



Options for the timings of upcoming CRM auctions

Decision Paper

SEM-26-024

21 May 2026

EXECUTIVE SUMMARY

In early 2026, the SEM Committee published a consultation paper, inviting stakeholder views on proposals to adjust the timing of Capacity Remuneration Mechanism (CRM) auctions to facilitate increased delivery timelines for New Capacity. This paper sets out the SEM Committee's decision.

The consultation asked nine questions, split across shorter-term and longer-term outcomes. On shorter-term outcomes, the consultation sought views on two options, as summarised in the following table:

Option 1a	Option 1b
<ul style="list-style-type: none">• No T-4 2030/31 auction• T-4 2031/32 in March 2027• 2-year contracts for Existing Capacity• T-4.5 auctions for 2031/32 onward	<ul style="list-style-type: none">• No T-4 2031/32 auction• T-4 2030/31 in March 2027• 2-year contracts for Existing Capacity• T-4.5 auctions for 2032/33 onward

On longer-term outcomes, the consultation sought views from stakeholders on the potential to hold T-5 auctions starting from delivery year 2032/33. The views gathered in response to the consultation are feeding into the CRM Development Programme and the State aid notification process.

The SEM Committee also considered but, based on information available to it at the time from RA engagements with the SOs, did not consult on, an alternative shorter-term option which would see a T-4 and T-5 Capacity Auction held concurrently in March 2027, or in short succession. The SEM Committee welcomes the further consideration given to running consecutive auctions by the SOs, as illustrated in their response to the consultation. In light of feedback from industry and detailed engagement with the SOs following their reconsideration of this matter, the SEM Committee has further considered the option of concurrent or consecutive auctions to achieve longer lead times.

The SEM Committee has decided on a solution that prepares for a glide-path towards a longer lead time, whereby there would be consecutive auctions for CY2031/32 and CY2032/33. These auctions would rely on the existing CMC provisions, eliminating the

implementation risks associated with Option 1a and Option 1b, which were flagged in response to the consultation paper.

Based on the above, the SEM Committee's current expectation is that consecutive auctions could be held in late 2027/early 2028. Therefore, whilst auction timetables have not yet been set or approved, the SEM Committee anticipates the following indicative timeframes for upcoming T-4 auctions:

- T-4 2030/31 to be held in Q1 2027;
- T-4 2031/32 to be held in Q4 2027/Q1 2028; and
- T-4 2032/33 to be held three months thereafter. Certain auction processes for the latter two auctions would be run in parallel, the detail of which is provided in this paper.

As noted above, considerations on the longer-term auctions, including in relation to five-year lead times, are being included in the CRM Development Programme, the next stage of which is intended to open for consultation in July 2026.

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Glossary of Terms

Term	Meaning
AIRAA	All-Island Resource Adequacy Assessment
APC	Auction Price Cap
CMC	Capacity Market Code
CMU	Capacity Market Unit
CRM	Capacity Remuneration Mechanism
CY	Capacity Year
DRF	De-rating Factor
DSU	Demand Side Unit
ECPC	Existing Capacity Price Cap
EDI	Early Delivery Incentive
ILC	Intermediate Length Contract
LOLE	Loss of Load Expectation
NGFC	Net Going Forward Cost
RAs	Regulatory Authorities
RESS	Renewable Electricity Support Scheme
SEM	Single Electricity Market
SOs	System Operators
USPC	Unit Specific Price Cap

1. Introduction

In January 2026, the SEM Committee issued a consultation ([SEM-26-003](#)) inviting comments on options for the timings of upcoming CRM auctions. A total of 13 responses were received, of which two were marked as confidential. This paper gives an overview of the consultation proposals, a summary of the themes emerging from the responses received and the SEM Committee's decision.

1.1 Background

The T-4 2029/30 Capacity Auction took place in March 2026, resulting in approximately 3.5 years between the auction run date and the commencement of the 2029/30 Capacity Year in October 2029. Prior to this auction being held, the SEM Committee began examining the timing of future T-4 auctions. The SEM Committee noted that industry had consistently expressed a desire for longer lead-in times ahead of capacity delivery, including exploration of holding T-5 auctions. Likewise, in response to EY recommendations in its review of the CRM, the SEM Committee had stated its ambition to run Capacity Auctions such that there is at least a four-year lead time for each auction ([SEM-23-036](#)). Moreover, recognising that D.2.1.5 (d) of the Capacity Market Code (CMC) set out that for a T-4 auction, the Capacity Auction Run Start will “fall in the period no less than forty-two and no more than fifty-four months prior to the start of the relevant Capacity Year”, extending timelines by roughly one year was feasible without Code changes.

