SINGLE ELECTRICITY MARKET COMMITTEE

Round 37 of Quarterly Directed Contracts Q2 2027 to Q1 2028

Information Paper

6th November 2026

SEM-26-73

Table of Contents

1. Introduction 1
2. Directed Contract Quantities 1
3. Directed Contract Pricing 2
4. Subscription Rules 4
5. Directed Contract Round 38 5
6. Public/Bank Holidays 2027/28 5

1. Introduction

This paper provides information on the quantities and pricing for the upcoming quarterly Directed Contract (DC) subscription round, Round 37, covering the period Q2 2027 to Q1 2028 inclusive. The Regulatory Authorities (RAs, i.e., CRU and UREGNI) are notifying market participants that zero volumes were output from the DC Market Concentration Model for Round 37. Consequently, zero volumes are offered for this DC round.

2. Directed Contract Quantities

DC subscription windows are typically held every quarter, with DCs allocated on a rolling basis up to five quarters ahead.

There are three DC products in the market: Baseload, Mid-Merit and Peak. Suppliers can elect to subscribe for any given product for which they are eligible in any particular quarter from ESB. The definitions of the products are set out in the ESB PG DC Subscription Rules. These are as follows:

- ***Baseload Product****:* For Trading Periods at the Contract Quantity arising in all hours.
- ***Mid-merit Product*****:** For Trading Periods at the Contract Quantity during the hours beginning at 07:00 and ending at 23:00 on Business Days and for Trading Periods on days that are not Business Days at 80% of the Contract Quantity.
- ***Peak Product*****:** For Trading Periods arising during the hours beginning at 17:00 and ending at 21:00 on all days during October, November, December, January, February and March at the Contract Quantity.

The RAs used the Herfindahl Hirschman Index (HHI) to set DC quantities and use a target HHI level of 1,150 for the period Q2 2027 to Q1 2028. The DC quantities to be offered by ESB for Q2 2027 to Q1 2028 in Round 37 are set out in Table 1 below.

Quarter	Baseload	Mid-Merit	Peak
Q2 2027	0	0	n/a
Q3 2027	0	0	n/a
Q4 2027	0	0	0
Q1 2028	0	0	0

Table 1: ESB DCs for Q2 2027 to Q1 2028 in the forthcoming Round 37 Subscription (MW)

The Market Concentration Model is used by RAs to calculate the quantity of Directed Contracts (DC) required to be offered to eligible suppliers in each DC round. The RAs note that zero Volumes across all modelled quarters were output from the DC Round 37 Market Concentration Model. DC Volumes have been following a downward trend in recent DC Rounds due to the impact of increased interconnection and the increase in renewable capacity that is forecast within the SEM PLEXOS Model. This has consequently contributed to a reduction in the HHI levels prior to allocating DCs across all modelled months and quarters, thus, it resulted in zero volumes output from the Market Concentration Model. Other factors contributing to the reduction in HHI levels prior to allocating DCs is the transition of ESB'S Moneypoint Units in the year 2025.

The RAs previously advised market participants of their intention to review the Market Concentration Model used to determine DC volumes (SEM-24-038) The review has progressed with the support from the appointed consultants, NERA. As part of this process, the RAs published a Consultation Paper (SEM-26-26) on 29 June 2026. This consultation has now closed, and the RAs are currently reviewing responses received.

3. Directed Contract Pricing

The prices of DCs are determined by regression formulae that express the DC CfD Fixed Price in a given quarter and for a given product (Baseload, Mid-merit or Peak) as a function of forward fuel and carbon prices. Section 3 of SEM-22-017 outlined amendments made to the process of calculating DC pricing formulae in DC Round 18. Such amendments are also implemented in DC Round 37.

The pricing formulae are updated every quarter in line with the established rolling approach to DCs as per SEM-12-026 and SEM-17-081.

The CfD Strike Price for each transaction will be set using the published formulae and associated forward fuel prices, as set out in the Subscription Rules SEM-18-036d.

The DC seller, ESB, will apply the approved published fuel and carbon indices to the regression formulae each day throughout the subscription window and notify suppliers who have elected to subscribe for DC products on that day of the calculated CfD Fixed Price. ESB contracts will be priced in euro.

The DC regression formulae for the forthcoming round will take the following form:

$$\textbf{CfD Fixed Price}_{q,p} = \alpha_{q,p} + \beta_{q,p} * \textbf{Gas}_q + \delta_{q,p} * \textbf{Coal}_q + \varepsilon_{q,p} * \textbf{CO2}_q$$

where:

CfD Fixed Price$_{q,p}$ = DC Fixed Price (in €/MWh) for the relevant quarter (q) and product (p), i.e., Baseload, Mid-merit and Peak.

