



SEM Capacity Market Code Mods Workshop 43 (Part A) Consultation paper SEM-25-023 5th June 2025

SSE Response

July 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.^[1] 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.

^[1] 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 Mods Workshop 43 (Part A) Consultation Paper SEM-25-023. This is a non-confidential response.

CMC_04_25 Adjustment of CMC Auction qualification criteria to facilitate complex projects within State Aid guidelines

This mod proposes a new timeframe for the purposes of assessing an Application for Qualification for complex projects. Complex projects are New Capacity projects where there is a reasonable likelihood that the delivery of any new Transmission or Distribution system to new gas connection infrastructure will not be achieved by the start of the Capacity year. It seeks to extend the delivery window to the Long Stop Date for the assessment of an application for qualification of complex projects. It also proposes 2 new definitions for that purpose.

SSE supports this proposal. There is a strong incentive in place to deliver on time where possible, with implementation reporting mechanisms in place to ensure that the status of the project is evident at all stages. However, for new projects which require longer lead times to commission due to delays to third party network infrastructure delivery, this extra time out to the Long Stop date is needed to deliver the project.

In the June 2022 EY report on Performance of the SEM Capacity Remuneration Mechanism*, there was reference to the need to ensure that new capacity projects were afforded sufficient lead time for build out. In the case of the T-4 2029/ 30 auction which only has a timeline of 3.5 years, complex generation projects would need additional time afforded by the Long Stop Date to complete their connections, and this should be included in the assessment for qualification.

CMC_05_25 Early Termination of Intermediate Length Contract Capacity ILC

Under the current rules for ILCs, if a Participant is unable to achieve the obligations required in the first year, all remaining years will be terminated. If this transpires during the first year of the ILC, the Participant may have missed the chance to participate in the following Capacity Auctions. This mod would enable a Participant with an ILC to trigger the termination of the second and remaining years of their contract where it considers it won't be able to achieve Substantial Completion. The Participant can then participate in the next T-1 auction.

We note the point raised by the RAs around the potential for a Participant to apply for an ILC Exception application to obtain a higher USPC followed by termination and then reverting to a higher price one year contract. The recently published Guidance Note SEM-25-024 includes key points around rigorous demonstration that there is a genuine need to invest, fully complete data submission with cost quotes, approved financial investment and programme of works plans, enhanced monitoring and detailed implementation plans. SSE also notes the reference to a certificate signed by a Participant Director that 'the application is not for the purposes of, or connected with, Market Manipulation by the Market Participant or any of its associates'.

Given the enhanced requirements for the ILC Exception Application process Application as laid out in the Guidance note, SSE supports this Mod as it allows Participants who are no longer

able to meet the requirements of their ILC contract to continue to provide capacity in subsequent Capacity years.

CMC_06_25 Amendment of ARHL De-rating Factor Definition to exclude Intermediate Length Contracts

This Mod proposes to exclude ILCs from the definition of AHRL Derating Factor total in the glossary of the Capacity Code.

Existing capacity could enter the auction with no AHRL Derating, but as an ILC, it is re-categorised as new capacity so the AHRL derating will apply for an ILC contract. This would decrease the capacity by the amount it is de-rated, so this may significantly reduce capacity revenue. This impacts the incentive for applying for an ILC, even though the unit may be increasing its reliability through the refurbishment ILC.

SSE supports this mod, to ensure there isn't a reduced incentive for an ILC for an existing unit which may wish to improve its reliability. A punitive derating could make a unit commercially unviable and lead to the unintended consequences of creating inefficient exit signals.

CMC_07_25 Maintaining Net Present Value in New Capacity Market Contracts for No Fault Delays

This comprehensive Mod seeks to allow for an NPV adjustment to a Participant's Capacity payment in the event of an approved extension delay. In the event of an extension granted due to a third-party delay, the capacity payments are paid in year 11, in place of year 1. The NPV adjustment would be composed of the latest Best New Entrant WACC and this would be added on to the capacity payment relative to the delay. Discretion would remain with the SEMC to adjudicate on awarding an NPV adjustment.

SSE supports this mod as it achieves the objectives of the CMC and we also support the transparent and objective proposal to use the BNE WACC calculation. In addition, we are supportive of the RAs adjudication of the extension application process to ensure that this proposal will be properly implemented.

