



Information Note – CRM Development Programme

SEM-26-007

02 March 2026

The SEM Committee (SEMC) is issuing this Information Note to inform capacity market participants and interested parties of the commencement of a significant programme of work to develop the next phase of the Single Electricity Market (SEM) Capacity Remuneration Mechanism (CRM). This work is being undertaken in advance of the expiry of the current State aid approval in May 2028. The CRM Development Programme will involve a strategic review of the existing CRM and the development of a proposed future design (“CRM 2.0”).

This note provides an overview of the background to the project, the scope of the work underway, and the key milestones expected in 2026 and 2027.

Background to the CRM Development Project

The current SEM CRM was designed between 2015 and 2017 and has been in place since market go-live in October 2018. It was approved by the European Commission for a ten-year period, expiring in May 2028. Since the original design was developed, the SEM has experienced considerable change on both the supply and demand sides of the electricity system as well as in the associated policy and legislative landscape.

Electricity demand has grown significantly, with new technology loads such as data centres now accounting for a substantial share of demand growth. At the same time, renewable energy ambitions have expanded considerably, with Ireland and Northern Ireland both adopting 80% renewable electricity targets in the near term. The technology mix has also evolved rapidly as battery storage, hybrid generation, and other flexible technologies have gained commercial prominence, while peat and coal-fired generation have now exited the system. Forecasts from the International Energy Agency (IEA) indicate that conventional generation capacity factors are expected to decline as renewable penetration increases across Ireland over the coming decade.¹ These trends may have implications for the commercial viabilities of new and existing generation, and will be considered in the context of maintaining security of supply in this review.

Alongside this, the EU policy framework has changed substantially. The Clean Energy Package, the 2024 Electricity Market Reform, and updated State aid

¹ International Energy Agency (2025) ‘Powering Ireland’s Energy Future.’

frameworks (CEEAG and the CISAF) have introduced new requirements for adequacy assessment, CRM design and approval, and the treatment of flexibility. Under the arrangements governing the operation of the SEM, these EU rules continue to apply in Northern Ireland for the purposes of the all-island market. Coordinated State aid applications from both jurisdictions will therefore again be required.

Taken together, these developments mean that the CRM must be reassessed in light of the system it will operate in over the coming decade, and that any revised mechanism must be aligned with and remain sufficiently flexible to align with the latest EU requirements. The upcoming expiry of the current approval provides a natural point at which to undertake this strategic review.

Programme Scope

The CRM Development Programme will include a strategic review of the current CRM in order to incorporate design changes that provide a robust, futureproofed framework that supports security of supply, cost efficiency, decarbonisation and compliance with legal and State aid requirements. Stakeholder engagement through a dedicated workshop will form an important input into the review.

This review will consider how well the current mechanism performs relative to the future needs of the electricity system, identify any gaps or issues within the existing arrangements, and assess where changes may be required to ensure compliance with EU law and State aid guidelines. Analysis will draw on adequacy assessment forecasts and will consider the role of flexibility, evolving technology characteristics, and the long-term decarbonisation trajectory of the system.

The outputs of the review will inform design proposals for CRM 2.0 which will form the basis of a public consultation. The SEM Committee is intending to publish this consultation in July 2026.

Following industry feedback, due consideration will be given to any changes that will be incorporated into the next State aid application. Changes that emerge from this and other recent CRM policy consultations, namely SEM-25-070 relating to decarbonisation measures in the CRM, SEM-25-071 relating to explicit cross-border

participation and SEM-26-001, which included a proposal to move to T-5 auctions in the longer term, will also be considered in the drafting of the application.

Where possible, considering feasibility, selected measures will be included in the next State aid application and implemented immediately following approval. Others may need to be implemented shortly after approval due to issues such as system or IT considerations. A further set of changes may be identified for consideration over a longer timeframe, potentially requiring a future State aid (re-notification).

Stakeholder Engagement

The SEM Committee is committed to ensuring stakeholder engagement will form an important part of this work. A programme of engagement with industry is planned throughout 2026, including an initial workshop during the review stage (March 2026), and a full public consultation on the proposed CRM 2.0 design. Additional consultation(s) and/or industry workshop(s) may be scheduled as required. Further details regarding the March industry workshop will be provided shortly.

The SEM Committee and RAs will also continue regular engagement with the TSOs, with Government officials in both jurisdictions and in the European Commission.

Next Steps

The next major milestones include completion of the internal review by June 2026, followed by the opening of a public consultation, targeted for July 2026. The SEMC intends to reach decisions on the CRM 2.0 design before the end of 2026, to facilitate the submission of State aid applications in the first half of 2027. Considering this timeline, it may not be possible to progress all recommended changes through this State aid application and future (re)notifications may be pursued.

Subject to the European Commission's State aid approval, work will progress on the implementation of the revised mechanism in advance of the expiry of the current approval in May 2028.