



SINGLE ELECTRICITY MARKET COMMITTEE

Low Carbon Inertia Services (LCIS) Procurement

Phase 2

Decision Paper

SEM-26-011

06 March 2026

EXECUTIVE SUMMARY

Following the completion of the Low Carbon Inertia Services (LCIS), Phase 1 procurement process, the Transmission System Operators (TSOs) have launched the LCIS Phase 2 procurement. The TSOs published the ‘Low Carbon Inertia Service Procurement – Phase 2 Consultation paper on the requirements, contractual and procurement arrangements’¹ in July 2025. The TSOs’ Consultation paper focused on the proposed service requirements, contractual arrangements, and procurement approach for Phase 2. In LCIS Phase 2, the TSOs propose to procure a target volume of 14,000 MVA.s (with a maximum of 18,000 MVA.s), split between an EirGrid target of 10,000 MVA.s (maximum 12,000 MVA.s) and a SONI target of 4,000 MVA.s (maximum 6,000 MVA.s). The TSOs have now concluded the consultation on the proposed approach for LCIS Phase 2. Based on feedback to the Consultation, the TSOs submitted a ‘Low Carbon Inertia Service Procurement – Phase 2 Recommendations Paper on the requirements, contractual and procurement arrangements’ (Annex 1 – the TSOs’ Recommendations Paper), to the SEM Committee (SEMC).

The SEMC has reviewed the consultation responses, the TSOs’ Recommendations Paper and engaged extensively with the TSOs to ensure comprehensive consideration of all the issues raised in the development of this decision. Based on this review, the SEMC has decided to approve the TSOs’ Recommendations Paper. Table 1 below, taken from the TSOs’ Recommendations Paper, provides an overview of the recommendations proposed by the TSOs and highlights whether the recommendations differ to the TSOs’ proposals, per the Consultation paper. The final column of the table highlights whether the SEMC endorses the TSOs’ recommendations. As can be seen from the table below the SEMC supports each of the TSOs’ recommendations. The SEMC’s decisions should be read in conjunction with the TSOs’ Recommendations Paper and associated LCIS Agreement and LCIS Protocol documents.

Category	TSOs’ Recommendations	Change from TSOs’ Consultation Proposal	SEMC Approval? Y/N
Volume	EirGrid 10,000 MVA.s (Max 12,000) SONI 4,000 MVA.s (Max 6,000)	No changes	Y
Future Needs	Additional procurement phases may be required	No changes	Y
Locational Zones	No incentivised zones or zonal requirements other than the jurisdictional requirements.	No changes	Y

¹ [LCIS Phase 2 - Consultation Paper on Requirements, Contractual and Procurement arrangements \(1\).pdf](#)

	Participation will not be permitted in certain substations.		
Services	LCIS comprises Synchronous Inertia, Reactive Power support and Short-Circuit contribution. Grid Forming technology will not meet the procurement eligibility requirements, however, the TSOs will consider the integration of this technology as part of the broader Grid Forming Strategy.	No changes to service definition. Note that a report on the TSOs' Grid Forming Strategy has been published in February 2026 and a webinar is to take place on 10 March 2026.	Y
Inertia Capability Contracted	No lower than 900 MVA.s and no higher than 4,000 MVA.s at the Connection Point.	No changes	Y
Connection Requirement	Must connect directly to the transmission system or share a connection to the transmission system at 110 kV or above. For Synchronous Condensers, the Scheduling and Dispatch Programme (SDP_06) will outline details on registration, Technical Offer Data (TOD), availability declarations, and the treatment of energy consumed.	Further clarity has been provided relating to obligations, availability, penalties, and registration requirements.	Y
Maximum Inertia	2,000 MVA.s at 110 kV and 4,000 MVA.s at 220 kV and above. Note that the 4,000 MVA.s limit will also apply to any station with multiple voltage levels (e.g. a 220/110 kV, 275/110 kV, 400/110 kV and 400/220 kV stations will have a total limit of 4,000 MVA.s). These limits include the inertia contributions from any LCIS devices connected to that station via 'tail-fed' transmission stations and any LCIS devices at that station already contracted in LCIS Phase 1. Due to the contracts awarded in LCIS Phase 1, the following limits will apply to the additional Phase 2 volumes allowable at the following substations:	Further clarity has been provided.	Y

	<ol style="list-style-type: none"> 1. Wexford 110 kV: Max 1,037 MVA.s 2. Knockranny 110 kV: Max 0 MVA.s 3. Srananagh 220/110 kV: Max 2,000 MVA.s 4. Kilpaddoge 220/110 kV: Max 2,000 MVA.s 5. Coolkeeragh 275 kV/110 kV and Coleraine 110 kV substations have been excluded from SONI's procurement scope, as outlined in Section 4.2 of the Recommendations Paper. 		
Maximum Transformer Rating Limits	<p>The transformer rating limits for the different voltage levels are as follows:</p> <ul style="list-style-type: none"> • 100 MVA max at 110 kV; • 250 MVA max at 220 kV; • 300 MVA max at 275 kV; • 400 MVA max at 400 kV. <p>These limits apply per transformer but do not apply to transformers that are already energised.</p>	MVA rating increased from 260 MVA to 300 MVA at 275 kV to maintain a consistent ratio with other voltage levels. Limit not applicable to transformers already energised.	Y
Minimum Technical Requirements	<p>Unlike LCIS Phase 1, requirements on minimum reactive power and short circuit contribution will be removed from the procurement requirements although these capabilities will continue to be incentivised through application of scalars. LCIS units will still need to meet minimum Grid Code standards.</p>	No changes	Y
Commencement and Duration of Agreement	<p>The Target Go-Live date will be 48 months after the Effective Date of each LCIS Agreement, and no earlier than 1 Oct 2026. The Contract Duration will be 8 years from the Target Go-Live date.</p>	No changes	Y
Performance Security	<p>€2,500 / £2,100 per MVA.s of the Providing Unit's Contracted Maximum Available Volume.</p>	No changes	Y

Payment	Payment will be based on availability, with a target availability of at least 97%. Product and Performance Scalars will apply, but there will be no Locational Scalar.	No changes	Y
Performance Scalar	The first tolerance band for the Consumption Performance Scalar will be extended from <5% to <20%. There will be no further changes to the: <ul style="list-style-type: none"> • Availability, Synchronisation Dispatch and Consumption Performance Scalars; • Trip Charge. 	The TSOs confirm that the Consumption Performance Scalar is intended to operate as a static scalar. However, the TSOs reserve the right to review and update this scalar based on further monitoring and additional testing. No further changes.	Y
Product Scalar	The Product Scalar will be the product of the Short Circuit Contribution Scalar and the Reactive Power Scalar. The Reactive Power Scalar will be the product of the leading and lagging Reactive Power Scalars. There will be no Inertia Constant Product Scalar. There will be no minimum requirement for Short Circuit Contribution or Reactive Power in this tender, notwithstanding Grid Code obligations that will apply to successful units. The Short Circuit Contribution Scalar and the leading and lagging Reactive Power Scalars will be calculated by reference to the capability of a specified "Reference Unit" at the connection point. The reactive power capabilities will need to be provided across the full voltage ranges while the Short-Circuit will be assessed according to IEC standard.	No changes	Y
Procurement Strategy	EirGrid will implement a Qualification System which will offer flexibility to address future uncertainties and evolving system needs. Any	No changes	Y

	procurement rounds beyond LCIS Phase 2 would remain subject to Regulatory approval. SONI will use a standard two-stage negotiated procedure, as used in LCIS Phase 1.		
EirGrid Qualification Process	In Ireland, applications for qualification may be submitted at any time after the Qualification System is established, with qualification evaluations completed within two months. To participate in the LCIS Phase 2 Tender, applications must be submitted within four weeks of the Qualification System establishment. For potential future Tenders, EirGrid will inform stakeholders of the Tender timeline and the final date for qualification submissions.	No changes	Y
SONI Qualification Process	Applicants will need to submit their application by the Prequalification Questionnaire (PQQ) closing date.	No changes	Y
Qualification Criteria	To qualify for the ability to submit an LCIS tender in Ireland or Northern Ireland, candidates will need to meet a set of pass/fail criteria. These criteria will include a minimum financial turnover in one of the last 3 financial years and demonstration of previous experience through the delivery of 2 major projects connecting to an Electricity Transmission System in the last 7 years or currently owns and operates transmission level electrical infrastructure.	The definition of “Previous Experience”, “Major Project” and “Significant Role” have been clarified.	Y
Tender – Planning, Property and Access Rights Criteria (EirGrid Procurement only)	For the EirGrid procurement, by the date of tender submission, tenderers must have: <ul style="list-style-type: none"> Final grant of planning permission for the proposed facility with the period for taking an appeal having expired. 	Further detail on what may constitute unacceptable conditions have been specified	Y

	<ul style="list-style-type: none"> All necessary property and access rights to construct and operate the proposed LCIS units on the proposed site in place. 		
Tender – Planning, Property and Access Rights Criteria (SONI Procurement only)	<p>For the SONI procurement, by the date of tender submission, tenderers must have:</p> <ul style="list-style-type: none"> Full planning permission for the proposed facility with the period for taking an appeal having expired. All necessary property and access rights to construct and operate the proposed LCIS units on the proposed site in place 	No changes. However, the SONI procurement timeline has been revised in Section 6.1.2 of Recommendations Paper to allow additional time for this criterion to be met. Tender is now planned for January 2027.	Y
Tender – Grid Connection Criteria (SONI Procurement only)	Tenderer must have an accepted offer and a detailed programme developed with a Final Energisation Date no later than 48 months after the tender closing date. The expiry date of the validity of this connection offer must fall beyond this 48-month period.	No changes. However, the SONI procurement timeline has been revised in Section 6.1.2 of Recommendations Paper to allow additional time for this criterion to be met. Tender is now planned for January 2027.	Y
Tender – Price Cap and Scalar Adjusted Offer Price	Offer prices must not exceed the Price Cap when adjusted by the applicable scalars. The Price Cap will be €1.81/MVA.s or £1.54/MVA.s per hour.	No changes	Y
Tender – Offer Price and Cost	<p>The Tenderer shall submit a single Offer Price per unit of inertia per hour (MVA.s/h). Multiple bids will not be accepted. A pay-as-bid approach will apply.</p> <p>The cost to be used for the evaluation will be based on the Offer Price plus the estimated cost of imported energy, expressed in €/MVA.s or £/MVA.s per hour.</p>	No changes	Y

