)/Loss	0.584
Actual Revenue - FX Adjustment	-0.237
Actual Revenue - Agent of Last Resort	0.000
Less - Accession Fees (included in Income)	-0.014
Less - Participation Fees (included in Income)	-0.132
Y-2 K-Factor (Over / Under Recovery)	-4.789

Actual Allowed Revenues	**22.849**
Cost Sharing	
Opex Outperformance	2.422
SEMO Share of under / (over) spend	0.606
Consumer's Share of under / (over) spend	1.817
Adjusted Allowed Revenues	**21.033**
K factor	
K-factor (Nominal)	-5.206

Table 3: Calculation of K-factor for the Year 2024/25

The key drivers for the over-recovery are:

i. Significant interest on cash deposits in 2024/25.

ii. The revenue requirement for 2024/25 allowed for the forecasted depreciation and WACC returns. Actual depreciation and WACC returns were materially lower because actual capital expenditure was below the estimates/forecast in the Price Control 2024-29 final determination.

iii. The K-factor adjustment for 2024/25 takes account of €423,000 in respect of SEMO KPI performance in 2024/25, which was not included in the revenue requirement.

The 2024/25 SEM K-factor, shown in Table 4 below, is an over-recovery of costs which will be deducted from the revenue requirement for the 2026/27 tariffs. The value of the over-recovery in Table 4 (€5.206m in March 2025 prices) has been adjusted to March 2026 prices by the application of indexation as set out in the SEM-25-034 price control.

Category	**€m**
2024/25 SEM K-factor (over-recovery) – March 2025 prices	5.206
Indexation from March 2025 – March 2026	3.63%
2024/25 SEM K-factor (over-recovery) – March 2026 prices	5.396

Table 4: Indexation of 2024/25 K-factor to March 2026 Prices

2.3 Total Revenue Requirement for 2026/27

Category	€m (March 2026 prices)
2026/27 SEM Revenue (as per SEM-25-034)	40.340
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Table 5: Total Revenue Requirement for SEMO for TY2026/27