



## **Single Electricity Market (SEM)**

### **Capacity Remuneration Mechanism T-1 2026/27 Capacity Auction Exception Application and Opt-out Notification Process**

**Briefing Note  
SEM-25-073**

## 1. CONTENTS

1.	Contents .....	2
2.	Introduction .....	3
3.	Exception Application and Opt-Out Notification Process .....	4
3.1	Overview .....	4
3.2	Communication with Applicants.....	4
3.3	Process for Multi-Year Exception Applications .....	5
3.4	Process Timeline .....	8
4.	Treatment of Confidential Information .....	14
5.	Next Steps .....	15

Appendix A – T-1 2026-27 New Capacity Application Template

Appendix B – T-1 2026-27 USPC Application Template

Appendix C – T-1 2026-27 Opt-out Notification Template

Appendix D – T-1 2026-27 Intermediate Length Contract Application Template

Appendix E – T-1 2026-27 Capacity Auction Timetable

## 2. INTRODUCTION

2.1.1 The SEM CRM detailed design and auction process has been developed through a series of consultation and decision papers; these are all available on the SEM Committee's (SEMC) website. These decisions were translated into legal drafting of the market rules via an extensive consultative process leading to the publication of the Trading and Settlement Code (TSC)<sup>1</sup> and the Capacity Market Code (CMC). An updated version of the CMC (13.0)<sup>2</sup> was published on 1 November 2025 and the most recent version of the TSC (31.0) was published on 13 November 2025.

2.1.2 The CMC describes the process which market participants must follow in relation to participation in a CRM auction. This includes detail in relation to the requirement for market participants to apply for Regulatory Authority (RA) approval for opt-out notification determination (section E.3 of the CMC) and certain exception applications (section E.5 of the CMC).

2.1.3 An auction for capacity under the Capacity Remuneration Mechanism (CRM) is planned for 23 July 2026. The auction will procure capacity for Capacity Year 2026/27 (T-1) with delivery of capacity beginning 01 October 2026.

2.1.4 This document sets out the Regulatory Authorities approach to the handling of the Exceptions and Opt-out processes (as described below) for this T-1 auction.

2.1.5 The key processes outlined in this note relate to:

- i. The Exception Application process outlined in section E.5 of the CMC. This is for New Capacity to seek approval for a minimum capacity duration of more than 1 and up to 10 years for their RO, and for all or part of Existing Capacity to be subject to a Unit Specific Price Cap (USPC) in a capacity auction.
- ii. Opt-out Notification applications for which the RAs are required to make a determination. This specifically relates to a capacity provider's unit which will be undertaking a Planned Outage of more than three months or will be Mothballed<sup>3</sup> during the relevant capacity year to which the auction relates. The circumstances in which an Opt-out Notification may be submitted are set out in section E.3 of the CMC. The deadline for applying for an RA opt-out determination is 20 January 2026.
- iii. The Intermediate Length Contract process (SEM-24-035<sup>4</sup>) to allow Existing Capacity and New Capacity investing more than €100,000/MWd (the Intermediate Contract Investment Rate Threshold (ICIRT)) to bid for an Intermediate Length Contract (ILC) of up to five years.

<sup>1</sup> [Trading and Settlement Code v.31](#)

<sup>2</sup> [Capacity Market Code v.13](#)

<sup>3</sup> As per CMC "in relation to a Generator Unit or Interconnector, means that the Generator Unit or Interconnector has been placed on 'care and maintenance' so that, while it has not been permanently Closed, it is not available to generate, consume or transmit electricity and the plant is being managed to ensure that it remains in a safe and stable condition."

<sup>4</sup> [SEM-24-035 Intermediate Length Contract Decision Paper](#)

2.1.6 It should be noted that all other Opt-out Notifications must be submitted to the System Operator by the date specified within the Capacity Auction Timetable.

## 3. EXCEPTION APPLICATION AND OPT-OUT NOTIFICATION PROCESS

### 3.1 Overview

3.1.1 Section E.5 of the Capacity Market Code (CMC) describes the process for market participants applying for RA approval for exception applications. The process and approach for USPC applications shall remain the same as previous auctions.

