

Via email to: CRMsubmissions@cru.ie / crmsubmissions@uregni.gov.uk

February 2026

Re: Options for timing of Future CRM Auctions

Dear Sir/Madam,

I am writing on behalf of the Demand Response Association of Ireland (DRAI), which represents flexible energy demand customers participating in the all-island Single Electricity Market (SEM). These flexible customers create predictable, reliable, and controllable resources that provide the Demand Side Flexibility (DSF) essential for meeting the near-term operational needs of the power system.

DRAI members collectively represent approximately 700 MW of demand and embedded generation response across hundreds of industrial and commercial sites throughout Ireland. These sites are actively managed by our members, who participate in the capacity, DS3, and energy markets. We remain committed to advancing DSF and shaping the future of power system flexibility on the island. We welcome the opportunity to respond to this consultation and appreciate your consideration of our views.

The DRAI offers the following responses to the consultation questions:

1. Do you have a preference between the two options presented in this section?

The DRAI favours a third option whereby the market moves to an effective T-5 auction similar to the proposal via running the existing auction 3 months earlier from the previous over a number of years. This has the benefits of maintaining predictability in the market, not removing an auction/route to market entry from potential participants, and achieving the desired goal with least possible unforeseen consequences.

This approach is also less of a regulatory intervention and much simpler to implement, so we are at a loss as to why Options 1a and 1b are even being considered.

Regarding the options 1a and 1b, the DRAI prefers Option 1b as it allows time for participants to prepare for this change. Note however that both options will cause a reduction in Demand Side Flexibility in the market.

2. Could the introduction of two-year contracts for Existing Capacity create any risks from a capacity availability perspective, that would result in less capacity being available than under the current approach of two one-year contracts?

Existing Capacity

- A barrier to customers moving DSU provider – as the only way for an existing electricity flexibility participant to remain in the market during the transition is to

accept a two-year contract. This will reduce customer choice and is generally bad for the market.

- Cause extra risk to DSU aggregators – DSU aggregators bare a risk of customers ceasing to participate in DSU during their contracted period. Requiring a 2 year contract (the only way to keep a customer in the market) creates extra risk for the DSU aggregator. They would therefore need to price this in, reducing the ultimate benefit to customers and likely reduce the volume available.

New Capacity

- This marks a reduction in the number of auctions available to new capacity and so makes it more challenging for market entry.
- The proposal as it stands would only offer participants an Early Delivery Incentive of 1 year for the transitional T-5 auction. This is effectively skipping a year of early delivery incentive, a provision that we had understood was to be encouraged, not discouraged. We propose increasing this offer to 2 years for the first 5 year auction.
- Currently new entrants not availing of a 10 year exemption are not entitled to an early delivery incentive. For the first 5 year auction we propose this be allowed for such capacity. We also propose a reduction Performance Security for these participants.
- This longer wait for entry into the market also acts as a new cost to entrants as the unit will have to carry the Performance Security for a longer period. We propose an extension of the Early Delivery Incentive for both 10 year and 1 year new entrants to reduce this increased cost.
- This option also adds a new cash flow issue for new DSU market entrants hoping to grow by a predictable quantity each year. Instead of having to allow for the Performance Security for their 1 year growth plans, they will need to provide for 2 years of Performance Security for their growth plans on the year of the first 5 year auction.

3. Are there any solutions, other than two-year contracts for Existing Capacity, which should be considered by the SEM Committee to provide clarity to industry under Options 1a/1b?

- Please see our comments associated with the T-1 auction below (Q7).

4. Do any of the options outlined above create risks or benefits not covered in this consultation?

- We believe that DSUs have not been considered in the consultation. Please see comments above. In particular, if choosing one of the options that relies on Early

Delivery Incentives (which we do not recommend), it is important to ensure that these can be accessed by both existing and new DSU capacity.

- Any option that involves a single auction covering two delivery years would double the harm caused by any failure to fix market design flaws (such as lack of DSU energy payments, or calculating de-rating factors based on historical data that's not representative of expected behaviour during the delivery year) before the auction.

5. Which option, out of Options 1a, 1b, and a “do nothing” do you consider to be best? If your response is dependent on the Decision taken for the longer-term, please state this and explain why.

- The title “Do nothing” is not a fair description. The option remains available to the TSO to run the T-4 auction at the beginning of the allowable period, rather than at the end. That is our preference.

6. Would moving to T-5 auctions be preferable to the current approach of T-4 auctions? Would some alternative auction schedule be preferred to T-5?

- The proposal runs counter to the national priority of encouraging Demand Side Flexibility.

7. If moving towards T-5 auctions, how should the SEM Committee transition to this longer lead time? Responses could refer to proposals outlined in Options 1a/1b or other suggestions.

- Please see our comments above.
- Additionally see our comments associated with T-1 auctions. In the event that this move to T-5 takes place and the market is made less attractive for Demand Side Flexibility, one option is to make the T-1 auctions more attractive, both in payment rates and in the timing of the auction.
- Firstly, the payment rates of T-1 new capacity are much worse, with a new entrant price cap of €160,545 as opposed to 230k for recent T-4 auctions. Similarly for existing capacity it is less (€53,515 versus €56,792).
- Secondly, the auction results are only finalised (for the most recent T-1) 35 days in advance of the delivery year. This is far too late to even complete Eirgrid testing and could be delivered 10 months or more earlier.

8. Are there any wider considerations or market trends which would indicate that moving to a T-5 schedule is unnecessary or inappropriate in the longer-term?

- As per Q6.

9. What impacts, if any, could moving to a T-5 auction have on clearing prices in the CRM, and therefore on consumer costs?

We anticipate this move leading to reduced demand side flexibility and so an increase in the cost to final customers.

On behalf of the DRAI, we hope our views will assist in your assessment of the proposed measures. We welcome further engagement as this work progresses.

Yours sincerely,

Patrick Liddy

A handwritten signature in blue ink that reads "Patrick Liddy".

DRAI