We also note that if the capacity auction timeline was a full 4 years instead of 3.5 years, this could reduce the need for extensions and NPV adjustments. In the first instance, it is our view that the remediation that is most optimal is ensuring that generators are afforded the full four years for build out from auction award.

CMC_08_25 Ensuring Robust Transparent and Objective Qualification Criteria in the Capacity Market

This mod seeks to add additional qualification criteria on an enduring basis, to take effect from the next T-4 2029/30 Auction.

We note that this Mod requires the granted planning permission and Connection offer 'to be eligible to apply for provisional qualification', i.e. prior to qualification. This varies from the CRU Direction which directs EirGrid to issue a connection offer to projects after qualification.

This also contradicts the Electricity Connection Policy – Generation and System Services decision paper published in September 2024. This paper outlines that the CRU's issuance of SoS Grid Directions to EirGrid, is anticipated to be phased out and that Grid Directions will not be issued for the purposes of a T-4 2031/2032 auction or beyond.¹ CRU acknowledges that the timelines for achieving the relevant administrative permits for a T-4 2029/2030 or a T-4 2030/2031 auction might be difficult to achieve for projects entering these auctions. Therefore, they state it is expected that from the T-4 2031/2032 auction and onwards, all onshore generators and system service providers will be required to apply through the connection policy process and will be required to receive their Connection Offer or Connection Agreement prior to applying for entry into an auction.¹

We also note the unexpected requirement for evidence of a connection offer or letter of connection from the relevant gas operator.

SSE proposes that these qualification criteria are postponed to next year's T-4 2031/32 Auction, to align with the CRU ECP GSS Decision paper which says that from the T-4 2031/32 auction and onwards, all onshore generators will be required to apply through the connection policy process and will be required to apply through their connection policy process. Also, there is a very tight timeline for this Mod proposal for new qualification criteria for the 2029/30 auction. The mods were presented on 28th May 2025, less than 3 months prior to the start of the 2029/30 Auction process. This gives little time to prepare for these additional requirements. The criteria have implications for Participants and may result in additional challenges to be dealt with in a compressed timeframe before the auction pre-qualification window. In summary, this mod should be aligned with the whole ECP-GSS process to ensure that timelines and payments are in line with Auction qualification.

If the mod is approved, this tight timeline should be accounted for when assessing units for Qualification for this year's Auction. It should also be clarified how a project will be tested against feasibility and how it will be assessed. Although a connection offer is in place, this does not mean that the connection process will be straightforward. It may be challenging to demonstrate a clear pathway to connection with such a short timeline to prepare for this requirement.

Also, the gas connection offer, per the Gas Networks Ireland Connection Policy, should be timed to align with qualification for a Capacity contract. It can take up to 6 months to receive the gas connection offer. The applicant must then accept the Offer within 60 days, and this Offer applies for 6 months. If qualification is not in place after the 6 months, it may become necessary to reapply for another Connection Offer and redo the process. Also, a significant upfront payment must be provided for the connection offer, so this is a very onerous requirement on a developer who may or may not qualify in the Capacity auction.

Hence, there is a need to align the qualification requirements with the ECP GSS and GNI Connection Policies.

¹ [Electricity Connection Policy | CRU.ie](#)

CMC_09_25 Registration and Qualification Auction Timetable Milestones

This mod proposes to transition the method of qualification application from email correspondence to the new Capacity Market Platform, along with the introduction of 2 new related Capacity Auction Timetable milestones.

SSE is broadly supportive of this proposal, notwithstanding the short lead time to the applications. A move towards electronic applications is an improvement on the current system. However, although some participants may have experience of the Capacity Market Platform, we don't yet have sight of the process involved for auction applications. It would be useful to know if User Acceptance testing has/is taking place, with a preference for industry to be involved. Also, will there be training put in place before the auction process begins, and will a backup process be included? As much time as possible should be provided to learn the process and to allow for a participant Company Director to sign-off on this new online platform to which they currently don't have access. Guidelines and Training on the system and process should be made available as soon as possible.

It is also worth mentioning that the decision on this mod will need to be known before the start of the Auction process to allow for industry to prepare for this new method of application.

Clarification is also needed on the registration requirement for new units, to ensure they are registered appropriately ahead of the qualification application.