3.1.2 The CMC in section E.3 describes the concept of market participants applying for RA approval for an opt-out notification with regard to a unit that will be undertaking a planned outage that results in it not being available for more than three months; or a unit that will be mothballed.

3.1.3 A more detailed timeline and communication procedure for the exception application and opt-out notification process is outlined below.

### 3.2 Communication with Applicants

3.2.1 All Participants wishing to apply for RA approval for an exception application or an opt-out notification, or to communicate with the RAs during the process shall (unless otherwise notified) only contact the RAs through the use of the email addresses given below: Submissions must be made to both email addresses below:

- **CRMsubmissions@uregni.gov.uk**
- **CRMsubmissions@cru.ie**

3.2.2 As described in section E.5 in the CMC, an exception application shall contain the information required by the RAs and set out in the templates provided in Appendix A, B and D of this note.

This information and any further information, or clarification in respect of the exception applications are to be provided under the electricity licence condition relating to the provision of information to the Commission (CRU) or the Utility Regulator (UR).

3.2.3 As described in section E.3 in the CMC an opt-out notification submission shall contain the information required by the RAs and set out in the template form given in Appendix C of this note.

- 3.2.4 If an applicant attempts to contact the RAs for the purposes of an exception application or opt-out notification process through another avenue the applicant will be directed to contact the RAs through the above email addresses.
- 3.2.5 The RAs will use the email address given in the participant's submitted template form to acknowledge receipt and for correspondence during the rest of the exception application process. Applicants may include more than one email address in the contact email address field in the template application form.
- 3.2.6 The RAs shall, upon receipt of an exception application or opt-out notification, assign a unique application file number. This will be included in the RAs acknowledgement to the applicant. Participants are required to quote this application file number in all future communication with the RAs in relation to the specific application.
- 3.2.7 If an applicant does not receive a unique application file number following the submission of an exception application, it is the responsibility of the applicant to contact the RAs to ensure safe receipt of their submission.
- 3.2.8 During the exception application process the RAs will, following the issuing of the draft determinations, offer the applicant the opportunity to meet the RAs to discuss the draft determination.

If an applicant does not receive a draft determination, as per the timetable set out in the below tables, it is the responsibility of the applicant to contact the RAs to query this.

- 3.2.9 As part of the Exceptions Application and Opt-out Notification RA determination process the RAs may request a meeting(s) with the applicant.

### 3.3 PROCESS FOR MULTI-YEAR EXCEPTION APPLICATIONS

- 3.3.1 Following the publications of the ILC Briefing note for the T-4 CY2028/29 Capacity Auction (SEM-24-033<sup>5</sup>) and the Briefing Note for the T-4 CY2026/27 Capacity Auction (SEM-22-014<sup>6</sup>) and the notified changes to the Exception Application and Opt-Out Notification process detailed within, these will be applied to the approvals process for Multi-year Exception Application for this T-1 2026/27 Capacity Auction.
  - Where an application is submitted to the RAs and all of the following requirements are fulfilled:
    - The New Capacity Investment Rate Threshold (NCIRT) is surpassed;
    - The Intermediate Length Contract (ILC) criteria and thresholds are met as set out in SEM-24-035<sup>7</sup>

<sup>5</sup> SEM-24-033 T-4 2028/29 Capacity Auction Intermediate Length Contract Exception Application Process

<sup>6</sup> SEM-22-014 CRM Exception Application and Opt-out Notification Process for the T-4 2026/27 Capacity Auction | SEM Committee

<sup>7</sup> SEM-24-035 Intermediate Length Contract Decision Paper

- Any and all requests for further information from the RAs are actioned within the correct timeframes set out by the RAs; and
- The SEM Committee have granted approval.

then the application will be deemed as “Final and Approved”.

The applicant will receive a confirmation letter from the SEM Committee stating they are approved to submit a multi-year RO bid into the T-1 CY2026/27 Capacity Auction, up to the amount stipulated within the Final New Net De-Rated Capacity (MW)<sup>8</sup> as set out in the approved Final Qualification Results (FQRs).