In light of the above considerations, a consultation was published in January 2026 on options for the timings of future T-4 auctions to take place after the T-4 2029/30 auction ([SEM-26-003](#)). However, the SEM Committee also recognised that more substantive changes – such as a full transition to T-5 auctions – may not be achievable within the remaining validity period of the existing State aid approval, which is due to expire in May 2028. As a result, the SEM Committee consulted on two related matters in the same consultation: short-term auction timing adjustments that could be implemented rapidly to increase lead time, and longer-term changes to be considered under the

CRM Development Programme¹ and incorporated into the next State aid application. The options consulted on are summarised in Section 2.1 below.

1.2 Structure of Paper

The rest of this decision paper is structured as follows:

- Section 2 outlines the proposed auction timing changes consulted on in SEM-26-003, with Section 2.1 outlining the options for consideration in both the short and longer-term.
- Section 3 offers a summary of consultation responses, with Section 3.1 listing the consultation themes as they relate to shorter-term auctions, Section 3.2 listing the consultation themes as they relate to longer-term auctions.
- Section 4 sets out the SEM Committee's decision.
- Section 5 outlines the next steps.

¹ The CRM Development Programme will involve a strategic review of the existing CRM and the development of a proposed future design ("CRM 2.0"). More information is available in [SEM-26-007](#).

2. Proposed Options for Auction Timing Changes

In SEM-26-003, the SEM Committee consulted on options to realign the CRM auction schedule to provide a longer lead time between auction results and delivery. The SEM Committee set out options for the short and long term, with the aim of introducing a glide-path should a T-5+, meaning an auction that happens more than 5 years ahead of delivery, be introduced as part of the CRM Development Programme. The options consulted on are summarised below.

2.1 Options considered

This section sets out the options considered in the consultation paper, which reflects changes in the shorter term that paves the way towards longer term changes.

2.1.1 Option 1a – Extended timeframe for delivery of capacity in 2031/32 with bridging contracts for Existing Capacity to cover 2030/31

Under this option, it was proposed that a T-4 auction would be held in April 2027 for delivery year 2031/32, giving a 54-month lead time. This was proposed in compliance with the CMC, which requires a T-4 auction to be held with a 42-54 month lead time. No T-4 auction would be explicitly held for the 2030/31 Capacity Year under this option.

To prevent potential capacity adequacy issues for CY2030/31 and to give industry more certainty, the SEM Committee proposed the introduction of a temporary mechanism under this option whereby Existing Capacity could bid for a two-year contract in the T-4 auction held in April 2027. These contracts would start a year earlier (i.e., October 2030) so that Market Participants with Existing Capacity would not have to wait until the T-1 2030/31 Capacity Auction to bid for a contract.

Under this option, EDIs would be maintained for New Capacity and incremental ILC Capacity that bid into the T-4 2030/31 Capacity Auction.

2.1.2 Option 1b – Run a T-4 auction for delivery year 2030/31, with 2-year bridging contracts for Existing Capacity covering the 2031/32 delivery year

Under this option, it was proposed that following the T-4 2029/30 Capacity Auction, the next T-4 auction would be held for delivery year 2030/31, taking place on or before March 2027, giving a period of roughly 43 months between the Auction Run and the relevant Capacity Year. No explicit auction would be held for the 2031/32 delivery year, to enable a subsequent transition to longer lead times.

To prevent potential capacity adequacy issues and provide industry with certainty, a two-year contract covering CY2030/31 and CY2031/32 would be provided for Existing Capacity successful in the auction for delivery in CY2030/31. Furthermore, under this option, EDIs would be maintained for New Capacity and incremental ILC capacity that bid into the T-4 2032/33 Capacity Auction.