	The imbalance price to be used for the purpose of factoring the cost of imported energy into the tender evaluation is €119.90/MWh in Ireland and £101.60/MWh in Northern Ireland.		
Shortlisting, Grid Connection Assessment and BAFO (EirGrid Procurement only)	The tender process will adopt a two-step approach. In the first step, all bidders will submit an initial offer price in €/MVA.s/h. In the second step, the highest-ranked bidders will be shortlisted and provided with a detailed Grid Connection Assessment, which includes the Target Energisation Date. Based on this assessment, shortlisted bidders will be invited to submit a Best and Final Offer (BAFO) incorporating a discount (€/MVA.s/h) which will apply to their initial offer. Any discount submitted as a BAFO will determine the final offer used for ranking and selecting preferred bidders.	EirGrid has clarified how the Best and Final Offer (BAFO) process will operate.	Y
Preferred Bidders and Contract Award Process	Preferred bidders must sign the LCIS Agreement and achieve all conditions precedent to contract execution within 30 business days of notification of preferred bidder status.	Extended the timeline from 20 to 30 business days for signing the Agreement	Y
Pre-Tender Engagement (EirGrid only)	Pre-tender meetings will provide guidance on the feasibility of proposed connection methods, compliance with connection policies, and the potential exclusion of substations from the LCIS Phase 2 tender. To ensure fairness and transparency, the TSO will standardise the information shared across all participants. Written feedback will be provided to participants following each meeting. EirGrid contacted industry separately in December 2025 via info@eirgrid.com , and these	Timeline in Section 6.1.1 of Recommendations Paper has been adjusted. Recommendation's wording adapted to clarify that standardise information will be shared across all participants.	Y

	meetings are expected to take place shortly after the SEMC Decision on these arrangements.		
Excluded Substations	In order to reduce the potential for LCIS tenderers to seek connection at substations at which connection is deemed infeasible, in advance of the LCIS Phase 2 Longstop Date (anticipated as Q4 2031), EirGrid will identify a list of excluded substations from the tender process. A list of excluded substations for the SONI procurement is contained in Appendix 1, in line with the TSOs' recommendations.	The anticipated Longstop Date has been pushed from Q3 to Q4 2031 to reflect updated timeline in Section 6.1.1 of Recommendations Paper.	Y
Grid Connection Assessment (EirGrid only)	The main purpose of the Grid Connection Assessment is to develop an indicative connection programme that will be used to determine the Target Energisation Date to be set in the LCIS Agreement at Contract Execution stage if the tender is successful.	No changes	Y
Grid Connection Offer (EirGrid only)	In Ireland, successful LCIS Phase 2 tenderers who do not already have a grid connection offer, and who have signed an LCIS Agreement, will be entitled to receive a connection offer outside of the ECP process by direction from CRU.	No changes	Y

Table 1: Summary of Recommendations and SEMC Decisions

Phase 1 – Lessons Learned

As stated above, the SEMC approves the TSOs' Recommendations Paper (Annex 1). The decisions detailed in Table 1 largely follow the same approach as was developed for the LCIS Phase 1 procurement. Nevertheless, some considerable differences have been proposed by the TSOs to help ensure those providers successful under the procurement can deliver their projects, in a timely manner. The key changes to the procurement process, relative to LCIS Phase 1, are detailed in the tables on the next page:

EirGrid Procurement

EirGrid	LCIS Phase 1	LCIS Phase 2
Pre-Tender Meetings	Provide guidance on connection likelihood - No written feedback	Provide guidance on connection likelihood - Structured and written feedback
Exclusion of Stations	None	Substations unlikely to meet LCIS Phase 2 timeline excluded at an early stage
Tender Criteria	Planning permission required	Final grant of planning permission with no appeal or judicial review outstanding
Tender Process	Standard Tender process	Two-step process: 1. Initial offer 2. Best and Final Offer based on Target Energisation Date from Grid Connection Assessment
Performance Security at Contract Execution	Low (€500/MVA.s)	Higher (€2,500/MVA.s)
Grid Connection Offer Process	Outside ECP Target Energisation Dates determined after Connection Offer process.	Outside ECP Target Energisation Date determined during Grid Connection Assessment ahead of Best and Final Offer

Table 2: EirGrid Procurement Changes from Phase 1

SONI Procurement

SONI	LCIS Phase 1	LCIS Phase 2
Tender Criteria	Planning permission required	Full planning permission with no appeal or judicial review outstanding Grid Connection Offer accepted with a detailed programme developed with a Final Energisation Date no later than 48 months after the tender closing date.
Performance Security at Contract Execution	Low (£420/MVA.s)	Higher (£2,100/MVA.s)

Table 3: SONI Procurement Changes from Phase 1

The SEMC is cognisant of the importance of ensuring the delivery of these projects in as timely a manner as possible and welcomes the above improvements to the procurement process.

As a summary, the key changes between Phase 1 and Phase 2 are highlighted below:

- Target procurement volume increased to 14,000 MVA.s (versus 10,000 in Phase 1)
- Maximum size contracted per unit of 4,000 MVA.s at 220 kV or above (versus 2,000 in Phase 1) to allow participation of a wider range of synchronous technologies
- Increase Performance Bond to €2,500/MVA.s (was €500 in Phase 1)
- Extend contract duration to 8 years² (6 years in Phase 1)
- Extend Target Go-Live Date from 42 to 48 months, in line with connection timelines
- Full planning permission and landowner consent required at Tender stage (and connection offer in NI)
- No zonal requirements (except, exclusion of Magherakeel, Drumquin and Garvagh in NI and all substations listed in Appendix 1). Locational scalar removed
- Inertia constant – no minimum or maximum requirement (up to 20s in Phase 1)
- Consumption Performance Scalar (penalise if the actual energy consumption is above the contracted energy consumption) → tolerance increase from 5% to 20% to consider metering inaccuracies

Key areas that will remain the same, for Phase 2, include the following:

- Two separate procurements for ROI and NI
- Procurement of synchronous inertia, with incentivisation of short-circuit and reactive power capability
- At 110 kV or above (controlled by TSO)
- Payment based on availability
- Pass/Fail criteria and ranking based on cost
- Approach to determine the price cap
- 12 month long stop date

As stated above, the SEMC approves the TSOs' Recommendations Paper (Annex 1). This SEMC Decision Paper should be read in conjunction with the TSOs' Recommendations Paper and accompanying LCIS Agreement and LCIS Protocol documents. Following the publication of this Decision Paper the TSOs will commence the qualification process for LCIS, as well as the Request for Proposal (RfP) stage of the procurement process, with the aim of awarding LCIS contracts in January 2027 by EirGrid and May 2027 by SONI.

² 12 years assuming unit goes live on the contract effective date (48 months + 8 years).

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1 INTRODUCTION

In the System Services Future Arrangements Decision Paper (SEM-21-021), the SEMC requested that the TSOs carry out an evaluation and bring forward proposals for a fixed term procurement of Low Carbon Inertia Services (LCIS). The aim of the procurement was to reach renewable targets and enable a greater amount of renewable generation onto the system, through procuring services, traditionally provided by thermal units, such as inertia, from low carbon sources. Following the SEMC Decision, the TSOs conducted a consultation on the procurement of LCIS and based on responses to this consultation, submitted a Recommendations Paper to the RAs on LCIS procurement. The SEMC published a Decision Paper (SEM-23-002) on the procurement of LCIS, based on the consultation, consultation responses and the TSOs' recommendation. SEM-23-002 decided LCIS would be procured through a phased approach, with a targeted volume of 10,000 MVA.s, in Phase 1, to meet LCIS requirements for 2026.

The decision outlined a targeted volume of 4,000 MVA.s, in Northern Ireland and 6,000 MVA.s, in Ireland, in Phase 1. Three zones were defined and incentivised via locational scalars, although procurement and tendering outside these zones was also possible. The TSOs then conducted a second consultation, focused on the contractual arrangements for LCIS and submitted a Recommendations Paper to the SEMC. This led to approval of the TSOs' recommendations, the LCIS Agreement principles, and the LCIS Protocol document in SEMC Decision SEM-23-064. This Decision defined the tendering process, contract duration and payment information, and technical requirements for LCIS. The LCIS Phase 1 procurement successfully contracted 10,963 MVA.s in total, with 6,963 MVA.s in Ireland and 4,000 in Northern Ireland. Six contracts were executed, four in Ireland and two in Northern Ireland.

Following the completion of the Phase 1 procurement process, the TSOs launched the Phase 2 procurement with the publication of a consultation paper in July 2025³, focusing on the proposed service requirements, contractual arrangements, and procurement approach. In Phase 2, the TSOs propose to procure a target volume of 14,000 MVA.s (with a maximum of 18,000 MVA.s), split between an EirGrid target of 10,000 MVA.s (maximum 12,000 MVA.s) and a SONI target of 4,000 MVA.s (maximum 6,000 MVA.s).

The SEMC has reviewed the consultation responses and the TSOs' Recommendations Paper (Annex 1), following which the SEMC has decided to approve the TSOs' Recommendations. This SEMC Decision Paper should be read in conjunction with the TSOs' Recommendations Paper (Annex 1) and associated LCIS Agreement and LCIS Protocol documents.

