



Trading and Settlement Code

Terms of Reference for the Market Audit 2026

Consultation Paper

09 October 2026

SEM-26-67

1 BACKGROUND

Paragraph B.16.1.3 of the Trading and Settlement Code (“TSC” or “the Code”) requires the Market Auditor to conduct an audit of the Code, its operation and implementation of the operations, trading arrangements, procedures and processes under the Code at least once a year.

Paragraph B.16.1.5 of the Code requires the Regulatory Authorities (“RAs”) to consult with the parties to the Code on the terms of reference for the audit. Paragraph B.16.1.6 requires the RAs to specify annually the precise terms of reference for the audit following a consultation process.

The purpose of this paper is to set out the RAs’ proposed scope of the 2026 audit together with reporting arrangements.

A Market Audit has been historically conducted on an annual basis. Over the years, the scope has extended and changed to account for specific developments in the market and requests from market participants, on the basis of a core audit on activities of the Single Electricity Market Operator (“SEMO”).

The Market Audit 2025 has now been completed, with [the Independent Market Auditor’s Report](#) published on the SEMO website in September 2026. It was a core SEMO audit with limited expansion into the calculation, application and reporting of Market Operator charges (fixed and variable) and imperfection charges within the TSC. The Market Audit 2025 was reported under ISAE 3000 Assurance Opinion¹. Based on reasonable assurance engagement, except for the matter described in the Basis for Qualified Conclusion section, SEMO was found, in all material respects, compliant with the TSC and relevant Agreed Procedures (“APs”) as set out in the Terms of Reference for the Market Audit 2025 for the period from 1 January 2025 to 31 December 2025 ([SEM-25-051](#)).

2 PROPOSED 2026 AUDIT SCOPE

2.1 Period of Audit

The RAs propose that the Market Audit 2026 covers the 12-month period from 1 January 2026 to 31 December 2026. As specified under paragraph B.16.1.4 of the TSC, the annual period covered by the audit shall be 1 January to 31 December unless the terms of reference specify a different period.

¹ International Standard on Assurance Engagements 3000 (Revised) Assurance Engagements Other than Audits or Reviews of Historical Financial Information.

2.2 Scope of Audit – Limited expansion and examination of certain activities of the Meter Data Providers (“MDPs”).

The RAs propose that the Market Audit 2026 is a core SEMO audit, with limited expansion into the calculation, application and reporting of Market Operator charges (fixed and variable) and imperfection charges within the TSC - similarly to the Market Audit 2021 and 2025.

The core SEMO audit will cover, inter alia, the following areas:

- Accession & Registration
- Imbalance Settlement Price calculation and recalculation
- Settlement Production and Reruns (to include all of the Market Operator Charges)
- Currency and balancing charges
- Invoices, payments, and credit cover
- Queries and disputes
- Code development
- Information publication
- Communication channels, systems, and operation

The core SEMO audit will provide reasonable assurance, within a reasonable timeframe, to the RAs and Market Participants that market pricing and settlement activities are being carried out by SEMO in accordance with the TSC and its APs.

The Market Audit 2021 covered the calculation, application and reporting of the Market Operator charges and imperfection charges (SEM-21-082).

Considering the time limit for the Market Audit 2022 (SEM-23-048), 2023 (SEM-24-007), and 2024 (SEM-24-077), the RAs proposed and decided to proceed with core audits without expansion, focusing on the activities of the Single Electricity Market Operator (“SEMO”) under the TSC and its Agreed Procedures and covering the systems and processes within the control of the SEMO.

Recognising the additional value delivered through the expanded scope of the 2025 Market Audit, it is proposed that a similar approach be maintained for the 2026 Market Audit.

