



**Single Electricity Market
(SEM)**

**Capacity Remuneration Mechanism
T-1 2026/2027 Capacity Auction Parameters
Decision Paper**

**Decision Paper
SEM-26-002**

19 January 2026

1. EXECUTIVE SUMMARY

On 08 December 2025, the SEM Committee consulted on the parameters for the 2026/27 T-1 Capacity Auction¹. The closing date for responses was 08 January 2026, and this paper describes the SEM Committee's decision for the relevant parameters to apply in the 2026/2027 T-1 capacity auction, scheduled to take place on 23 July 2026.

This is a supplementary auction to the T-4 2026/2027 auction held on 23 March 2023. This auction procured 7204 MW of de-rated capacity.

No responses were received to the Parameters Consultation Paper, and the SEM Committee has therefore decided to implement all parameter values as set out in the consultation paper.

¹ [SEM-25-068 T-1 202627 Parameters Consultation.pdf](#)

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3. SUMMARY OF PROPOSALS IN THE CONSULTATION PAPER

On 08 December 2025, the SEM Committee consulted on the parameters for the 2026/27 T-1 Capacity Auction. This paper describes the SEM Committee's decision for the relevant parameters to apply in the 2026/27 T-1 Capacity Auction, scheduled to take place on 23 July 2026. As there were no responses received the SEM Committee will implement the parameters as published in the Consultation Paper. These are summarised in section 4.

4. SEM COMMITTEE PARAMETERS DECISION

The following parameters will apply for the 2026/27 T-1 Capacity Auction:

D.3.1.3 ref	Parameter	Proposed Value for 2026/27 T-1 capacity auction
a	De-Rating Curves, defining De-Rating Factors by unit Initial Capacity and by Technology Class (including Interconnectors)	To be determined by System Operators (SOs) prior to publication of Initial Auction Information Pack.
b	Capacity Requirement	To be determined by SOs prior to publication of Initial Auction Information Pack (IAIP).
c	Indicative Demand Curve	The Demand Curve will be based on the following principles: <ul style="list-style-type: none">• horizontal at the Auction Price Cap between 0MW and 100% of the Net Auction Requirement (after deduction of Previously Awarded Capacity);• vertical at 100% of the Net Auction Requirement (after the deduction of Previously Awarded Capacity) between the Auction Price Cap and Net CONE;• and thereafter, a straight-line slope with a zero-crossing point at 100% of the Net Auction Requirement (after deduction of Previously Awarded Capacity) plus 15% of the initial Capacity Requirement.
d	Auction Price Cap (APC)	€160,545 / MWd / year.

D.3.1.3 ref	Parameter	Proposed Value for 2026/27 T-1 capacity auction		
e	Existing Capacity Price Cap (ECPC)	€53,515 / MWd / year.		
f	New Capacity Investment Rate Threshold (NCIRT)	€300,000 /de-rated MW / year.		
g	Annual Stop Loss Limit Factor	1.5		
h	Billing Period Stop Loss Factor	0.5		
i	Indicative Annual Capacity Exchange Rate	To be determined by SOs prior to publication of Initial Auction Information Pack.		
j	Increase Tolerance and Decrease Tolerance by Technology Class	Technology Class	Increase Tolerance (%)	Decrease Tolerance (%)
		All Except DSUs	0	0
		DSUs	0	100
k	Performance Security Posting Dates / Events	Date/ Event		Performance Security Rate (€/MW)
		From 13 months to beginning of Capacity Year		30,000
		From beginning of Capacity Year		40,000
l	Termination Charges	Date/ Event		Termination Charge Rate (€/MW)
		From 13 months to beginning of Capacity Year		30,000
		From beginning of Capacity Year		40,000
m	Full Administered Scarcity Price and Reserve Scarcity Price Curve	Short Term Reserve (MW)	Administered Scarcity Price (€/MWh)	
		Demand Control	25% of VOLL Max	

D.3.1.3 ref	Parameter	Proposed Value for 2026/27 T-1 capacity auction	
		0	25% of VOLL Max
		LSI	RO Strike Price
n	Anticipated values to be applied in determining the Strike Price	Current inputs to be re-applied.	
o	Capacity Aggregation Threshold	10 MW	
p	Early Delivery Incentive Start Date for New Capacity	01 September 2026	
-	Intermediate Contract Investment Rate Threshold	€100,000 /de-rated MW / year.	
-	Performance Security/Termination Rate for Existing Capacity seeking an Intermediate Length Contract	Termination and Performance Security rates do not apply in respect of refurbishing Existing Capacity	

These parameters will be included within the Initial Auction Information Pack (IAIP) for the 2026/2027 T-1 Capacity Auction, to be published on 05 February 2026.