³ [LCIS Phase 2 - Consultation Paper on Requirements, Contractual and Procurement arrangements \(1\).pdf](#)

2 Overview of TSOs' Recommendations

The TSOs' Recommendations Paper (Annex 1) sets out the TSOs' recommendations, on each of the questions, asked under the Consultation for LCIS Procurement - Phase 2. The table below, taken from the TSOs' Recommendations Paper, provides an overview of the recommendations proposed by the TSOs and highlights whether the recommendations differ to the TSOs' proposals, per the Consultation paper. The final column of the table highlights whether the SEMC endorses the TSOs' recommendations. As can be seen from the table below (also included in the executive summary), the SEMC supports each of the TSOs' recommendations, with some discussion of the SEMC's reasoning provided, in subsequent paragraphs, where further TSO feedback was required.

Category	TSOs' Recommendations	Change from TSOs' Consultation Proposal	SEMC Approval? Y/N
Volume	EirGrid 10,000 MVA.s (Max 12,000) SONI 4,000 MVA.s (Max 6,000)	No changes	Y
Future Needs	Additional procurement phases may be required	No changes	Y
Locational Zones	No incentivised zones or zonal requirements other than the jurisdictional requirements. Participation will not be permitted in certain substations.	No changes	Y
Services	LCIS comprises Synchronous Inertia, Reactive Power support and Short-Circuit contribution. Grid Forming technology will not meet the procurement eligibility requirements, however, the TSOs will consider the integration of this technology as part of the broader Grid Forming Strategy.	No changes to service definition. Note that a report on our Grid Forming Strategy has been published in February 2026 and a webinar will be held on 10 March 2026.	Y
Inertia Capability Contracted	No lower than 900 MVA.s and no higher than 4,000 MVA.s at the Connection Point.	No changes	Y
Connection Requirement	Must connect directly to the transmission system or share a connection to the transmission system at 110 kV or above. For Synchronous Condensers, the Scheduling and Dispatch Programme (SDP_06) will outline details on	Further clarity has been provided relating to obligations, availability, penalties, and registration requirements.	Y

	registration, Technical Offer Data (TOD), availability declarations, and the treatment of energy consumed.		
Maximum Inertia	<p>2,000 MVA.s at 110 kV and 4,000 MVA.s at 220 kV and above. Note that the 4,000 MVA.s limit will also apply to any station with multiple voltage levels (e.g. a 220/110 kV, 275/110 kV, 400/110 kV and 400/220 kV stations will have a total limit of 4,000 MVA.s). These limits include the inertia contributions from any LCIS devices connected to that station via 'tail-fed' transmission stations and any LCIS devices at that station already contracted in LCIS Phase 1. Due to the contracts awarded in LCIS Phase 1, the following limits will apply to the additional Phase 2 volumes allowable at the following substations:</p> <ol style="list-style-type: none"> 2. Wexford 110 kV: Max 1037 MVA.s 3. Knockranny 110 kV: Max 0 MVA.s 4. Srananagh 220/110 kV: Max 2,000 MVA.s 5. Kilpaddoge 220/110 kV: Max 2,000 MVA.s 6. Coolkeeragh 275kV/110 kV and Coleraine 110 kV substations have been excluded from SONI's procurement scope, as outlined in Section 4.2 of the Recommendations Paper. 	Further clarity has been provided.	Y
Maximum Transformer Rating Limits	<p>The transformer rating limits for the different voltage levels are as follows:</p> <ul style="list-style-type: none"> • 100 MVA max at 110 kV; • 250 MVA max at 220 kV; • 300 MVA max at 275 kV; • 400 MVA max at 400 kV. 	MVA rating increased from 260 MVA to 300 MVA at 275 kV to maintain a consistent ratio with other voltage levels. Limit not applicable to transformers already energised.	Y

	These limits apply per transformer but do not apply to transformers that are already energised.		
Minimum Technical Requirements	Unlike LCIS Phase 1, requirements on minimum reactive power and short circuit contribution will be removed from the procurement requirements although these capabilities will continue to be incentivised through application of scalars. LCIS units will still need to meet minimum Grid Code standards.	No changes	Y
Commencement and Duration of Agreement	The Target Go-Live date will be 48 months after the Effective Date of each LCIS Agreement, and no earlier than 1 Oct 2026. The Contract Duration will be 8 years from the Target Go-Live date.	No changes	Y
Performance Security	€2,500 / £2,100 per MVA.s of the Providing Unit's Contracted Maximum Available Volume.	No changes	Y
Payment	Payment will be based on availability, with a target availability of at least 97%. Product and Performance Scalars will apply, but there will be no Locational Scalar.	No changes	Y
Performance Scalar	The first tolerance band for the Consumption Performance Scalar will be extended from <5% to <20%. There will be no further changes to the: <ul style="list-style-type: none"> • Availability, Synchronisation Dispatch and Consumption Performance Scalars; • Trip Charge. 	The TSOs confirm that the Consumption Performance Scalar is intended to operate as a static scalar. However, the TSOs reserve the right to review and update this scalar based on further monitoring and additional testing. No further changes.	Y
Product Scalar	The Product Scalar will be the product of the Short Circuit Contribution Scalar and the Reactive Power Scalar. The Reactive Power Scalar will be the product of the leading and lagging Reactive Power Scalars.	No changes	Y

	<p>There will be no Inertia Constant Product Scalar.</p> <p>There will be no minimum requirement for Short Circuit Contribution or Reactive Power in this tender, notwithstanding Grid Code obligations that will apply to successful units.</p> <p>The Short Circuit Contribution Scalar and the leading and lagging Reactive Power Scalars will be calculated by reference to the capability of a specified "Reference Unit" at the connection point. The reactive power capabilities will need to be provided across the full voltage ranges while the Short-Circuit will be assessed according to IEC standard.</p>		
Procurement Strategy	<p>EirGrid will implement a Qualification System which will offer flexibility to address future uncertainties and evolving system needs. Any procurement rounds beyond LCIS Phase 2 would remain subject to Regulatory approval.</p> <p>SONI will use a standard two-stage negotiated procedure, as used in LCIS Phase 1.</p>	No changes	Y
EirGrid Qualification Process	<p>In Ireland, applications for qualification may be submitted at any time after the Qualification System is established, with qualification evaluations completed within two months.</p> <p>To participate in the LCIS Phase 2 Tender, applications must be submitted within four weeks of the Qualification System establishment.</p> <p>For potential future Tenders, EirGrid will inform stakeholders of the Tender timeline and the final date for qualification submissions.</p>	No changes	Y
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Tender – Planning, Property and Access Rights Criteria (EirGrid Procurement only)	For the EirGrid procurement, by the date of tender submission, tenderers must have: <ul style="list-style-type: none"> • Final grant of planning permission for the proposed facility with the period for taking an appeal having expired. • All necessary property and access rights to construct and operate the proposed LCIS units on the proposed site in place. 	Further detail on what may constitute unacceptable conditions have been specified	Y
Tender – Planning, Property and Access Rights Criteria (SONI Procurement only)	For the SONI procurement, by the date of tender submission, tenderers must have: <ul style="list-style-type: none"> • Full planning permission for the proposed facility with the period for taking an appeal having expired. • All necessary property and access rights to construct and operate the proposed LCIS units on the proposed site in place 	No changes. However, the SONI procurement timeline has been revised in Section 6.1.2 of Recommendations Paper to allow additional time for this criterion to be met. Tender is now planned for January 2027.	Y
Tender – Grid Connection Criteria (SONI Procurement)	Tenderer must have an accepted offer and a detailed programme developed with a Final Energisation Date no later than 48 months after the tender closing date. The expiry date of the	No changes. However, the SONI procurement timeline has been revised in Section 6.1.2 of Recommendations	Y

only)	validity of this connection offer must fall beyond this 48 month period.	Paper to allow additional time for this criterion to be met. Tender is now planned for January 2027.	
Tender – Price Cap and Scalar Adjusted Offer Price	Offer prices must not exceed the Price Cap when adjusted by the applicable scalars. The Price Cap will be €1.81/MVA.s or £1.54/MVA.s per hour.	No changes	Y
Tender – Offer Price and Cost	<p>The Tenderer shall submit a single Offer Price per unit of inertia per hour (MVA.s/h). Multiple bids will not be accepted. A pay-as-bid approach will apply.</p> <p>The cost to be used for the evaluation will be based on the Offer Price plus the estimated cost of imported energy, expressed in €/MVA.s or £/MVA.s per hour.</p> <p>The imbalance price to be used for the purpose of factoring the cost of imported energy into the tender evaluation is €119.9/MWh in Ireland and £101.6/MWh in Northern Ireland.</p>	No changes	Y
Shortlisting, Grid Connection Assessment and BAFO (EirGrid Procurement only)	The tender process will adopt a two-step approach. In the first step, all bidders will submit an initial offer price in €/MVA.s/h. In the second step, the highest-ranked bidders will be shortlisted and provided with a detailed Grid Connection Assessment, which includes the Target Energisation Date. Based on this assessment, shortlisted bidders will be invited to submit a Best and Final Offer (BAFO) incorporating a discount (€/MVA.s/h) which will apply to their initial offer. Any discount submitted as a BAFO will determine the final offer used for ranking and selecting preferred bidders.	EirGrid has clarified how the Best and Final Offer (BAFO) process will operate.	Y