- If an application is submitted to the RAs and is rejected for any reason, this rejection will be deemed “draft”, and the standing previous process will be followed.

This will allow Applicants the opportunity to engage with the RAs ahead of the production of a Final Determination.

3.3.2 As per changes set out within SEM-22-014, all approvals will be worded as such that:

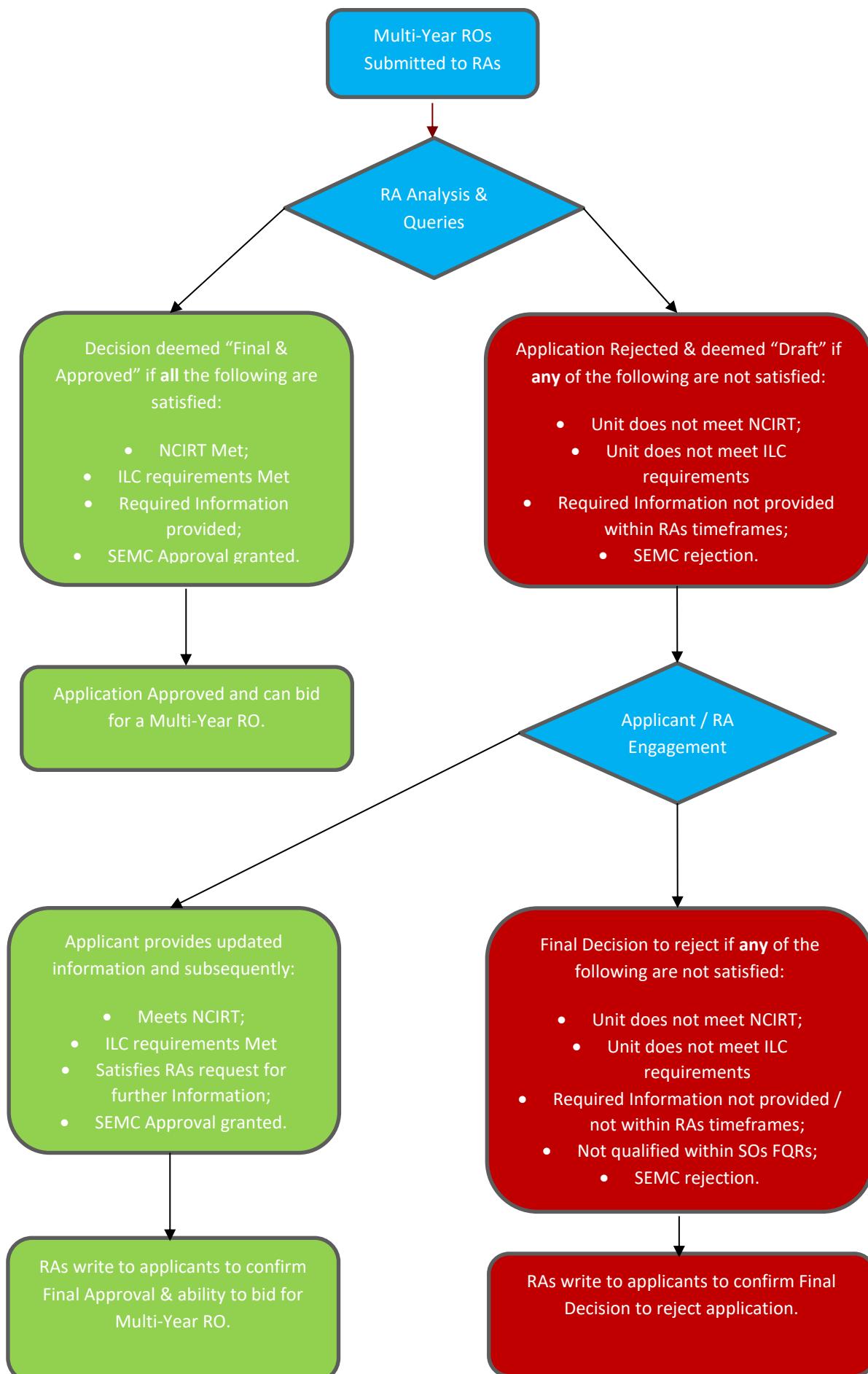
- (a) the amount of capacity that may be bid multi-year is capped at the size of the ultimate FQR for the unit, or a lower value as the SEMC see fit; and
- (b) will reiterate that the ability to bid for a Multi-Year RO is ultimately conditional on the Unit being deemed qualified at the FQR stage.

