

SEM Committee

SEM-26-003: Options for Timings of Upcoming CRM Auctions

Electricity Association of Ireland

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A decarbonised future powered by electricity.

Electricity Association of Ireland

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The Electricity Association of Ireland (EAI) is the representative body for the electricity industry and gas retail sector operating within the Single Electricity Market (SEM) on the island of Ireland.

Our membership comprises utilities that represent 90% of generation and retail business activities and 100% of distribution within the market. Our members range in size from single plant operators and independent suppliers to international power utilities. Our members have a significant presence in Ireland, Northern Ireland and Great Britain across the sector value chain. We represent the interests of the all-island market in all relevant jurisdictions, including the EU via our membership of the European electricity representative body Eurelectric.

We believe that electricity has a fundamental role in providing energy services in a decarbonised, sustainable future, in particular through the progressive electrification of transport and heating. We believe that this can be achieved, in the overall interest of society, through competitive markets that foster investment and innovation.

We promote this vision through constructive engagement with key policy, regulatory, technology and academic stakeholders both at domestic and EU levels.

Our ambition is to contribute to the realisation of a net-zero GHG emissions economy by 2050 or sooner, in order to limit the impact of rising temperatures. Electricity offers opportunities to decarbonise the Irish economy in a cost-effective manner.



Introduction

The Electricity Association of Ireland (EAI) welcomes the opportunity to respond to this consultation on the options for timings of the upcoming CRM auctions. Please find outlined below our responses to the consultation questions.

Q1. Do you have a preference between the two options presented in this section?

The EAI does not have a consensus preference for either option.

Q2. Could the introduction of two-year contracts for Existing Capacity create any risks from a capacity capability perspective, that would result in less capacity being available than under the current approach of two one-year contracts?

The EAI does not have a position on this at present.

Q3. Are there 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/b?

We do not have consensus on further solutions at this point.

Q4. Do any of the options outlined above create risks or benefits not covered in this consultation?

We consider that the consultation does not fully explore the interaction between auction timing and infrastructure readiness. A key benefit of extended lead times is improved financing certainty, however, this benefit will only be realised if there is an alignment between auction timelines and delivery of connections. Absent this coordination, there is a risk that



the system moves to a nominally longer lead time while practical deliverability constraints remain unchanged.

Q5. Which option, out of options 1a, 1b, and “do nothing” do you consider to be the best? If your response is dependent on the decision taken for the longer-term, please state this and explain why?

The EAI does not have a preference for either option 1a) or 1b) however, we do not support a “do nothing” approach, as maintaining an effective 3.5-year lead time does not reflect current development realities.

In addition to timelines required for connection, there is increasing uncertainty over the supply times of key components linked to continued increasing demand for data centres worldwide as well as local policy. In Ireland, the recent CRU Decision on New Electricity Connection Policy for Data Centres requires data centres to have their own on-site or proximate generation equipment scaled to match their MIC – putting increasing pressure on supplies and supply channels – leading to uncontrollable delays to the participant.

Q6. 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?

In principle, a move toward T-5 auctions could better reflect the development timelines of new capacity large-scale generation and storage projects and to align with longer timelines for delivery of grid and gas connections. Please see our answer to Q7 for our view on how auction timings should be adjusted to gradually move towards a T-5.

However, it is essential that the longer lead times are reserved for the benefit of participants and should not be a signal for TSOs to relax timelines for processing grid and gas connections. In this instance, an increased likelihood of delivery would not be realised.



We believe that consideration should be given to the current approach to grid delivery being proposed in RESS 6 – specifically, the introduction of adjustment periods to projects undergoing issues with grid connections which recognises that these issues are usually outside of the control of the project developer. This would provide further investment certainty to developers concerned about current infrastructure constraints and knock-on delays to timely delivery of projects. We refer to the potential for increasing supply chain issues in our response to Q5.

Q7. If moving towards T-5 auctions, how should the SEM Committee transition to this longer lead time?

We propose that the SEMC consider moving a T-4.5 auction forward from Q1 of year T to Q4 year T-1. This would provide an effective T-4.75 lead time, enhancing development certainty without necessarily requiring an immediate structural move to T-5. Subject to compliance with the CMC and State aid requirements, this could serve as a bridging measure toward a T-5 structure without creating an explicit gap year.

Q8. 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 above, if connection delivery continues to be a binding constraint, extending auction lead times alone will not resolve adequacy risks. The pace of connection delivery, both gas and grid, needs to be considered alongside any decision on auction timings.

Q9. What impacts, if any, could moving to a T-5 auction have on clearing prices in the CRM, and therefore on consumer costs?

No comment at this time.





Yours sincerely,

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Alex Murphy

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Electricity Association of Ireland