Preferred Bidders and Contract Award Process	Preferred bidders must sign the LCIS Agreement and achieve all conditions precedent to contract execution within 30 business days of notification of preferred bidder status.	Extended the timeline from 20 to 30 business days for signing the Agreement	Y
Pre-Tender Engagement (EirGrid only)	Pre-tender meetings will provide guidance on the feasibility of proposed connection methods, compliance with connection policies, and the potential exclusion of substations from the LCIS Phase 2 tender. To ensure fairness and transparency, the TSO will standardise the information shared across all participants. Written feedback will be provided to participants following each meeting. EirGrid contacted industry separately in December 2025 via info@eirgrid.com , and these meetings are expected to take place shortly after the SEMC Decision on these arrangements.	Timeline in Section 6.1.1 of Recommendations Paper has been adjusted. Recommendation's wording adapted to clarify that standardise information will be shared across all participants.	Y
Excluded Substations	In order to reduce the potential for LCIS tenderers to seek connection at substations at which connection is deemed infeasible in advance of the LCIS Phase 2 Longstop Date (anticipated as Q4 2031), EirGrid will identify a list of excluded substations from the tender process. A list of excluded substations for the SONI procurement is contained in Appendix 1, in line with the TSOs' recommendations.	The anticipated Longstop Date has been pushed from Q3 to Q4 2031 to reflect updated timeline in Section 6.1.1 of Recommendations Paper.	Y
Grid Connection Assessment (EirGrid only)	The main purpose of the Grid Connection Assessment is to develop an indicative connection programme that will be used to determine the Target Energisation Date to be set in the LCIS Agreement at Contract Execution stage if the tender is successful.	No changes	Y

Grid Connection Offer (EirGrid only)	In Ireland, successful LCIS Phase 2 tenderers who do not already have a grid connection offer, and who have signed an LCIS Agreement, will be entitled to receive a connection offer outside of the ECP process by direction from CRU.	No changes	Y
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Table 4: Summary of Recommendations and SEMC Decisions (Repeat of Table 1)

2.1 Improvements from Phase 1 Procurement

An advantage of splitting the LCIS procurement into phases is that procurement processes can be refined and any lessons learned incorporated into subsequent procurement phases. The enhancements made for LCIS Phase 2 aim to improve upon the LCIS Phase 1 procurement process and ensure delivery of projects as efficiently as possible. The key improvements made in Phase 2, relative to Phase 1, are highlighted in the tables below.

2.1.1 EirGrid Procurement – Improvements from Phase 1

EirGrid	LCIS Phase 1	LCIS Phase 2
Pre-Tender meetings	Provide guidance on connection likelihood - No written feedback	Provide guidance on connection likelihood - Structured and written feedback
Exclusion of Stations	None	Substations unlikely to meet LCIS Phase 2 timeline excluded at an early stage
Tender Criteria	Planning permission required	Final grant of planning permission with no appeal or judicial review outstanding
Tender Process	Standard Tender process	Two-step process: <ul style="list-style-type: none"> 2. Initial offer 3. Best and Final Offer based on Target Energisation Date from Grid Connection Assessment
Performance Security at Contract Execution	Low (€500/MVA.s)	Higher (€2,500/MVA.s)
Grid Connection Offer Process	Outside ECP Target Energisation Dates determined after	Outside ECP Target Energisation Date determined during Grid Connection Assessment ahead of bidding

Table 5: EirGrid Procurement Changes from Phase 1 (Repeat of Table 2)

EirGrid outlined the key improvements for Phase 2, as follows:

1. Written Feedback in Pre-Tender Meetings

Developers now receive structured written feedback, improving transparency and reducing uncertainty.

2. Exclusion of Substations with Timeline Risks

Substations unlikely to meet Phase 2 timelines will be excluded early.

3. Stricter Tender Criteria

Requiring final planning permission, with no outstanding appeals or judicial reviews, eliminates the risk of awarding contracts to projects under appeal, which caused delays in EirGrid Procurement Phase 1.

4. Two-Step Tender Process with Target Energisation Date

The introduction of a Best and Final Offer stage, informed by a Grid Connection Assessment, provides bidders with more certainty on energisation timelines and contract duration.

5. Higher Performance Security

The increase in performance security to €2,500/MVA.s reinforces developer commitment and reflects the enhanced certainty provided, under Phase 2. By committing to a defined Target Energisation Date, the risk of delays related to contract duration or energisation timelines, is significantly reduced.

6. Grid Connection Offer Process

With the early exclusion of substations, that cannot meet Phase 2 timelines and the added certainty of a Target Energisation Date, successful projects are expected to be more straightforward. This streamlined approach should enable EirGrid to accelerate the Grid Connection Offer process, with offers anticipated to be issued within 90 business days from connection application.

2.1.2 SONI Procurement – Improvements from Phase 1

Note that for SONI’s Procurement, the connection assessment process described above for EirGrid is not applicable. Instead, SONI is requiring an accepted connection offer and a detailed programme developed with a Final Energisation Date no later than 48 months after the tender closing date. The performance security requirement has also been increased for the SONI procurement, in line with EirGrid’s uplift. The table below outlines the key differences between LCIS Phase 1 and Phase 2:

SONI	LCIS Phase 1	LCIS Phase 2
Tender Criteria	Planning permission required	Full planning permission with no appeal or judicial review outstanding Grid Connection Offer accepted with a detailed programme developed with a Final Energisation Date no later than 48 months after the tender closing date.
Performance Security at Contract Execution	Low (£420/MVA.s)	Higher (£2,100/MVA.s)

Table 6: SONI Procurement Changes from Phase 1 (Repeat of Table 3)

Ensuring timely delivery, of the successful LCIS projects, is key to helping us achieve our carbon reduction targets and for that reason the SEMC welcomes the proposed amendments for Phase 2, as detailed above. The SEM Committee is aware of the concerns around the proposed timelines being realistic, within NI's planning system and welcomes the TSOs review of the same. Based on the TSOs' review, the TSOs have recommended an adjustment to the timeline, with the tender now scheduled to take place in January 2027. However, SONI reserves the right to bring the tender stage forward if all qualified developers can meet the grid connection requirements sooner, including securing final grant of planning at an early stage. SONI have confirmed that all qualified participants will be notified of any updates to the tender timeline.

2.1.3 Phase 1 vs. Phase 2 - Summary Comparison

As a summary, the key changes between Phase 1 and Phase 2 are highlighted below:

- Target procurement volume increased to 14,000 MVA.s (versus 10,000 in Phase 1).
- Maximum size contracted per unit of 4,000 MVA.s at 220 kV (versus 2,000 in Phase 1) to allow participation of a wider range of synchronous technologies.
- Increase Performance Bond to €2,500/MVA.s (was €500 in Phase 1).
- Extend contract duration to 8 years⁴ (6 years in Phase 1).
- Extend Target Go-Live Date from 42 to 48 months, in line with connection timelines
- Full planning permission and landowner consent required at Tender stage (and connection offer in NI).
- No zonal requirements (except, exclusion of Magherakeel, Drumquin and Garvagh in NI and all substations listed in Annex 1). Locational scalar removed.
- Inertia constant – no minimum or maximum requirement (up to 20s in Phase 1).

⁴ 12 years contract possible assuming unit goes live on the contract execution date (48 months + 8 years).

- Consumption Performance Scalar (penalise if the actual energy consumption is above the contracted energy consumption) → tolerance increase from 5% to 20% to consider metering inaccuracies.

Key areas that will remain the same, for LCIS Phase 2, include the following:

- Two separate procurements for Ireland and NI.
- Procurement of synchronous inertia, with incentivisation of short-circuit and reactive power capability.
- At 110 kV or above (controlled by TSO).
- Payment based on availability.
- Pass/Fail criteria and ranking based on cost.
- Approach to determine the price cap.
- 12 month long stop date.

2.1.4 Engagement with the TAO

In relation to the SEMC's request, for the involvement of the TAO at the connection assessment stage, the TSOs advised that '*EirGrid only engages with ESB Networks after a Connection Agreement has been executed, and an Infrastructure Agreement is in place*'. The TSOs further asserted, that the new connections assessment process, outlined above, will help to minimise the risk of non-delivery or delay of projects.

The SEMC decided to split the procurement of LCIS into phases, in order to enable learnings from initial phases to be incorporated at later stages. Given the improvements identified above and the explanation provided, for not explicitly including the TAO at these connection assessment meetings, the SEMC endorses the TSOs' recommendations, in relation to the above areas.

3 Key Themes and SEMC Commentary

3.1 System Needs and Service Providers Requirements

3.1.1 Volume to Procure

The SEMC welcomes the work done by the TSOs, under LCIS Phase 2. The SEMC notes the broad support, from industry, for the TSOs' ambition to secure 14,000 MVA.s, in the SEM (10,000 MVA.s in Ireland and 4,000 MVA.s in Northern Ireland). The SEMC observes that the TSOs consider the volume procured in Phase 2, along with the volumes procured in Phase 1, would be sufficient to enable deliverance of the 2030 targets, of operating the system at 95% SNSP, with 3 or less MUON. The TSOs' proposal for the volume requirement is based on system studies for 2028, which some respondents pointed out did not consider the evolving needs of the system. In their response, the TSOs note the misalignment of timeframes but remain confident that the procurement volumes proposed are sufficient to deliver 2030 targets.

The TSOs have advised that the increase in volume requirements, relative to the Phase 1 procurement, has been driven by:

- **'Data centre issues** - *data centres have issues with Fault Ride Through (FRT) capability and disconnect their load when the voltage goes below 0.8 p.u⁵. following a fault, which requires additional inertia to maintain the RoCoF, within limit. With 700-800 MW of Data Centre load today (amount considered in the studies) and over 2,000 MW contracted by 2030, depending on the extent to which data centres have the capability to ride through faults, significantly more inertia may be required in the future. For this reason, the TSOs believe that the risk of over procuring is low. An additional procurement phase may also be required to mitigate these issues. Therefore, procuring 14,000 (max 18,000) in Phase 2 is considered as a no regrets decision by the TSOs.*
- **Delay of the N-S tie-line** - *without the second North-South tie-line, additional inertia needs to be procured in Northern Ireland in case of system separation between IE/NI.'*

The SEMC supports the TSOs' proposal in terms of the increase in the volume requirement and their commitment to carry out further procurements, subject to regulatory approval, to deliver 2035 goals of 100% SNSP with zero MUON.

⁵ Per unit volts = volts/base volts where base = 1. A per unit system is the expression of system quantities as fractions of a defined base unit quantity.