3.3.3 In this way, at the time the approval is given, there is not a firm value but rather a rule encoded in the decision to give effect to this. This decision does not prejudice qualification.

3.3.4 Should the RAs not have the sufficient information to issue final exception letters, draft exception letters will be issued.

---

<sup>8</sup> Final New Net De-Rated Capacity (MW) is issued later in the auction process.



## 3.4 Process Timeline

3.4.1 The expected timelines for the exception application and opt-out processes for this CRM T-1 auction for Capacity Year 2026/27 are set out below in Tables 1, 2 and 3 respectively.

### Exceptions Applications

3.4.2 Tables 1, 2 and 3 below set out the key dates and deadlines for communications between the applicant and the RAs with regards to Multi-Year RO New Capacity Applications (Table 1), Unit Specific Price Cap (USPC) applications (Table 2) and Intermediate Length Contract (ILC) applications (Table 3). As set out in section E.5 in the CMC, there is a requirement for applicants to provide information requested by the RAs within the specified timeframe, otherwise the participant is deemed to have withdrawn the exception application.

3.4.3 As described in section E.5 in the CMC an exception application shall:

- contain the information required by the RAs. Information request templates are included in Appendix A, B and D of this note; and
- contain a certificate signed on behalf of the participant by a participant director.

3.4.4 In regard to an applicant's USPC/ILCs exception applications, the RAs request that applicants provide sufficient detailed information and calculations to support the submission of cost items within their USPC/ILC application, which should include independent third-party quotes as justification.

3.4.5 Utilisation of the Weighted Average Cost of Capital on Capacity Market CAPEX Returns

The SEM Committee have decided to review the Weighted Average Cost of Capital (WACC) as part of the Best New Entrant calculation. It was decided to utilise the WACC implemented as part of the BNE decision SEM-23-016.

The RAs have updated the risk-free rates in both IE and NI to current market conditions, following the CEPA methodology outlined in the decision above. This results in higher nominal risk-free rates: 2.55% for Ireland and 4.64% for NI. Consequently, when applied to the CEPA Ramboll WACCs they become the (nominal pre-tax) values of 7.62% for IE and 10.49% for NI.

In line with the CEPA methodology, the RAs have updated the risk-free rate as the one-month average of nominal yields of German 10Y government bonds (for IE) and of UK 10Y government bonds (for NI).

Given the values of the nominal pre-tax amounts stated above, as part of the Exceptions Applications process, applicants will see that the pre-tax Real WACCs for all Unavoidable Future Investments and Refurbishment investments are now set going forward as 5.51% in Ireland and 8.32% in Northern Ireland. This will not apply to prior approved UFIs from previous auctions, they will remain at the values approved by SEMC for the auction in question.

## **Opt-Out Application to the RAs**

3.4.6 As described in section E.3.2 of the CMC an opt-out notification submission for RA determination shall:

- contain the information required by the RAs. The information request template is included in Appendix C of this note;
- contain a certificate signed on behalf of the participant by a participant director.

3.4.7 As set out in section E.3 in the CMC, applicants are required to submit their opt-out notification to the System Operators by the opt-out notification date. If applicable (under E.3.1.1 (b) of CMC) applicants must provide a copy of the RAs determination as part of their opt-out notification submission to the System Operators.

3.4.8 As set out in Section E.3.2.1 of the CMC states a Participant is to submit an application to the RAs not later than four weeks prior to the opt-out Notification Date specified in the Capacity Auction Timetable. The opt-out Notification Date specified in the Capacity Auction Timetable is 18 February 2026.