2.1.4 Other Option Considered

The SEM Committee also considered a shorter-term alternative involving concurrent, or near-concurrent, T-4 and T-5 Capacity Auctions in March 2027 but decided not to consult on this option based on the information available at the time. Such an auction would have delivered capacity for CY2031/31 within the existing 42-month timeframe, and capacity for CY2031/32 within a 54-month timeframe (or 53 months if the T-5 auction was held one month later). From CY2032/33 onwards, T-5 auctions could then have been held. This approach was considered but not taken forward to consultation due to the following:

- RA and TSO resourcing implications;
- Calculation of volumes given dependency of CY2031/32 volumes on outcome of CY2030/31 auction;
- Insufficient time for bidders to consider appropriate strategy for bidding into second auction while accounting for results from the first;
- Risk that participants choose which auction they bid into and therefore reduce liquidity of each auction, resulting in higher clearing prices.

In light of feedback from industry and engagement with the SOs, the SEM Committee has re-considered its view on this option, with further details found in Section 3.1.

Shorter term outcome

In the shorter-term, the options consulted on allow for three potential outcomes: adoption of Option 1a, adoption of Option 1b, or adoption of neither option. A comparative assessment of the relative merits of Options 1a and 1b was performed for the purpose of the consultation². In comparing options, the SEM Committee also examined the forecasted adequacy position for the years which do not have an auction

² See Section 2.2 of [SEM-26-003](#).

for New Capacity. Under Option 1a, this would be delivery year 2030/31, which covers three months of 2030 and nine months of 2031, while under Option 1b, this would be delivery year 2031/32, which covers three months of 2031 and nine months of 2032.

As part of the short-term outcomes, SEM-26-003 asked several questions to understand stakeholders' view on the options presented, their preferred option, whether there are alternative solutions and whether the options outlined create risks and benefits not covered in the consultation paper.

2.1.3 Option 2 – Introduction of T-5 auctions

In the longer-term, and as part of the CRM Development Programme, the SEM Committee stated it is considering the introduction of T-5 auctions to help with the timeline challenges that developers currently face in delivering New Capacity. However, the potential introduction of a T-5 auction would need to form part of the new State aid application. Depending on the decisions adopted as part of the CRM Development Programme and progression of the new State aid application, new CRM rules that allow for a T-5 auction to be held for CY2032/33 could be introduced.

Longer term outcome

For the purposes of the consultation, the SEM Committee welcomed views from stakeholders to inform these considerations under the CRM Development Programme and stated it will consider whether this is an appropriate solution in further detail. The consultation also noted that to move to T-5 auctions, a transition is needed, with Option 1a/1b potentially providing this pathway. The SEM Committee also requested industry views on the impact on clearing prices and any other wider considerations which may indicate that moving to a T-5 auction is unnecessary or inappropriate.

3. Consultation Responses

The SEM Committee received a total of 13 responses, two of which were marked as confidential. The 11 non-confidential responses summarised in this paper are from BnM, Bord Gáis Energy (BGE), Captured Carbon, the Demand Response Association of Ireland (DRAI), EirGrid and SONI (SOs), the Electricity Association of Ireland (EAI), Energia, ESB Generation and Trading (ESB GT), Federation of Energy Response Aggregators (FERA), iPower Flexible Energy (iPower) and SSE.

Following review of responses, the SEM Committee also engaged with the SOs to clarify their submission and has considered that engagement, particularly the SOs' operational constraints, as part of its decision.

3.1 Stakeholder perspectives on the options presented in the consultation paper

The SEM Committee has received constructive engagement and detailed responses to each of the questions posed in the consultation paper. Overall, many stakeholders were supportive of extending the lead time between auction and delivery to reflect the recent challenges facing developers. There were mixed views on the benefits and drawbacks of Option 1a compared to Option 1b and subsequently the support for one option over another, with some respondents supporting neither option. In addition, some stakeholders qualified their support based on the options consulted upon but opined that there are other options that may be preferable, such as running concurrent or consecutive auctions, or running auctions more regularly (such as every 6 months). Finally, in implementing either Option 1a or Option b, stakeholders raised issues such as security of supply (risk of under-procurement), higher potential consumer costs (risks of over-procurement) and competition issues. The next few sections summarise stakeholder submissions and the resulting themes.