3.1.2 Locational Aspects and Restrictions

Respondents generally supported the removal of incentivised zones. However, one respondent suggested that the TSOs should consider incentivising areas like Dublin, where there are existing voltage issues. The TSOs, in their response, comment that system studies did not identify any need for specific incentivised zone.

The TSOs have advised that there are no incentivised zones within Phase 2. The Regulatory Authorities questioned the TSOs on the Dublin voltage issue and whether it could help to be resolved, via the use of LCIS.

The TSOs responded as follows: *'The focus of the LCIS Phase 2 studies was to identify the minimum system inertia required to securely operate the system at high levels of SNSP, with respect to frequency, RoCoF and adequate system strength. These were system impact studies focusing on the system phenomena and less on the local issues. Local issues such as voltage and reactive power are affected by both local reinforcements and the specifics of the operational scenarios studied. These studies take a long-term view (e.g. 100% SNSP, 0 MUON) and have considered major network reinforcements, including Kildare-Meath grid reinforcement, two new HVDC interconnectors (Greenlink and Celtic), a 2nd North-South tie-line and 3 new STATCOMs. Several study sensitivities (e.g. no new North-South tie-line included) have been carried out in terms of local issues and these did not indicate additional reactive power/voltage scarcities in the Dublin area. However, as set out above, the focus of this analysis was not on the reactive power requirements of the system and, in addition, not all system conditions were considered.'*

In addition to this, the TSOs advised that *'other system capabilities and planned grid reinforcements may address the Dublin voltage constraint in the future and that LCIS is also not necessarily the most suitable technology for this local issue, particularly given the high short-circuit contribution levels in the Dublin area, which could be further increased by LCIS-type technologies.'*

Furthermore, the TSOs also asserted that putting in place minimum zonal requirement can lead to higher prices being accepted, to fulfil requirements.

For these reasons, the SEMC approves the TSOs' recommendation to not have zonal requirements in Phase 2 of the LCIS auction, over and above the jurisdictional targets.

The SEMC note the concerns raised by respondents, regarding the early lack of clarity on substation eligibility in Ireland. The SEMC is satisfied with the TSOs' proposal to offer pre-tender meetings and issue standardised written feedback (e.g., bay availability, control-room space), with the final list of excluded substations set out in tender documentation.

3.1.3 Services to Procure

The TSOs recommend that the service definition of LCIS units includes provision of Synchronous Inertia, Reactive Power support and Short-Circuit contribution. Most respondents agree with the proposed LCIS definition and support the TSOs' proposal to focus Phase 2 procurement on synchronous inertia, to avoid any delays in the delivery of low carbon inertia. One of the respondents queried the necessity of explicitly including reactive power and short-circuit capability, given Grid Code baselines and asked that additional capabilities beyond baseline requirements be recognised.

The SEMC note the TSOs' response, that although the services are covered by Grid Code standards, the aim to include these services in the definition is to replace the full suite of capabilities traditionally provided by conventional units. The SEMC appreciates that this would be essential in relaxation of the Minimum Conventional Units Online (MUON) Constraints.

3.1.4 Inertia Capability to be Contracted

The proposed range of 900 – 4,000 MVA.s, per connection point, was broadly supported, with stakeholders recognising economies of scale and potential cost efficiencies. Some cautioned that larger individual units may reduce geographic diversity or increase delivery risk. The TSOs noted that while the Phase 1 limits were set to achieve diversity, the Phase 2 procurement is mainly aimed at securing higher volumes of inertia (14,000 MVA.s with a potential maximum of 18,000 MVA.s), to support the transition to lower MUON levels.

The SEMC agrees with some of the risks identified above but is keen to ensure as many providers as possible can compete in the auction and agrees with the TSOs' aim to secure higher volumes of inertia. Furthermore, the enhanced procurement process, outlined in Tables 2 and 3 should help to reduce the risk of non-delivery of the successful projects.

3.2 Contractual Arrangements

3.2.1 Commencement and Duration of Agreement

All respondents welcomed the TSOs' proposal to extend the Target Go-live date from 42 to 48 months, reflecting the supply chain challenges of delivering large scale projects. While the SEMC is keen to ensure these LCIS are on the system, as soon as possible, the SEMC is cognisant of these challenges and agrees with the proposal to afford providers more time, prior to Go-live.

In terms of the TSOs' recommendation, to extend the contract duration from 6 to 8 years, the SEMC is in support of this extension. Given the useful economic life of the devices, the SEMC is mindful of the argument, made by some providers, that the contract duration should be extended beyond 8 years. This would provide greater certainty for investors and for the SEMC, in terms of access to LCIS for a longer period of time, at an agree price. Based on these factors the SEMC was keen to increase the contract length, beyond 8 years, however, the TSOs expressed concerns that if LCIS Phase 2 contracts were substantially longer than Phase 1, LCIS Phase 1 contract holders may have felt they were disadvantaged as early movers. Also, the TSOs have advised that if a provider can reach go-live, before their target go-live date, then they will be eligible for payment from this date to the end date of the contract, which is defined as 8 years after the target go-live date. Providers can receive payments from the contract execution date and can benefit from a contract length of up to 12 years, if the project is live at the contract execution date. On this basis, the SEM Committee endorses the TSOs' proposal, to increase the contract duration to 8 years, from the target go-live date.

The SEM Committee is aware of the concerns, in relation to market arrangements beyond the contractual timelines and this will be covered in the consultation on non-reserves, to be covered under the Future Arrangements for System Services workstream.

3.2.2 Performance Security, Milestones and Target Energisation Date

In their Consultation Paper the TSOs proposed to increase the performance security requirement from €500 (£442) per MVA.s to €2,500 (£2,100) per MVA.s, of the providing units contracted maximum available volume. Given the importance of ensuring delivery of these projects, to help achieve carbon reduction targets, the SEM Committee is in support of this recommendation.

3.3 Procurement Arrangements

This section discusses the TSOs' recommendations, in relation to the procurement arrangements, for LCIS Phase 2. While the procurement is All-Island and the TSOs are aligned in the key principles and design features of the procurement process, there are separate procurement processes in place, to take account of jurisdictional differences, such as the connection process in each jurisdiction.

2.1.5 EirGrid Procurement

The TSOs recommended the following for the EirGrid procurement:

1. Qualification System publication

- EirGrid will implement a Qualification System which will offer flexibility to address future uncertainties and evolving system needs. Any procurement rounds beyond LCIS Phase 2 would remain subject to Regulatory approval.

2. Qualification Phase

- To participate in the LCIS Phase 2 Tender, applications must be submitted no later than 30 days after the Qualification System is published.
- To qualify candidates will need to meet a set of pass/fail criteria, including a minimum financial turnover and demonstration of previous experience.

3. Pre-Tender Engagement with developers

- EirGrid will offer pre-Tender meetings to potential tenderers to provide guidance on the likelihood of connection, expected timelines, compliance with connection policies, and whether a substation is likely to be excluded from the LCIS Phase 2 tender.
- The TSO will ensure that this information is standardised across all participants to maintain fairness and transparency.

4. Tender

- Participation will not be permitted in certain substations at which connection is deemed infeasible in advance of the LCIS Phase 2 Longstop Date.
- The full list of substations where connection of LCIS units will be excluded from the competition will not be provided until the Tender, but guidance will be provided via pre-tender engagement.
- Tenderers will be subject to pass/fail criteria and ranked based on cost.

5. Shortlisted tenders, Grid Connection Assessment and Best and Final Offer

1. Following the evaluation of the Tender, EirGrid will shortlist a certain number of tenders who will receive a notification of 'downselection'
- Shortlisted tenders will then be provided with a more detailed Grid Connection Assessment.
 - The purpose of the Grid Connection Assessment will be to determine an indicative connection programme that will be used to determine the Target Energisation Date.
 - Shortlisted tenderers will be invited to submit a Best and Final Offer, in order to reflect the outcome of the Grid Connection Assessment.

6. Notification of Preferred Bidders and Contract Award Process

- EirGrid will update the ranking with the BAFO and issue the notification of 'preferred bidders' status.
- Preferred bidders will have 30 business days to sign their contract and achieve all conditions precedent to contract execution.

7. Grid Connection Arrangements

- Successful tenderers who do not already have a grid connection offer, and who have signed an LCIS Agreement, will be entitled to receive a connection offer outside of the ECP process by direction from CRU.

Some respondents provided feedback suggesting that earlier publication of excluded substations, in the EirGrid procurement, would ensure a more efficient procurement process and reduce unnecessary time and resources, for providers. The SEMC questioned the TSOs on this point and whether a list of excluded substations could be included, as is the case with the SONI procurement. The TSOs outlined that they considered this option but advised *'there were too many moving parts, including ongoing grid connection assessments and the ECP processes running in parallel, making it difficult to take a view at an early stage on the list of substations'*. EirGrid are holding meetings with potential providers at the earliest opportunity, to circumvent the risks associated with this approach and the SEMC is satisfied with this approach.

The SEMC questioned the use of Best and Final Offer, under the EirGrid procurement, with concerns being raised that units could purposely bid low and then later increase their bids. The TSOs have confirmed that Best and Final Offers cannot be higher than original bids, with the aim of the Best and Final Offers being to enable providers to give a more accurate bid based on a more detailed grid assessment. The SEMC is satisfied with this approach.

2.1.6 SONI Procurement Process

The TSOs recommend retaining the proposed approach and principles for the SONI Procurement, as follows:

1. Standard Procurement Procedure

- SONI will use a standard two-stage negotiated procedure, as used in LCIS Phase 1.

2. Pre-Qualification Questionnaire

- To qualify candidates will need to meet a set of pass/fail criteria, including a minimum financial turnover and demonstration of previous experience.