3.4.9 Table 4 below sets out the key dates and deadlines for communications between the applicant and the RAs for the opt-out process. The deadline for applying for an RA opt-out determination is 18 January 2026.

**Table 1: Multi-Year RO Exception application process timeline for T-1 CY2026/27 Capacity Auction**

<b>Date</b>	<b>Description</b>	
05 Feb 26	Initial Auction Information Pack published	
17 Feb 26	Exception Application deadline	
18 Feb 26	RAs notify System Operators of all Exception Applications and will also issue an acknowledgement to all applicants confirming receipt of Application.	
23 Feb 26	Qualification Application deadline	
18 Feb 26 - 08 Mar 26	RAs initial assessment/screening of applications	
09 Mar 26	RAs may send follow up questions to exception application participants	
18 Mar 26	Deadline by which exception application participant(s) respond to RA questions	
02 Apr 26	If applicant does not meet criteria in E.5.1.3 RAs issue draft exception application decision(s) to participant(s) and the steps below will follow	If applicant satisfies criteria in E.5.1.3 – RAs will issue a Final Decision and approve Application for a Multi-Year RO
03 Apr 26	RAs issue draft exception application decision(s) to System Operators	RAs issue Final exception application decision(s) to System Operators
23 Apr 26 – 30 Apr 26	RAs offer meeting with exception application participant(s)	No further Application action required
22 May 26	Deadline by which exception application participant(s) can provide feedback to draft decision	
26 Jun 26	RAs submit final exception application decision(s) to System Operators (ahead of deemed approval deadline in CMC)	
02 Jul 26	Final qualification results announced	
02 Jul 26	Final Auction Information Pack published	
23 Jul 26	T-1 2026/27 Auction date	

**Table 2: USPC Exception application process timeline for T-1 CY2026/27 Capacity Auction**

<b>Date</b>	<b>Description</b>	
05 Feb 26	Initial Auction Information Pack published	
17 Feb 26	Exception Application deadline	
18 Feb 26	RAs notify System Operators of all Exception Applications and will also issue an acknowledgement to all applicants confirming receipt of Application.	
23 Feb 26	Qualification Application deadline	
18 Feb 26 - 08 Mar 26	RAs initial assessment/screening of applications	
09 Mar 26	RAs may send follow up questions to exception application participants	
18 Mar 26	Deadline by which exception application participant(s) respond to RA questions	
02 Apr 26	If applicant does not meet criteria in E.5.1.3 RAs issue draft exception application decision(s) to participant(s) and the steps below will follow	If applicant satisfies criteria in E.5.1.3 – RAs will issue a Final Decision and approve Application for a Multi-Year RO
03 Apr 26	RAs issue draft exception application decision(s) to System Operators	RAs issue Final exception application decision(s) to System Operators
23 Apr 26 – 30 Apr 26	RAs offer meeting with exception application participant(s)	No further Application action required
22 May 26	Deadline by which exception application participant(s) can provide feedback to draft decision	
26 Jun 26	RAs submit final exception application decision(s) to System Operators (ahead of deemed approval deadline in CMC)	
02 Jul 26	Final qualification results announced	
02 Jul 26	Final Auction Information Pack published	
23 Jul 26	T-1 2026/27 Auction date	