Support for Option 1a

- SSE supported Option 1a, noting that under 1b the T-4 2030/31 auction would have a 3.5-year delivery timeline. With Option 1a, SSE noted both the T-4 2031/32 and T-4 2032/33 Capacity Auctions would have 4.5-year delivery timelines.

- BnM considered Option 1a to be best, noting that its response is partly dependent on the transition towards a T-5 auction. According to BnM, if a T-5 auction is not possible for the 2032/33 delivery year, it would be straightforward under current State aid rules to hold a T-4.75 2032/33 Capacity Auction by bringing this forward to Q4 2027.
- BGE stated it has concerns over the proposed approaches but that, of the options consulted on, it preferred Option 1a. Option 1a would have a need for less contingency risk (and cost) in projects versus Option 1b, with the longer lag period; and the EDI would mitigate the concern of projects that are ready earlier being able to deliver and start getting paid within a ~ T-3.5 timeframe under Option 1a, according to BGE.
- ESB GT and Captured Carbon also supported Option 1a. ESB GT noted that Option 1a would facilitate a faster transition to a T-4.5 than Option 1b. Captured Carbon indicated that Option 1a provides greatest confidence to investors. To note, Capture Carbon qualified its response in the context of the consulted upon options, indicating that T-4 and T-5 auctions occurring at a similar time would be their preferred solution.

Support for Option 1b:

- Energia considered Option 1b to be preferable as it facilitates an orderly transition to longer-lead times that would best enable participation, competition and delivery of New Capacity for the 2031/32 Capacity Year. In Energia's view, the extra time afforded under Option 1b would allow participants interested in qualifying for the 2031/32 Capacity Year to have another year to receive the required consents and they could still deliver for that Capacity Year via EDIs. Energia stated that under Option 1a, were a unit seeking to refurbish from CY2030/31 and bid for a five-year contract on that basis, it would not be able to secure a five-year contract until the start of CY2031/32, and this would therefore push a planned refurbishment back a year.
- Out of the two consulted options, the DRAI preferred Option 1b as it allows time for participants to prepare for this change. It qualified its response by stating

that both options would cause a reduction in demand side flexibility in the market.

Support for neither option

- FERA did not consider Options 1a or 1b to be preferable to maintaining a standard auction structure. In its view, in the immediate term, the priority should be to restore consistent delivery of at least four years' lead time, and this could be achieved by having earlier qualification and auction scheduling for the T-4 2030/31 Capacity Auction. iPower made a similar point.
- The EAI, while having no preference over Option 1a or Option 1b, stated that the approach to "do nothing" does not reflect current development realities. In addition to timelines required for connection, the EAI stated that there is increasing uncertainty over the supply times of key components linked to continued increasing demand for data centres worldwide. The EAI indicated that the new requirements introduced because of the CRU's Large Energy Users Connection Policy, such as the requirement for data centres to have their own on-site or proximate generation, could lead to uncontrollable delays for participants due to supply chain pressure.
- The SOs did not support either Option 1a or Option 1b. The SOs stated that a four-year ahead and one-year ahead auction structure is a fundamental principle of the CMC. They stated that departing from this structure to reflect delivery challenges for medium to large-scale New Capacity carries system adequacy implications. In their view, some technologies can deliver within the existing timelines and if there is a change in expected delivery years from 2030/31 to 2031/32 for the next Capacity Auction, this could mean those technologies may take longer to deliver than otherwise necessary. Also, in the SOs' view, both Option 1a and 1b move away from legitimate expectation of a four-year ahead Capacity Auction for every delivery year. To mitigate against legitimate expectation as a ground for Judicial Review, the SOs asked the SEM Committee to set out steps required to avoid this outcome in the decision if either option is progressed.

Other options

Several alternative options were brought forward by respondents. These options showed commonality in that they typically sought to avoid 'skipping' a dedicated auction for any Capacity Year, and instead suggested accelerating or bringing forward T-4 auction timelines to extend delivery timelines compared to current arrangements.