3. Tender

- Participation will not be permitted in certain substations.
- Tenderers will be subject to pass/fail criteria and ranked based on cost

- An accepted connection offer and a detailed programme developed with a Final Energisation Date⁶ no later than 48 months after the tender closing date is required. The expiry of this connection offer must be beyond this 48-month period. SONI encourages prospective tenderers to engage early to discuss with the connections team the feasibility of meeting this criterion and to better understand potential grid connection options and planning/consents requirements.
- The start of the Tender process has been rescheduled to January 2027, allowing additional time for developers to meet the grid connection criteria outlined in Section 6.6 of the TSOs' Recommendations Paper.

4. Notification of Preferred Bidders and Contract Award Process

- SONI will evaluate the tenders and issue the notification of preferred bidder status.
- Preferred bidders will have 30 business days to sign their contract and achieve all conditions precedent to contract execution.

The SEMC questioned the decision not to implement a Qualification System for SONI, similar to EirGrid's, which would offer flexibility to address future uncertainties and evolving system needs. The TSOs advised that there was potentially a greater need for further LCIS in Ireland, versus Northern Ireland, given the amount of data centres and the associated fault ride through issues this is causing in Ireland.

The SEMC endorses the TSOs' Recommendations, in respect of the procurement arrangements, as detailed in the TSOs' Recommendations Paper (Annex 1).

2.1.7 Tender Criteria – Planning and Consents

EirGrid's Recommendation:

Planning and Consents Criteria: By the date of tender submission, tenderers must have:

- Final grant of planning permission for the proposed facility, with the period for taking an appeal having expired without such an appeal being taken or alternatively with any or all appeals withdrawn or dismissed, and with the period for making an application for leave to apply for judicial review or the period for making an application to commence judicial review having expired without such an application being made or alternatively with any or all judicial reviews withdrawn or dismissed or otherwise finally concluded with no question in proceedings over the validity of the final grant of planning permission, and without any condition(s) which restrict the development, commissioning or operation of the Providing Unit (or part thereof) such that the

⁶ The Final Energisation Date corresponds to the expected Energisation Date. Note that this date is not firmed and can move as the project evolves.

Service Provider would, or would reasonably likely to, be prevented or limited in delivering and/or performing the Services in accordance with the EirGrid Agreement;

- All necessary property and access rights to construct and operate the proposed LCIS units on the proposed site in place.

SONI's Recommendation:

Planning and Consents Criteria: By the date of tender submission, tenderers must have:

- Full planning permission for the proposed facility with the period for taking an appeal having expired without such an appeal being taken or alternatively with any or all appeals withdrawn or dismissed, and with the period for making an application for leave to apply for judicial review or the period for making an application to commence judicial review having expired without such an application being made or alternatively with any or all judicial reviews withdrawn or dismissed or otherwise finally concluded with no question in proceedings over the validity of the full planning permission, and without any conditions deemed unacceptable at the TSO's sole discretion.
- All necessary property and access rights to construct and operate the proposed LCIS units on the proposed site in place.

The SEMC is conscious of the need, to minimise the risk of non-delivery to the LCIS projects and therefore endorses the above proposals.

2.1.8 Price Cap

The SEMC Decision Paper on the procurement of LCIS SEM-23-002 required that '*when developing the contractual arrangements, the TSOs will develop proposals for bid caps on providers' potential bids.*' The SEMC requested a price cap to protect consumers, particularly in a situation where insufficient competitive levels, on the island, may lead to uneconomic bid prices being accepted. For LCIS, Phase 2, Afry Management Consulting have used the same methodology developed for Phase 1, with updated analysis. The recommended price cap, based on a simple average of the Long Run Marginal Cost (LRMC) of the best new entrant technology⁷ and the implied value of the LCIS 2 procurement, is €1.81/MVA.s per hour, for the EirGrid Procurement and £1.54/MVA.s per hour, for the SONI Procurement. The calculated Scalar Adjusted Offer Price must be less than or equal to this price cap. The recommended energy price, based on an average of historical imbalance settlement prices in the SEM, is €119.90/MWh or £101.60/MWh⁸.

⁷ A synchronous condenser (with a flywheel)

⁸ Assuming a real GBP/EUR exchange rate of 1.18.

Following discussions with the TSOs and the potential level of competition, highlighted in the market competitiveness review, the SEMC has decided to approve the proposed price cap of €1.81/MVA.s per hour, in Ireland and £1.54/MVA.s per hour, in Northern Ireland. While the SEMC does not endorse the approach of assuming recovery of the full capital investment, within a 8-year period, the market competitiveness review indicates the potential for sufficient levels of competition, to help ensure the price cap acts as a high-level ceiling, to protect consumers, rather than a target for bidders, in the auction process. The SEMC is keenly aware of the need for LCIS on the island and consequently wants to avoid the situation where the price cap may be set too rigidly, and act as a deterrent to investment.

3.4 Further SEMC Queries

3.4.1 Market Power

Given the length of the LCIS contracts, relative to the useful economic life of the assets in question, and the high ownership concentration, post LCIS Phase 1, in some areas, the SEMC are concerned that a market power situation may arise, once the LCIS contracts come to an end. On this basis, the SEMC asked the TSOs if they were considering introducing a clause in the contracts/tender documents in relation to market power e.g. a percentage limit on the amount of the relevant services that one provider can own. The TSOs advised that they are not intending to include a clause to limit the number of contracts awarded to one provider.

The SEMC are continuing to consider options regarding market power. No further market power measures will be implemented at the time of publication of this paper. However, the SEMC reserves the right to implement additional market power mitigation measures in the future, as required in the LCIS market.

3.4.2 EirGrid Procurement

The SEMC requested further information on the TSOs' plan to maintain a list of providers that would be pre-approved for any future EirGrid procurement. The TSOs advised that as outlined in the LCIS Phase 2 Consultation Paper/Recommendations Paper, EirGrid intends to establish a Qualification System. Under this system:

- Companies will be required to demonstrate criteria such as previous experience and minimum financial turnover to become qualified.
- Once qualified, companies will remain eligible for future procurement phases, subject to any updates to qualification requirements.

Application Process

- Applications for inclusion in the Qualification System may be submitted at any time after its publication.
- EirGrid will evaluate each application and communicate the outcome within two (2) months of receiving a completed application.

Deadlines

- For participation in the LCIS Phase 2 Tender, applications must be submitted within 30 days of the Qualification System being published.
- For future tenders, EirGrid will issue a notification specifying the final date for qualification applications to ensure eligibility.

The SEMC agrees with this proposal and as stated previously questioned whether it could be used in the SONI procurement. The TSOs advised that they envisaged the need for greater amounts of inertia being predominantly driven by the Fault Ride Through issue, which given the location of data centres, on the island, is more of an issue for EirGrid, than SONI.

3.4.3 Market Competitiveness Review

Prior to submission of the TSOs' Recommendations Paper, the RAs requested that the TSOs undertake a market competitiveness review, into the potential LCIS market. This required the TSOs to gather information on the potential projects that could enter the LCIS tender process, based on a review of planning applications and/or grid connection applications. The TSOs were asked to consider the ownership structure of these providers, and the feasibility of the projects being able to participate in the tender, in terms of planning and connection timelines and points.

The TSOs provided us with a market competitiveness review, conducted by Afry Management Consulting, based on:

- Planning applications for synchronous condensers in each county council area;
- Grid connection applications (in Northern Ireland); and
- Engagements between SONI and potential developers in Northern Ireland.

The review indicated the potential for reasonable levels of competition in each jurisdiction. This assessment provided the SEMC with some comfort that the price cap should act as a technical cap rather than a target, within the LCIS auction process. The outcome of the competitiveness review assisted the SEMC in making the decision in relation to the price cap, discussed previously.

3.4.4 Tail-Fed vs. Mesh

In the SEMC Procurement of LCIS Phase 1 Decision Paper it was stated that *'the limit of 2,000 MVA.s of LCIS capability at a transmission station will include any contribution from LCIS devices connected from 'tail-fed' transmission stations.'* In the LCIS Phase 2 procurement, three areas have been excluded in NI, as they are tail-fed rather than mesh. The RAs asked the TSOs to confirm that this move away from tail-fed is deliberate and if the same rule will apply for the EirGrid procurement. The TSOs responded as follows, *'Connecting LCIS devices on very long tail-fed stations can increase the risk of outages and reduce the contribution of short-circuit and reactive power contribution. On the other hand, excluding tailed stations could, in some cases, rule out locations where connections might be available. In the SONI procurement, we are proposing to exclude 3 substations connected with very long tails as they were neither good regarding the reduced contribution of the service or the deliverability of the projects. These three sites are at remote, relatively weak parts of the network and their reduced security of supply compared to meshed stations makes them less favourable for inertia provision. In addition, we have introduced a limit of 2,000 MVA.s at 110 kV and 4,000 MVA.s at 220kV and above. As the 4,000 MVA.s units would be expected to have a lower cost per unit, we consider it more likely that successful tenderers will connect to a meshed station at 220 kV or above, for the EirGrid Procurement. However, this may not be the case in the SONI Procurement. Therefore, considering the balance, we are not proposing to restrict LCIS projects to meshed stations only for the EirGrid Procurement.'*

The SEMC notes the explanation provided by the TSOs, which confirms the difference in treatment between NI and ROI. Given the SEMC's desire to ensure effective projects are delivered, as promptly as possible, the SEMC is content with the TSOs approach on this matter.

3.4.5 Queries from Phase 1 – Distribution Connected Providers and Synthetic Inertia

- Distribution connected providers

In the SEMC Decision Paper (SEM-23-002)⁹ on LCIS Phase 1 Procurement, it was stated that, although not included for Phase 1, *'the potential to include providers of inertia connected at a distribution level should be considered for any future procurement phases.'* The SEMC requested evidence that the inclusion of distribution connected providers has been considered for LCIS Phase 2. The SEMC also asked for details on why de-rating such providers has not been recommended/considered by the TSOs.