Additionally, it is proposed that the scope of the 2026 Market Audit be further extended to include a limited examination of certain MDPs activities. The proposed review would cover activities undertaken by the MDPs in the areas relating to Settlement Reruns (to include Timetabled and any ad-hoc Settlement Reruns) and Settlement Queries and Disputes. More specifically, the key obligations include:

- The requirement to provide meter data for each scheduled settlement run in accordance with C.6.1.2 (as further detailed in AP16 and Appendix L);

- The requirement to provide meter data for each ad hoc settlement run in accordance with C.6.1.2 (as further detailed in AP16 and Appendix L); and
- The requirement to facilitate the investigation and resolution of queries and disputes in accordance with C.6.1.9 (as further detailed in AP13 and AP 14 including timelines to provide update data).

Settlement outcomes are dependent on the completeness, accuracy and validity of relevant data. Data errors affecting one party may have implications for other parties, for example through the Error Supply Unit process. Metered volume errors and exceptions may also arise from a variety of sources. In addition, suppliers rely on data processed and provided by MDPs for settlement volume allocation. An examination of the reliability and integrity of the underlying MDPs processes would provide valuable assurance to market participants.

The estimation and aggregation functions envisaged under C.6.1.7 and C.6.1.8 are expressly excluded from the proposed review.

Consistent with previous Market Audits, the RAs remain mindful of the overall cost of audit activity and of avoiding duplication with assurance and audit work already undertaken within the MDPs.

2.3 Approach of Reporting

The RAs propose that the Market Audit 2026 is to be reported under the ISAE 3000 Assurance Opinion. The RAs consider this reporting approach as providing the greatest value to both the RAs and Market Participants upon SEMO's compliance with the TSC.

2.4 Materiality Level

The RAs propose that the materiality level for the Core SEMO scope (including the calculation, application and reporting of Market Operator charges and imperfection charges under the TSC), for the Market Audit 2026, remains at 0.5% of the estimated annual market value of electricity traded in the SEM, as governed by the TSC. The quantitative threshold for reporting significant issues remains at 10% of the materiality value, which is 0.05% of the estimated annual market value.

With respect to MDP work, the RAs propose applying the same percentage threshold (a materiality level of 0.5%, with a reporting threshold for Significant Issues set at 10% of the materiality level) of the total aggregate metered volume reported by each MDP during the year.

3 PREFERRED APPROACH

As explained above, the RAs propose that the Market Audit 2026 cover the 12-month period from 1 January 2026 to 31 December 2026 and be reported under the ISAE 3000 Assurance Opinion.

The RAs favour an Audit upon the Core SEMO activities with limited expansion of scope to include: a) the calculation, application and reporting of Market Operator charges (fixed and variable) and imperfection charges under the TSC; and b) certain MDPs activities), as it would provide additional value and assurance to both market participants and the RAs. This is particularly relevant given that MDPs activities have not been subject to audit under the TSC for a considerable period. The RAs invite views and opinions on the option to expand the audit, and any alternative approaches for the Market Audit.

The RAs propose that the materiality level remains at 0.5% of the estimated annual market value of electricity traded in SEM, as governed by the TSC. The quantitative threshold for reporting significant issues remains unchanged, i.e., 10% of the materiality value, which is 0.05% of the estimated annual market value.

With respect to MDP work, the RAs propose applying the same percentage of the total aggregate metered volume reported by each MDP during the year.

Any views on the proposed scope as set out in section 2 are welcomed from interested parties.

4 CONSULTATION AND NEXT STEPS

In presenting this paper for consultation, the SEM Committee seeks views on the proposed scope for the Market Audit 2026 as set out in section 2 of this consultation paper.

Responses to this Consultation Paper should be sent to Aline M Martellini (ammartellini@cru.ie) and (tsc@uregni.gov.uk) by 17:00 on 06 November 2026. Please note that the SEM Committee intends to publish all responses unless marked confidential.²

Following closure of this consultation, the RAs will consider the responses received as per above and decide on the terms of reference for the Market Audit 2026. The final terms of reference will be published in a Decision Paper on the SEM Committee website in due course.

The Market Auditor will then begin work on this audit. To ensure that the audit is conducted in an efficient and effective manner, the Market Auditor will report to the RAs on the progress on a monthly basis. The full audit report is due to be published in 2027.

² While the SEMC does not intend to publish responses marked confidential, please note that both Regulatory Authorities are subject to Freedom of Information legislation.