- **Maintain 4-year timelines:** Even though the DRAI preferred 1b (out of the two consulted upon options), it stated that the option remains to run the T-4 auction at the beginning of the allowable period, rather than at the end. This is the DRAI's preference. Energia made a similar point, where Energia suggested that to avoid skipping an auction while not holding auctions simultaneously or in short succession, they could be held six months apart to allow the CRM cycle to return to four-year timelines.
- **T-5 auctions in 2026:** BGE's preference is for a move towards T-5 auctions to commence in December 2026 (starting then with a T-3.75 and moving to a T-5.25 by June 2028 when the new State aid approval should be in force). That approach, according to BGE, would enable the one-year contracts for Existing Capacity to continue as now.
- **T-4.75 auction:** Three respondents supported a 4.75-year ahead option, whereby, instead of a full transition to T-5, a 4.75-year timeframe is used for the Capacity Year 2032-2033. Under Option 1a, BnM stated that moving the auction for delivery in the 2032/33 Capacity Year to be a T-4.75 2032/33 Capacity Auction held in Q4 2027 would enhance development certainty without necessarily requiring an immediate structural move to T-5 auctions. The EAI proposed that consideration be given to moving a T-4.5 auction forward from Q1 of year T to Q4 of year T-1. This would, according to the EAI, provide an effective T-4.75 lead time, enhancing development certainty without necessarily requiring an immediate structural move to T-5. SSE stated it is reasonable to introduce 4.5-year timelines to provide a bridge to the longer T-5 timelines. It also suggested that the auction for CY2032/33 be moved forward from Q1 2028 to Q4 2027 to increase the timeline to 4.75 years.

- **Concurrent / simultaneous auctions:** Captured Carbon suggested that two auctions (T-4) and (T-5) occur at similar times. The SOs have also proposed running concurrent auctions for two different Capacity Years, with one auction running 42 months in advance of the Capacity Year and another 54 months in advance of the Capacity Year. The SOs submitted that such a solution could establish a glide-path for delivery years transitioning from the current to the future State aid notification. ESB GT and BGE also indicated that concurrent auctions could be used as a form of glide path.

SEM Committee Response:

The SEM Committee notes the comments in support of the options consulted on in SEM-26-003.

Regarding concurrent auctions, the SEM Committee acknowledges that this possibility was an option that was considered and rejected at the time of the consultation paper, following RA engagements with the SOs. However, the SEM Committee welcomes the SOs' reconsideration of this matter, as illustrated in their consultation response. Engagement with the SOs has clarified that the operational constraints, flagged at the time of the consultation paper and which would prevent running concurrent or sequential auctions, could be mitigated in the future. The SOs have submitted that the introduction of the online qualification platform, updates to the qualification criteria, and the incorporation of lessons learnt post the 2028/29 T-4 auction have improved overall process efficiency, supported information-sharing, and enabled better decision making.

In reaching a decision, the SEM Committee has taken into account this engagement, as well as feedback from industry stakeholders, indicating support for concurrent auctions.

The SEM Committee has also considered input from BGE on the matter. BGE disagreed with the perspectives put forward in the consultation, based on TSO discussions, against the prospect of concurrent auctions. In its view, the drawbacks set out in the consultation can be addressed. Specifically, it states that (i) the resourcing / administration concerns could be managed by enabling qualification results to apply for 2 or more auctions at a time; (ii) the volume calculation concerns

could be addressed by applying the same demand curve; (iii) the concern about bidders having insufficient time to consider bidding strategy between auctions is tenuous and; (iv) the liquidity concern is no different to when auctions are held further apart.

3.2 Consultation themes – Shorter-term auctions

The next few sections summarise input from stakeholders, which are categorised per theme, such as longer lead time's interrelationship with infrastructure readiness, concerns with the design features of Option 1a and 1b, competition considerations and the over and under procurement risks.

3.2.1 Longer lead time and its interrelationship with infrastructure readiness

Most respondents favoured longer lead times, indicating that there is a need to consider supply chain issues and the grid connection timelines as part of capacity auction timeframes. BnM, BGE, the EAI and SSE submitted that the alignment between auction lead time and the infrastructure readiness ought to be considered, to prevent a scenario where longer lead times continues to be constrained by practical deliverability such as the qualification process or grid connection process. Delays which may be outside of a developer's control such as those due to planning, supply chain and grid and gas connection impact project delivery. There were specific suggestions for the SEM Committee's consideration in relation to facilitating changes in the short-term to affect infrastructure delivery:

- SSE stated that the interim measure in the GB Capacity Market to introduce increased flexibility on long-stop dates for projects with longer lead times could be considered for the SEM Capacity Market for more complex projects.
- BGE considered that recognition of the extent to which hurdles such as TSO or Judicial Review issues (noting the suggestion in the RESS 6 terms and conditions consultation that contracts can be adjusted by up to three years when projects experience such delays) can delay projects in the renewables sector should equitably also translate across to the non-renewables Capacity Market design.