⁹ [SEM-23-002 LCIS Procurement - SEMC Decision Paper.pdf](#)

The TSOs have again recommended keeping the procurement for providers connected at the transmission system, for the following reasons:

- *‘A connection below 110 kV significantly reduces reactive power support and limits the short-circuit contribution to the transmission system due to the added impedance of the transformer between 110 kV and lower voltage levels.*
- *The LCIS Procurement aims to replace the capabilities provided by large synchronous units which require LCIS units of a substantial size that can only be connected at transmission voltage level.*
- *Connecting LCIS units to the distribution network, managed by the Distribution System Operator (DSO), introduces challenges in terms of the control of the LCIS unit to synchronise/desynchronise, send reactive power instructions and manage outages.*
- *There is a high degree of dependency between the LCIS contract and delivery of the LCIS connection, both of which are currently under the management of the TSOs. Introducing DSO-managed connection processing and delivery could introduce significant complexity and risk to the delivery of LCIS services.*

In addition, given the substantial amount of inertia to procure in Phase 2, the proposal is to increase the maximum inertia capability contracted to 4,000 MVA.s for LCIS units connecting at 220 kV or above and to have a limit of 2,000 MVA.s at 110 kV to mitigate the risks of dynamic stability issues. Below 110 kV, the maximum limit would need to be further reduced to address these risks. Applying a de-rating factor to reflect the reduced contribution of distribution connected units would likely make these units uncompetitive against a 4,000 MVA.s unit, given they bid a cost per unit of inertia. Considering the factors above, we strongly believe that LCIS units must be connected at transmission voltage levels and to stations controlled by the TSOs.’

Given the above explanation, the SEMC agrees with the TSOs’ proposal on the matter, for LCIS Phase 2. However, the SEMC requests that inclusion of providers connected at the distribution level be carefully monitored for future LCIS phases and included for consideration in the TSOs’ Grid Forming Strategy piece.

- Synthetic sources of inertia

In response to a query, under SEMC Decision Paper (SEM-23-002) LCIS Phase 1 Procurement, the TSOs stated that it was their intention to consider including inverter-based technologies for future procurement phases. The SEMC again requested that the TSOs consider this for Phase 2. The TSOs argued that this technology is still relatively new and not yet at a stage where they can consider it for Phase 2.

Given their prevalence on the island, the SEMC asked that the TSOs consider the use of data centres and their Uninterruptible Power Supplies (UPS), as a source of inertia. The TSOs responded that, *'Regarding the Data Centres issue, additional inertia is required to maintain RoCoF within limits but would not prevent Data Centres with no Fault Ride Through (FRT) capability from "disconnecting" their load when voltage goes below 0.8pu. Therefore, it would not be useful to utilise these same Data Centres to provide inertia given that they may "disconnect"¹⁰. Once the FRT requirements are implemented and we have gained confidence in, and experience with, GFM technologies, it is possible that Data Centres could eventually provide inertia with a battery and grid-forming controller.'*

The TSOs advised that they would include consideration of the issue as part of their Grid Forming Strategy¹¹. The TSOs are due to hold a webinar on their Grid Forming Strategy on 10 March 2026.

Globally, TSOs are increasingly using synthetic sources of inertia and the SEMC requires that inclusion of such providers is developed through the TSOs' Grid Forming Strategy and also considered for any future LCIS phases.

¹⁰ TSO response – *'The Data Centre load is transferred from the "mains supply" to "UPS" supply. Therefore, the energy stored in the UPS is not available to support the system since it is used to supply internal Data Centre load.'*

¹¹ [Final Grid Forming Strategy External Report Feb 2026 \(002\).pdf](#)

4 SUMMARY OF DECISIONS

This SEMC Decision Paper endorses and should be read in conjunction with the TSOs' Recommendations Paper (Annex 1) and the associated LCIS Protocol and LCIS Agreement. The SEMC decisions are listed below and should be implemented by the TSOs.

4.1 Volume of Inertia to Procure

SEM Committee Decision: The SEM Committee has decided to approve the procurement target of 10,000 MVA.s (Max 12,000 MVA.s) for EirGrid and 4,000 MVA.s (Max 6,000 MVA.s) for the SONI procurement. Beyond LCIS Phase 2, the TSOs should engage with the RAs on the requirement of further procurement phases to deliver on the renewable energy targets for 2030 and 2035.

4.2 Locational Aspects and Restrictions

SEM Committee Decision: There will be no incentivised zones or zonal requirements other than the jurisdictional requirements. However, participation will not be permitted in certain substations, as outlined in Table 1 in Annex 1.

4.3 Service Definition

SEM Committee Decision: LCIS comprises the provision of Synchronous Inertia, Reactive Power support and Short-Circuit contribution. Grid Forming technology will not meet the procurement eligibility requirements, however, the TSOs should consider the integration of this technology as part of the broader Grid Forming Strategy. As part of their Grid Forming Strategy and in any future LCIS procurement phases, the TSOs should consider synthetic sources of inertia and providers connected at the distribution system level.

4.4 Connection Requirements

SEM Committee Decision: LCIS providers shall connect directly to the transmission system or share a connection to the transmission system provided they meet the contractual, regulatory and legal frameworks in place at the time of the procurement. A LCIS provider can only be connected to a transmission station controlled by the TSO at 110kV or above. The LCIS unit must accurately reflect the LCIS unit's capability to synchronise and deliver reactive power at the connection point in real-time, accounting for any limitations arising from the connection arrangement—particularly in cases of shared connections.

LCIS units must register as separate market units. For Synchronous Condensers, the Scheduling and Dispatch Programme (SDP_06) will outline details on registration,

Technical Offer Data (TOD), availability declarations, and the treatment of energy consumed.

4.5 Inertia Level at a Transmission Station

SEM Committee Decision: The LCIS inertia capability contracted must be no lower than 900 MVA.s, at the connection point. The maximum inertia limits at a transmission station will be 2,000 MVA.s at 110 kV and 4,000 MVA.s at 220 kV and above. Note that the 4,000 MVA.s limit will also apply to any station with multiple voltage levels (e.g, a 220/110 kV, 275/110 kV, 400/110 kV and 400/220 kV stations will have a total limit of 4,000 MVA.s).

These limits include the inertia contributions from any LCIS devices connected to that station via 'tail-fed' transmission stations and any LCIS devices at that station already contracted in LCIS Phase 1. Due to the contracts awarded in LCIS Phase 1, the following limits will apply to the following substations:

- Wexford 110 kV: Max 1037 MVA.s
- Knockranny 110 kV: Max 0 MVA.s
- Srananagh 220/110 kV: Max 2,000 MVA.s
- Kilpaddoge 220/110 kV: Max 2,000 MVA.s
- Coolkeeragh 275kV/110 kV and Coleraine 110 kV substations have been excluded from SONI's procurement scope, as outlined in Table 2 of Annex I.

4.6 Transformer Rating Limits

SEM Committee Decision: The transformer rating limits for the different voltage levels are set as follows:

- 100 MVA max at 110 kV;
- 250 MVA max at 220 kV;
- 300 MVA max at 275 kV;
- 400 MVA max at 400 kV.

The limit applies per transformer but does not apply where a transformer is already energised.

4.7 Technical Requirements to Provide LCIS

SEM Committee Decision: The requirements on minimum reactive power and short circuit contribution will be removed from the procurement requirements although these capabilities will continue to be incentivised through application of scalars. LCIS units will still need to meet minimum Grid Code standards. The minimum inertia constant requirement of 20s has been removed.

4.8 Commencement and Duration of Agreement

SEM Committee Decision: The SEM Committee has decided the following regarding the Commencement and Duration of Agreement:

- The Target Go-Live date within the contractual arrangements for LCIS Phase 2 shall be 48 months after the Effective Date of the LCIS Phase 2 Agreement.
- The Contract Duration will be 8 years from the Target Go-Live date.

Projects connecting earlier will benefit from longer contract duration periods, up to a maximum of 12 years. A longstop date has been added to the LCIS Agreement, defined as the date falling 12 months after the target go-live date. The target go-live date and the service provision longstop date will be adjusted if a contracted providers actual date of energisation is delayed beyond the target energisation date as a result of:

- A TSO delay; or
- A force majeure event.

If the actual date of energisation is delayed beyond the target energisation date, as a result of issues with the providers delivery of the unit, the target go-live date will not be adjusted. In such events the contract duration will effectively be less than eight years.

4.9 Performance Security

SEM Committee Decision: The LCIS Phase 2 Performance Security requirement shall be €2,500 per MVA.s (and £2,100 per MVA.s) of the Providing Unit's Contracted Maximum Available Volume.

4.10 Availability

SEM Committee Decision: Availability - Payment based on 97% annual availability requirement, exclusive of 15 days of planned outages allowed annually following notification to the TSOs.

4.11 Scalars

SEM Committee Decision: The first tolerance band for the Consumption Performance Scalar will be extended from <5% to <20%.

There will be no further changes to the:

- Availability, Synchronisation Dispatch and Consumption Performance Scalars;
- Trip Charge.

4.12 Product Scalar

SEM Committee Decision: The SEM Committee's decision on the Product Scalar is as follows:

- The Product Scalar will be the product of the Short Circuit Contribution Scalar and the Reactive Power Scalar. The Reactive Power Scalar will be the product of the leading and lagging Reactive Power Scalars. There will be no Inertia Constant Product Scalar.
- There will be no minimum requirement for Short Circuit Contribution or Reactive Power in this tender, notwithstanding Grid Code obligations that will apply to successful units.
- The Short Circuit Contribution Scalar and the leading and lagging Reactive Power Scalars will be calculated by reference to the capability of a specified "Reference Unit" at the connection point. The reactive power capabilities will need to be provided across the full voltage ranges while the Short-Circuit will be assessed according to IEC standard.

