



**Single Electricity Market
(SEM)**

**Capacity Remuneration Mechanism
T-1 2024/2025 Capacity Auction Parameters
Decision Paper**

**Decision Paper
SEM-23-085**

02 November 2023

1. SUMMARY OF PROPOSALS IN THE CONSULTATION PAPER

On 22 September 2023, the SEM Committee consulted on the parameters for the 2024/25 T-1 Capacity Auction¹.

The consultation closed on 13 October 2023, with no responses being received by the SEM Committee. Having considered this position, the SEM Committee has decided to retain all the parameter values as published within the consultation paper.

This paper describes the SEM Committee's decision for the relevant parameters to apply in the 2024/25 T-1 capacity auction, scheduled to take place on 25 April 2024. Most of the parameters proposed in the consultation are the same as those used in recent auctions, including the 2027/28 T-4 auction.

Overview of key areas within the consultation paper

(a) *The De-Rating Curves, defining De-Rating Factors by Technology Class (including for Interconnectors);*

Within SEM-23-053², Information Note on DSU De-Rating Factors in the CRM, the SEM Committee gave notice to industry that they were minded to maintain the same glidepath for the next T-1 i.e., 2024/2025. The SEM Committee confirmed within the Parameters Consultation that this was the same position, and they are minded to maintain the same glidepath as T-1 2023/2024 for T-1 2024/2025.

The SEM Committee confirms that this glidepath approach will be adopted for this T-1 2024/2025 auction.

(b) *Interaction with Clean Energy Package;*

Electricity Regulation (2019/943) Article 22(4)³ which came into effect on 01 January 2020, sets limits on the funding through capacity mechanisms of plants with high CO2 emissions limits. It stipulates that:

¹ [SEM-23-075 T-1 202425 Parameters Consultation | SEM Committee](#)

² [SEM-23-053 Information Note on DSU De-Rating Factors in the CRM](#)

³ [REGULATION \(EU\) 2019/ 943 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL - of 5 June 2019 - on the internal market for electricity \(europa.eu\)](#)

- a) From 04 July 2019 at the latest, generation capacity that started commercial production on or after that date and that emits more than 550g of CO₂ of fossil fuel origin per kWh of electricity shall not be committed or to receive payments or commitments for future payments under a capacity mechanism;
- b) From 01 July 2025 at the latest, generation capacity that started commercial production before 04 July 2019 and that emits more than 550g of CO₂ of fossil fuel origin per kWh of electricity and more than 350kg CO₂ of fossil fuel origin on average per year per installed kWe shall not be committed or receive payments or commitments for future payments under a capacity mechanism.

On 17 December 2019, ACER published an opinion on the calculation of the values of CO₂ emission limits (Opinion 22/2019). Within this opinion, the Agency recommends that the last three full calendar years should be considered when calculating average Annual Emissions.

The Modification CMC_07_23⁴ extended the Interim Secondary Trading Arrangements (ISTA) to cover capacity that cannot operate for the whole Capacity Year due to the requirements under Article 22(4). The SEM Committee approved that modification and published the decision paper (SEM-23-077⁵) on 27 September 2023 with an implementation date of 02 October 2023. To that effect the Interim Secondary Trading Arrangements shall apply in respect of Awarded Existing Capacity that arises from Capacity Auction T-1 CY2024/25.

⁴ See [SEM-23-034](#) for details on this modification.

⁵ [SEM-23-077 - CMC 07 23 Special Application of ISTA Decision](#)

2. SEM COMMITTEE DECISION

The table below is a summary of the decisions taken by the SEM Committee. The following parameters will apply for the 2024/25 T-1 Capacity Auction:

Parameter	Proposed Value for T-1 2024/25 capacity auction
De-Rating Curves, defining De-Rating Factors by unit Initial Capacity and by Technology Class (including for Interconnectors)	To be determined by System Operators prior to publication of Initial Auction Information Pack.
Capacity Requirement	To be determined by System Operators prior to publication of Initial Auction Information Pack.
Indicative Demand Curve	<p>The Demand Curve will be based on the following principles:</p> <ul style="list-style-type: none"> horizontal at the Auction Price Cap between 0MW and 100% of the adjusted Capacity Requirement. vertical at 100% of the adjusted Capacity Requirement between the Auction Price Cap and Net CONE. a straight-line slope with a zero-crossing point at 115% of the adjusted Capacity Requirement.
Auction Price Cap	1.5 times Net CONE i.e., €160,545 ⁶ / de-rated MW / year.
Existing Capacity Price Cap	0.5 x Net CONE i.e., €53,515 / de-rated MW /year.
New Capacity Investment Rate Threshold	€300,000 /de-rated MW / year.

⁶ This is 1.5 x Net CONE of €107,030/MW as per [SEM-23-016 BNE Decision 2023.pdf \(semcommittee.com\)](#)

Annual Stop Loss Limit Factor	1.5											
Billing Period Stop Loss Factor	0.5											
Indicative Annual Capacity Exchange Rate	To be determined by System Operators prior to publication of Initial Auction Information Pack.											
Increase Tolerance and Decrease Tolerance by Technology Class	<table border="1"> <thead> <tr> <th>Technology Class</th> <th>Increase Tolerance (%)</th> <th>Decrease Tolerance (%)</th> </tr> </thead> <tbody> <tr> <td>All Except DSUs</td> <td>0</td> <td>0</td> </tr> <tr> <td>DSUs</td> <td>0</td> <td>100</td> </tr> </tbody> </table>			Technology Class	Increase Tolerance (%)	Decrease Tolerance (%)	All Except DSUs	0	0	DSUs	0	100
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Full Administered Scarcity Price and Reserve Scarcity Price Curve	Short Term Reserve (MW)	Administered Scarcity Price (€/MWh)
	Demand Control	25% of VOLL ⁷
	0	25% of VOLL
	500	RO Strike Price
Anticipated values to be applied in determining the Strike Price	Current values to be re-applied.	

⁷ [SEM-23-072 Calculation of Single Value of Lost Load within the Single Electricity Market Information Paper | SEM Committee](#)