- Energia stated that changes to auction timelines in the short-term to facilitate longer lead times should not be made simultaneously with decarbonisation measures consulted on in [SEM-25-070](#) and that such measures should form part of the CRM Development Programme ahead of seeking State aid approval.

SEM Committee Response

The SEM Committee recognises the support for longer-lead times and notes the comments from respondents that it should be facilitated in tandem with infrastructure readiness. The SEM Committee will consider this, as well as feedback received to SEM-25-070, as part of the CRM Development Programme ahead of the next State aid application. In the interim, the SEM Committee would note that it continues to apply the two Modifications introduced in SEM-23-101³ and continues to keep their appropriateness under consideration.

3.2.2 Design features of Option 1a and Option 1b considerations

As part of their submissions, stakeholders raised additional considerations that ought to be considered should the SEM Committee decide on Option 1a or Option 1b. These relate to Early Delivery Incentives, the impact on derating factors, USPC impact and, finally, the impacts associated with two-year contracts. These are discussed in turn below:

- **Early delivery incentives:** A few respondents, such as FERA, iPower and the SOs queried the efficacy of EDI in promoting early delivery should the SEM Committee decide on Option 1a or Option 1b. In their view, EDIs are inherently an incentive and do not guarantee firm delivery. Captured Carbon and the DRAI noted that should Option 1 be chosen, the EDIs should be increased to 24 months for this one auction. The DRAI further stated that the EDI mechanism should be made available to New Capacity not availing of 10-year exemptions

³ SEM Committee decision published in 2023 that approved two Modifications, which allow Market Participants (1) to apply to extend their Long Stop Date and/or Capacity Quantity End Date and Time commensurate with the extension granted to the SFC Date, where SFC has not been achieved and (2) to apply to extend their Long Stop Date and/or Capacity Quantity End Date and Time for any period, where SFC has been achieved. These Modifications were introduced to account for third party delays outside the control of developers that projects were facing. See linked [here](#).

for the first T-5 auction and proposed reduced Performance Security for these participants.

- **Derating factors:** The SOs stated that two-year contracts may help alleviate an adequacy risk, however this does not negate the SOs' concerns with Option 1a and 1b. They further stated that consideration is required on how this would operate in practice and suggested there may be implications for the auction clearing software. For instance, the SOs stated that there needs to be consideration as to whether existing units need to submit a two-year offer or whether they are awarded this ex-post, and consideration also needs to be given for units above the Auction Clearing Price and whether all one-year offers need to be cleared before a two-year offer can be accepted. Another consideration the SOs questioned is how adequacy assessments would be conducted under a two-year contract structure, noting that if this is implemented for all capacity, this would effectively freeze de-rating factors (DRFs) for two years and there is a potential risk of under-procurement if the assumed value of the MW is overstated.
- **Unit Specific Price Cap (USPC):** Two respondents raised the impact on the Exception Application process, particularly regarding USPCs, should the SEM Committee pursue changes to auction lead time. BGE stated that assessing USPC applications for two years may lead to higher than necessary USPCs being paid for one of the two years, as one that is sufficiently high to cover the unit's costs for both of the two years may need to be chosen. BGE also suggested assessing two separate one-year contracts with different USPCs under a single RA process to simplify the overall administrative process such as assessment timing and settlement. ESB GT invited clarity as to whether Existing Capacity would need to submit a USPC application for both years of a two-year contract and more generally, how the process would be managed under Options 1a and 1b. ESB GT suggested increasing the 10% tolerance currently applied to Net Going Forward Costs (NGFCs) to account for additional risk with predicting NGFCs for plants further in advance of the contracted period.