$\alpha_{q,p}$ = formula constant, which may vary by quarter (q) and product (p).

$\beta_{q,p}$, $\delta_{q,p}$, and $\varepsilon_{q,p}$ = formula coefficients, which may vary by quarter (q) and product (p).

Gas$_q$ = the price (in pence sterling per therm) for quarterly Intercontinental Exchange Natural Gas Futures for the relevant quarter. As stated in SEM-21-005, the RAs notified industry of updates to the calculation of quarterly "ICE UK Natural Gas Futures – NBP" ÷ (GBP/EURO Exchange Rate).

Coal$_q$ = the price (in US dollars per tonne) for quarterly ARA Coal Futures. As noted in SEM-21-005, the RAs noted updates to the calculation of quarterly "Rotterdam Coal Futures – ARA" ÷ (USD/EURO Exchange Rate).

CO2$_q$ = the settle price (in Euro per tonne of Carbon Dioxide) for the December month Intercontinental Exchange ECX EUA Carbon futures as reported as "ICE ECX EUA Futures – EUX – (monthly)" for the given calendar year. The December price for a given year will apply to all quarters falling within that year. As noted in SEM-21-005, the commodity data provider, ICE, transitioned from a public to a fee-based subscription for access to Carbon data.

The values of the constants and the independent variable coefficients are set out in the following table 2.

Coefficients Multiply Gas coefficient by euro/therm Gas price, Coal coefficient by euro/tonne Coal price, and CO_2 coefficient by euro/tonne CO_2 price.					
Contract	**Quarter**	**Constant**	**Gas**	**Coal**	**CO_2**
(p)	**(q)**	**($\alpha_{q,p}$)**	**($\beta_{q,p}$)**	**($\delta_{q,p}$)**	**($\varepsilon_{q,p}$)**
Baseload	Q2 27	20.61	66.674	0	0.3634
Midmerit 1	Q2 27	21.92	68.289	0	0.3775
Baseload	Q3 27	20.37	65.319	0	0.3523
Midmerit 1	Q3 27	23.84	67.459	0	0.3674
Baseload	Q4 27	24.07	62.196	0	0.3548
Midmerit 1	Q4 27	29.16	66.949	0	0.3821
Peak	Q4 27	42.92	74.848	0	0.4313
Baseload	Q1 28	26.51	61.684	0	0.3554
Midmerit 1	Q1 28	31.89	65.421	0	0.3735
Peak	Q1 28	51.23	75.486	0	0.4297

Table 2: Constant and independent variable price coefficients

4. Subscription Rules

The Subscription Rules (SEM-18-036d) for the DCs have been made evergreen. To allow this, two items which require updating will be included in the Information Paper published by the RAs prior to each quarterly DC Round. These are the details of the matrix of ESTSEM p,q prices for the purpose of credit cover calculations and Bank Holidays.

Prices for Credit Cover calculations

The matrix of ESTSEM p,q prices for the purpose of credit cover calculations based on closing fuel and carbon prices from 14th October 2026 are as follows[1]:

Quarter (q)	Baseload	Mid Merit	Peak
Q2 27	185.04	190.82	-
Q3 27	170.68	179.40	-
Q4 27	169.63	185.86	218.48
Q1 28	170.03	183.78	226.37

Table 2: DC Round 37 Matrix of ESTSEM p,q Prices

[1] The RAs note that the prices calculated are based on the most recently validated 2024-2032 SEM PLEXOS Model(SEM-25-010) and incorporates the 2026 All-Island Resource Adequacy Assessment (NRAA) inputs.

5. Directed Contract Round 38

The Primary Subscription Window and Supplemental Subscription Window of Directed Contract Round 38 is scheduled to take place in Quarter 1 2027. Further details of scheduled dates of future DC Rounds can be found here: SEM-26-59.

6. Public/Bank Holidays 2027

The following dates are those known at the time of execution to be bank and public holidays (in Ireland and Northern Ireland) between Q2 2027 and Q1 2028:

03/05/2027
31/05/2027
07/06/2027
12/07/2027
30/08/2027
02/08/2027
25/10/2027
25/12/2027
26/12/2027
27/12/2027
28/12/2027
03/01/2028
07/02/2028
17/03/2028
14/04/2028
17/04/2028
01/05/2028
29/05/2028
05/06/2028