



**Single Electricity Market
(SEM)**

**SEMOpX Revenue Requirement for
2020/21**

Information Paper

**SEM-20-050
10 August 2020**

EXECUTIVE SUMMARY

The SEMOpX Revenue Requirement for 2020/21 and 2018/19 K-Factor was submitted on 15 May 2020. As the current price control for SEMOpX is in place until October 2022, this Information Paper provides an overview of the annual K-Factor and Revenue setting process and next steps for the publication of the SEMOpX Charges for 2020/21.

The RAs have reviewed the SEMOpX submission and calculations and are content with the proposed revenues for the period from 1 October 2020 to 30 September 2021.

The overall revenue requirement below is approved until 30 September 2021 and a SEMOpX Statement of Charges will be published by SEMOpX based on Table 1 below.

Category	€m (March 2020 prices)
2020/21 SEM-20-007 Revenue	€3.795m
2018/19 K-Factor	-€0.695m
Total 2020/21 Revenue	€3.1m

Table 1

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1. Introduction

1.1 Background

The SEMOpX revenue requirement outlined in this information paper covers the period from 1 October 2020 until 30 September 2021 and the K-Factor for 2018/19. SEM-17-096 set out the SEM Committee's Decision in relation to the SEMOpX Price Control up to the end of September 2019, while SEM-20-007 sets out SEMOpX's revenues from October 2019 to September 2022. The annual revenues for SEMOpX are adjusted to account for any k-factor for over or under recovery.

2. SEMOpX 2020/2021 Revenue Requirement

2.1 SEM-20-007 Revenue Requirement

The total revenue allowance for SEMOpX for the 2020/21 period is €3.795m in March 2020 prices, indexed from the March 2019 prices set out in SEM-20-007. These are comprised of Opex and Finance costs as set out in Table 2. Opex costs include Labour Costs, Facilities and Overheads, IT and Telecommunications, Finance and Regulation and Contract Services and Market Coupling Costs as set out in SEM-20-007. Finance costs include the return on SEMOpX's Regulatory Asset Base, Depreciation and SEMOpX's margin.

SEM-20-007 Revenue Requirement (€m)	Tariff Year 2020/21 (March 2020 prices)
OPEX	3.406
Finance	0.388
Total	3.795

Table 2

2.2 Correction Factor

The SEMOpX Charges are set by reference to a forecast of Traded Volumes for the upcoming tariff year. An over recovery of €0.695m (in March 2020 prices) for the 2018/19 tariff year has been included in the 2020/21 revenue calculation primarily driven by an increase in the level of traded volumes compared to the forecast used in setting the initial SEMOpX tariffs.

2018/19 K-factor summary	€m (March 2019 prices)
2018/19 Revenue allowance	3.269
Total recovered through tariffs	3.955
K factor	0.686

	€m (March 2020 prices)
K factor	0.695

Table 3

2.4 Total Revenue Requirement for 2020/21

Category	€m (March 2020 prices)
2020/21 SEM-20-007 Revenue	€3.795m
2018/19 K-Factor	-€0.695m
Total 2020/21 Revenue	€3.1m

Table 4