4.13 Procurement Methods

SEM Committee Decision: EirGrid will implement a Qualification System which will offer flexibility to address future uncertainties and evolving system needs. Any procurement rounds beyond LCIS Phase 2 would remain subject to Regulatory approval. SONI will use a standard two-stage negotiated procedure, as used in LCIS Phase 1.

4.14 Qualification Process

SEM Committee Decision: EirGrid Qualification Process: In Ireland, applications for qualification may be submitted at any time after the Qualification System is established, with qualification evaluations completed within two months. To participate in the LCIS Phase 2 Tender, applications must be submitted within four weeks of the Qualification System establishment. For potential future Tenders, EirGrid will inform stakeholders of the Tender timeline and the final date for qualification submissions.

4.15 Qualification Criteria

SEM Committee Decision: To qualify for the ability to submit an LCIS tender in Ireland or Northern Ireland, candidates will need to meet a set of pass/fail criteria. These criteria will include a minimum financial turnover in one of the last 3 financial years and demonstration of previous experience through the delivery of 2 major projects connecting to an Electricity Transmission System in the last 7 years or currently owns and operates transmission level electrical infrastructure.

4.16 Planning and Consents

SEM Committee Decision: The SEM Committee has decided the following on Planning and Consent criteria for EirGrid and SONI:

EirGrid: Planning and Consents Criteria: By the date of tender submission, tenderers must have:

- Final grant of planning permission for the proposed facility with the period for taking an appeal having expired without such an appeal being taken or alternatively with any or all appeals withdrawn or dismissed, and with the period for making an application for leave to apply for judicial review or the period for making an application to commence judicial review having expired without such an application being made or alternatively with any or all judicial reviews withdrawn or dismissed or otherwise finally concluded with no question in proceedings over the validity of the final grant of planning permission, and without any condition(s) which restrict the development, commissioning or operation of the Providing Unit (or part thereof) such that the Service Provider would, or would reasonably likely to, be prevented or limited in delivering and/or performing the Services in accordance with the EirGrid Agreement;
- All necessary property and access rights to construct and operate the proposed LCIS units on the proposed site in place.

SONI: Planning and Consents Criteria: By the date of tender submission, tenderers must have:

- Full planning permission for the proposed facility with the period for taking an appeal having expired without such an appeal being taken or alternatively with any or all appeals withdrawn or dismissed, and with the period for making an application for leave to apply for judicial review or the period for making an application to commence judicial review having expired without such an application being made or alternatively with any or all judicial reviews withdrawn or dismissed or otherwise finally concluded with no question in proceedings over the validity of the full planning permission, and without any conditions deemed unacceptable at the TSO's sole discretion.
- All necessary property and access rights to construct and operate the proposed LCIS units on the proposed site in place.

4.17 Grid Connection (SONI Procurement only)

SEM Committee Decision: The Tenderer must have an accepted connection offer and a detailed programme developed with a Final Energisation Date no later than 48

months after the tender closing date. The expiry date of the validity of any such offer must fall beyond this 48-month period.

4.18 Price Cap & Scalar Adjusted Offer Price

SEM Committee Decision: A price cap will be set to €1.81/MVA.s per hour for the EirGrid Procurement and £1.54/MVA.s per hour for the SONI Procurement.

The calculated Scalar Adjusted Offer Price must be less than or equal to this price cap.

4.19 Offer Price

SEM Committee Decision: The Tenderer shall submit a single Offer Price per unit of inertia per hour (MVA.s/h). Multiple bids will not be accepted. A pay-as-bid approach will apply, meaning the submitted Offer Price will directly determine the Payment Rate for the provision of the service (subject to the application of scalars).

The cost to be used for the evaluation will be based on the Offer Price plus the estimated cost of imported energy, expressed in €/MVA.s or £/MVA.s per hour.

The imbalance price to be used for the purpose of factoring the cost of imported energy into the tender evaluation is €119.90/MWh in Ireland and £101.60/MWh in Northern Ireland.

4.20 Shortlisting, Grid Connection Assessment and BAFO (EirGrid only)

SEM Committee Decision: The tender process will adopt a two-step approach. In the first step, all bidders will submit an initial offer price in €/MVA.s/h. In the second step, the highest-ranked bidders will be shortlisted and provided with a detailed Grid Connection Assessment, which includes the Target Energisation Date. Based on this assessment, shortlisted bidders will be invited to submit a Best and Final Offer (BAFO) incorporating a discount (€/MVA.s/h) which will apply to their initial offer. Any discount submitted as a BAFO will determine the final offer used for ranking and selecting preferred bidders.

4.21 Preferred Bidders and Contract Award Process

SEM Committee Decision: Preferred Bidders must sign the LCIS Agreement and achieve all conditions precedent to contract execution within 30 business days of notification of preferred bidder status.

4.22 Grid Connection Arrangements

SEM Committee Decision: The SEM Committee has decided to approve the following as regards the Grid Connection Arrangements for EirGrid:

Pre-Tender Meetings – Pre-tender meetings will provide guidance on the feasibility of proposed connection methods, compliance with connection policies, and the potential exclusion of substations from the LCIS Phase 2 tender. To ensure fairness and transparency, the TSO will standardise the information shared across all participants. Written feedback will be provided to participants following each meeting.

Excluded substations – In order to reduce the potential for LCIS tenderers to seek connection at substations at which connection is deemed infeasible in advance of the LCIS Phase 2 Longstop Date (anticipated as Q4 2031), EirGrid will identify a list of excluded substations from the tender process.

Grid Connection Assessment – The main purpose of the Grid Connection Assessment is to develop an indicative connection programme that will be used to determine the Target Energisation Date to be set in the LCIS Agreement at Contract Execution stage if the tender is successful.

Grid Connection Offer – Successful LCIS Phase 2 tenderers who do not already have a grid connection offer, and who have signed an LCIS Agreement, will be entitled to receive a connection offer outside of the ECP process by direction from the Commission for Regulation of Utilities (CRU).

Appendix 1 provides the list of excluded substations for the SONI procurement.

4.23 Participation in Other System Services Arrangements

SEM Committee Decision: Parties to the LCIS Agreement will be prohibited from the provision of other related System Services (i.e. Synchronous Inertial Response and Steady State Reactive Power) as these services overlap with the LCIS service procured, which bundles the provision of Synchronous Inertia, Reactive Power support and Short-Circuit Contribution.

In any potential requirement to participate in Future System Services arrangements, the SEMC shall consider associated service provider costs for participating in these arrangements. This decision applies only to a provider's participation in any Future System Services arrangements for the duration of the providers' LCIS contract. Future System Services arrangements refer to any market arrangements outside the current regulated tariff arrangements.

4.24 Grid Code Compliance

SEM Committee Decision: In the event that Grid Code modifications for LCIS devices are not fully implemented by the contract execution date, appropriate Grid Code standards for generating units will be deemed applicable to LCIS units.

4.25 Shortfall Charge

SEM Committee Decision: A 95% threshold on the application of the Shortfall Charge will apply, i.e. the Shortfall Charge will not apply if the installed capability is at or above 95% of the originally contracted volume.

4.26 Performance Security Arrangements

SEM Committee Decision: Amounts from the performance bond can only be drawn down in the event that a major milestone is not achieved. The amount to be drawn down is limited to, up to 25% of the total performance bond, for each major milestone not achieved.

4.27 Firm Access

SEM Committee Decision: Service providers with non-firm connections will take on the risk of network unavailability due to network limitations and will not be remunerated if unavailable due to network limitations.

4.28 Transmission Network Availability

SEM Committee Decision: The same Grid Code Outturn Availability arrangements applicable to conventional generation will apply to LCIS providers. If the Connection Offer identifies particular scenarios where the synchronisation of the LCIS unit is restricted, the LCIS provider shall be considered unavailable when the restriction is active.

4.29 Network Charges and Licensing

SEM Committee Decision: Service Providers will be entitled to recoup their Transmission Use of System costs as specified in the LCIS Phase 2 Agreement template.

4.30 Bid Format

SEM Committee Decision: Bidding a price for LCIS in €/MVA.s per hour or £/MVA.s per hour.

4.31 LCIS Funding Arrangements

SEM Committee Decision: LCIS costs will be shared across the island on a 75/25 basis. The SEMC confirms that annual revenue entitlements will reflect these arrangements.

4.32 Market Power

SEM Committee Decision: The SEMC are concerned that a market power situation may arise and are continuing to consider options.

No further market power measures will be implemented at the time of publication of this paper. However, the SEMC reserves the right to implement additional market power mitigation measures in the future, as required in the LCIS market.

4 NEXT STEPS

Following publication of this SEMC Decision Paper, the TSOs will commence the qualification process for LCIS, as well as the Request for Proposal (RfP) stage of the procurement process, with the aim of awarding LCIS contracts in January 2027, by EirGrid and May 2027, by SONI.

Should stakeholders have any queries or comments please contact both Bronagh McKeown (bronagh.mckeown@uregni.gov.uk) and Sumona Mukherjee (smukherjee@cru.ie).

5 Appendix 1 – Excluded Substations

	EirGrid Procurement	SONI Procurement
Substations where participation is not permitted	Participation in certain substations will not be permitted. These stations will be listed in the relevant Tender documentation. Pre-Tender meetings will be offered to provide guidance to potential tenderer.	<ul style="list-style-type: none"> · Brockaghboy 110 kV · Cam 110 kV · Coleraine 110 kV · Coolkeeragh 275 kV and 110 kV · Drumquin 110 kV (tail-fed station) · Garvagh 110kV (tail-fed station) · Kells 110 kV · Killymallaght 110 kV · Limavady 110 kV · Loguestown 110 kV · Magherakeel 110 kV (tail-fed station) · Omagh 110 kV · Rasharkin 110 kV · Slieve Kirk 110 kV · Springtown 110 kV · Strabane 110 kV <p>If 2 or more devices are to be procured, these must not be within two 110 kV nodes of each other</p>

Table 7. Substations Where Participation is not Permitted for LCIS Phase 2 Procurement