

SEM-25-003
Open letter to Market Participants
Market Participation Guidance

4th March 2025

Introduction

The Single Electricity Market (SEM) is experiencing significant transformation. While the Transmission System Operator's (TSOs) Future Power Markets Programme represents one aspect of this transformation, broader market developments and emerging patterns in Market Participant behaviour also necessitate continuing careful regulatory oversight. The Bidding Code of Practice (BCOP)¹ which all generators are obliged to abide by, and the subsequent drafting of the Balancing Market Principles Code of Practice (BMPCOP), were drafted in a market context where conventional technologies played a predominant role, notwithstanding this the BCOP applies to all technology types.

In this context, the Commission for Regulation of Utilities (CRU) and the Utility Regulator (UR), as the Regulatory Authorities (RAs) for the SEM, are continuing to actively monitor market behaviour and outcomes to ensure the continued efficient operation of the markets.

Current Concerns

The RAs have identified several areas of potential and ongoing concern within both current and proposed future market activity and wish to highlight the following in particular:

- The increasing complexity of the market with the addition of new and higher volumes of new technology types, and associated uncertainty regarding future bidding behaviours arising.
- Potential exercise of market power in the balancing market.
- Increasing imperfections costs.

¹ [SEM-14-019 Bidding Code of Practice - Amended 13 March 2014.pdf](#)

- Existing regulatory frameworks may not fully reflect market developments and require further refinement due to the introduction of new technology types and new treatments of existing technology types. Participants should expect a consultation in this regard in due course.

At its meeting of February 2025, the SEM Committee (SEMC) expressed support for the Regulatory Authorities in addressing these market concerns.

Potential Future Actions

The RAs are committed to ensuring efficient market operations, protecting consumer interests, maintaining system security and providing clear guidance on acceptable bidding practices (BCOP).

Market participants should be aware that, in addition to necessary changes required as the markets continue to evolve, the RAs are prepared (in addition to using their existing powers) to implement additional measures if we observe in particular:

- Potential abuses of market power.
- Continued increases in imperfections costs arising from market participant bidding behaviours.
- Bidding behaviours that do not align with efficient market outcomes.
- Practices that may adversely impact system security or market stability.

Next Steps

Market participants are reminded that the BCOP applies to all technology types and requires COD submissions to reflect short run marginal costs (SRMC) of the generation set or unit and should adhere to and be consistent with this Code's principles.

The RAs remind Market Participants of the importance of complying with regulatory obligations and requirements, and highlight in particular the requirement to:

- Review their bidding practices, ensuring that they are continually aligned and compliant with the BCOP. Market Participants are required to comply with the provisions of this Code in submitting COD under the SEM Trading and

Settlement Code (TSC), whether by themselves or through Intermediaries.

- Maintain comprehensive records of all market submissions, including but not limited to:
 - Documentation of methodology used to determine COD components.
 - Supporting evidence for each component of COD.
 - Complete documentation of all COD submissions.
 - Records of any factors influencing bidding decisions (e.g. technical, regulatory and economic).
- Comply fully with their obligations under REMIT.

The RAs encourage market participants to be proactive in alerting the MMU to any changes in their bidding methodology, and to engage constructively with the RAs regarding any concerns or queries.

The RAs remain committed to maintaining a competitive and efficient market whilst ensuring that consumer interests are protected. The RAs will continue to monitor market outcomes closely and will communicate any proposed changes through the appropriate channels.

For any queries regarding this notice, please contact marketqueries@uregni.gov.uk.

Yours sincerely,

John Melvin

Security of Supply and
Wholesale Director
Commission for Regulation
of Utilities

Commission for Regulation of Utilities
The Exchange Belgard Square North
Tallaght, Dublin 24, Ireland

Tel: +353 1 4000 800
Fax: +353 1 4000 850
Email: info@cru.ie

Colin Broomfield

Markets Director
Utility Regulator

Utility Regulator
Queens House, 14 Queen Street
Belfast, BT1 6ED, Northern Ireland

Tel: +44 28 9031 1575
Fax: +44 28 9031 1740
Email: info@uregni.gov.uk