



# **SEM Capacity Market Code Modifications Workshop 42 Consultation paper**

**SSE Response**

**May 2025**



## Who we are

At SSE we are driven by our purpose: to provide the energy needed today while building a better world of energy for tomorrow. SSE develops, owns, and operates low-carbon infrastructure to support the transition to net-zero. This includes onshore and offshore wind, hydropower, flexible thermal generation, electricity transmission and distribution networks, alongside providing energy products and services to customers. With current interests across the island of Ireland and Great Britain, in addition to carefully selected international markets, including East Asia, Europe and North America, SSE is both growing its footprint and its range of expertise in our bid to lead the transition to net-zero.

Since entering the Irish energy market in 2008, we have invested significantly, with a total economic contribution of just under €2bn in the last 3 years, supporting over 3,270 jobs in 2023/24. SSE Renewables owns 700MW of onshore wind capacity across the island and operates a total of over 1,000MW, with SSE Thermal owning and operating 672MW of flexible generation capacity to support security of supply.<sup>[1]</sup> SSER is currently developing additional onshore wind capacity in Ireland, as well as offshore wind projects like Arklow Bank Wind Park 2, and an emerging solar and battery pipeline. SSE Renewables has operated a voluntary Community Fund in Ireland since 2008, and SSE Renewables has awarded almost €1 million over the last year to over 268 community groups that neighbour our wind farms here. To date we have invested over €12.3million to community groups across the country.

At SSE, we have a clear focus on electricity infrastructure as the key to unlocking decarbonisation. Our growth helps power and is powered by society's drive to develop a clean, secure and affordable energy system. Recognising the international importance of decarbonising the power sector, SSE aims to achieve net zero across scope 1 and 2 emissions by 2040 at the latest including through investment in low-carbon dispatchable power generation options such as Carbon Capture and Storage, Hydrogen and electricity storage.

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<sup>[1]</sup> SSE's Economic Contribution to the UK, Scotland and the Republic of Ireland, FY24 results (PwC report), May 2024.  
<https://www.sse.com/media/zz3huuie/eia-group-report-fy24.pdf>

## SSE Response

SSE welcomes the opportunity to respond to SEM Capacity Market Code Modifications Workshop 42 Consultation Paper. This is a non-confidential response.

### **CMC\_01\_25 Provision of Information related to Application Rejection under E.7**

This Mod proposes to require the System Operators to provide detailed reasoning as to how they arrived at their decision to reject a qualification application under E.7 of the CMC. It seeks to make available the reasoning used in adjudicating the Qualification Process, in order to achieve greater transparency in the adjudication process.

Currently, the information made available to explain the reasoning for a rejection is limited, so the participant does not know the full reasons for the rejection. This can lead to delays in the qualification process as the participant the Participant does not have a comprehensive explanation to engage in the reconsideration process. This can also lead to unnecessary qualification disputes.

If more detailed and comprehensive reasoning is provided, this would allow the Participant to work to remedy all issues at an earlier stage in the qualification process. This could reduce any delays in the qualification process and increases transparency in the Capacity market which is a Code objective. This mod is also likely to improve outcomes.

SSE agrees with this proposed mod. We note that it can be achieved by providing detailed reasoning and rationale for the rejection in the first instance, and/ or by means of bi-lateral calls where this method is more convenient.

### **CMC\_02\_25 Separate De-rating factor for New vs Existing Capacity**

This Mod proposes to include 'age of unit' as a variable in the calculation of De-rating factors, to reflect the expected performance of units in the Capacity market.

SSE agrees that the calculation of de-rating factors does not currently accurately reflect the expected performance of newer or older units in the Capacity market and needs to be revisited.

We agree with the proposal to modify the DRF process to make it more transparent, practical and implementable. However, we note that the proposed mod to include 'age if unit' does not take other factors into account. Age of a unit does not accurately reflect its plant performance for many reasons, including load factor, investment, refurbishment, plant changes and profile of running. It is not clear how refurbishments would be accounted for in this scenario. Using age as a variable is an over-simplification and an inaccurate way to represent reliability.

SSE proposes that the current methodology to derive DRFs should be reviewed to make them more reflective of unit reliability, more transparent and practical. The methodology should focus on factors such as investment, refurbishment, plant changes which improve reliability. It should ensure that larger units, which often run reliably, do not necessarily have higher deratings. For both new build and existing capacity, the reductions in deratings which have been evident year on year do not appear to reflect actual reliabilities. In addition, for new builds not yet completed,

it has been observed that contracting additional MWs in subsequent auctions is not viable due to reducing deratings year on year, in addition to more punitive deratings at higher capacities. This provides no incentive to deliver higher capacities where technically feasible. Also, historical availability/ reliability is not always an indication of future reliability e.g. where investment, refurbishment has taken place.

We understand that a unit-specific approach would be difficult to achieve, so a different approach could be considered e.g. cohorts of similar units divided into subgroups based on the factors listed above.

SSE notes that the RAs are scrutinising DRFs per technology class ahead of the auction parameters consultation paper for the next auction. We also note that the RAs would consult on any methodological change to DRFs along the parameters consultation paper and we welcome this.