**Table 3: Intermediate Length Contract application process timeline for T-1 CY2026/27 Capacity Auction**

<b>Date</b>	<b>Description</b>	
05 Feb 26	Initial Auction Information Pack published	
17 Feb 26	Exception Application deadline	
18 Feb 26	RAs notify System Operators of all Exception Applications and will also issue an acknowledgement to all applicants confirming receipt of Application.	
23 Feb 26	Qualification Application deadline	
18 Feb 26 - 08 Mar 26	RAs initial assessment/screening of applications	
09 Mar 26	RAs may send follow up questions to exception application participants	
18 Mar 26	Deadline by which exception application participant(s) respond to RA questions	
02 Apr 26	If applicant does not meet criteria in E.5.1.3 RAs issue draft exception application decision(s) to participant(s) and the steps below will follow	If applicant satisfies criteria in E.5.1.3 – RAs will issue a Final Decision and approve Application for a Multi-Year RO
03 Apr 26	RAs issue draft exception application decision(s) to System Operators	RAs issue Final exception application decision(s) to System Operators
23 Apr 26 – 30 Apr 26	RAs offer meeting with exception application participant(s)	No further Application action required
22 May 26	Deadline by which exception application participant(s) can provide feedback to draft decision	
26 Jun 26	RAs submit final exception application decision(s) to System Operators (ahead of deemed approval deadline in CMC)	
02 Jul 26	Final qualification results announced	
02 Jul 26	Final Auction Information Pack published	
23 Jul 26	T-1 2026/27 Auction date	

**Table 4: Proposed Opt-Out notification RA determination process timeline for T-1  
CY2026/27 Capacity Auction**

<b>Date</b>	<b>Description</b>
20 Jan 26	Deadline for applying for RA opt-out determination according to the CMC.
21 Jan 26	RAs notify System Operators giving details of opt-out notification submission(s) received and will also issue an acknowledgement to all applicants confirming receipt of Application.
28 Jan 26	If required, RAs send follow up questions/requests for information to opt-out notification applicant(s). Alternatively, RAs may request a meeting.
05 Feb 26	Initial Auction Information Pack published
11 Feb 26	Date by which RAs notify applicant(s) of determination on opt-out notification
11 Feb 26	Date by which RAs notify System Operators of determination on opt-out notification submission(s)
18 Feb 26	Opt-out notification deadline to System Operators for opt-outs under CMC E.3.1.1
22 Apr 26	Provisional Qualification Results announced
02 Jul 26	Final qualification results announced
02 Jul 26	Final Auction Information Pack published
23 Jul 26	T-1 2026/27 Auction date

## 4. TREATMENT OF CONFIDENTIAL INFORMATION

4.1.1 The RAs will put in place procedures to protect confidential information generated by the processes outlined in this note. All reasonable precautions will be taken by both RAs to ensure that:

- any confidential information generated by the process, is kept confidential.
- confidential information is provided only to those persons to whom it is deemed necessary for the conduct and management of the process.
- confidential information is clearly labelled and securely stored.

4.1.2 Dissemination of applicant's data within the RAs will be limited, with access to storage of physical and electronic copies being protected.

4.1.3 Any persons required to assess/review sensitive information will be notified that they are being provided with confidential data (e.g. the SEM Committee members), as above this data will be clearly labelled as such.

4.1.4 It is the applicant's responsibility to clearly mark as confidential any information that it considers confidential.

## 5. NEXT STEPS

- 5.1.1 The System Operators will publish an Initial Auction Information Pack on 05 February 2026, at the start of the Qualification window. The Initial Auction Information Pack will set out a range of information (set out in section D.3 of CMC) that will help market participants to submit their qualification information, and to decide whether to submit an exception application.
- 5.1.2 The RA opt-out deadline is 20 January 2026.
- 5.1.3 The exception application deadline is 17 February 2026.
- 5.1.4 The qualification deadline is 23 February 2026.
- 5.1.5 As set out in section E.3 in the CMC, applicants are required to submit their opt-out notification to the System Operators no later than the opt-out notification deadline of 18 February 2026.
- 5.1.6 If applicable (under E.3.1.1 (b) of CMC) applicants must provide a copy of the RAs determination as part of their opt-out notification submission to the System Operators. The deadline for applying for RA approval for opt-out determination is 20 January 2026.
- 5.1.7 As set out in section 3.2 above, please note the following:

All participants wishing to apply for RA approval for an exception application and/or opt-out notification must submit applications to both Regulatory Authorities via email to both email addresses listed below:

[CRMs submissions@uregni.gov.uk](mailto:CRMs submissions@uregni.gov.uk)  
[CRMs submissions@cru.ie](mailto:CRMs submissions@cru.ie)