- **Two-year contract:** BNM, BGE and ESB GT raised concerns in relation to the introduction of two-year contracts under Option 1a and 1b. For example, in BnM's view, the introduction of two-year contracts for Existing Capacity could bring a potential disadvantage to New Capacity due to less certainty over the demand curve where two Capacity Years are being satisfied in one auction. According to BnM, this could lead to an over reliance on T-1 contracts for the respective two years, through a potential under-procurement, and therein less opportunity for New Capacity to satisfy the volume gap due to its longer lead time requirement. BGE noted that there is an increasing number of existing units needing USPCs due to the low level of the Existing Capacity Price Cap (ECPC). ESB GT noted that Existing Capacity is obligated to participate in the auction and may carry additional risk / penalties where a closure notice is issued by the Market Participant during the earlier of the two-year contract period. ESB GT expects the RAs to account for this additional risk and any other impacts for the corresponding T-1 auction.

SEM Committee Response

The SEM Committee acknowledges the uncertainty associated with proceeding with either Option 1a or 1b in relation to the effectiveness of the EDI mechanism, how DRFs would be calculated and applied, how USPC applications would be assessed and granted, and the impact on competition if Existing Capacity was allowed two-year contracts. The SEM Committee is of the view that stakeholders have raised concerns with the implementation of Option 1a and Option 1b, which would need to be carefully addressed should the SEM Committee have decided to implement either of those options.

3.2.3 Competition considerations

Two stakeholders have raised competition considerations should the SEM Committee implement Option 1a or Option 1b, particularly the impact on New Capacity or DSU participation.

- **New Capacity:** BnM and the DRAI considered that the options presented pose disadvantages to New Capacity for the purposes of clearing in an auction. For New Capacity, the DRAI stated that this marks a reduction in the number of

auctions available to New Capacity, thereby making it more challenging for market entry. Similarly, BnM submitted that, across all options, and under current conditions, New Capacity units will only typically be successful once all existing units have cleared. According to BnM, this means that regardless of price and based on current conditions, New Capacity has the lowest priority in the auction solutions and thereby an unequal opportunity to succeed. In its view, this is an issue that needs to be addressed.

- **DSU impact:** The DRAI stated that it believes DSUs have not been considered in the consultation and stated that 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 a lack of DSU energy payments or calculating DRFs based on historical data) before the auction.

SEM Committee Response

The SEM Committee acknowledges the impact on New Capacity should Option 1a or 1b be implemented, which has been taken into account in arriving to its decision. The SEM Committee also notes the comment from one respondent that both options would cause harm without a fix to market design flaws, including lack of DSU energy payments. In this regard, the SEM Committee notes that it published a proposed decision on a revised Phase 1 solution for energy payments in late March ([SEM-26-017](#)).

3.2.4 Security of supply or the under-procurement risk

Some respondents flagged security of supply or under procurement risks if Options 1a or Options 1b were to be implemented. Specific points around security of supply or the under-procurement risks described the following:

- **AIRAA uncertainty:** ESB GT noted that there remains a risk that a shortfall may materialise earlier in the decade than previously expected (i.e., in CY2030/31) as the results of the AIRAA are sensitive to factors such as the non-delivery of new gas capacity, or any further delay in the delivery of the second north-south tie line. Given this uncertainty, ESB GT also stated that skipping a delivery year may increase the significance of the corresponding T-1 auction. For the T-1 auction, ESB GT stated that if a larger shortfall than

expected emerges in the skipped delivery year, the impact on the capacity requirement for the T-1 auction could be significant and this increases the risk of an RO event. Captured Carbon noted its expectation that the risk could be minimal if a T-1 is used to correct the shortfall.

- **No market mechanism for a CY:** The SOs, FERA and iPower noted that Option 1a and Option 1b create a delivery year that is not supported by a standard competitive procurement process. This represents a material departure from a core CRM design principle and the reliance on bridging contracts for Existing Capacity and incentive-based mechanisms (EDIs) does not provide the same certainty as competitively procured capacity obligations, according to them. In their view, security of supply in the unauctioned year would effectively be assumed rather than competitively procured and from a capacity availability perspective, this introduces avoidable risk relative to the current approach of two one-year auctions.
- **Limited evidence that EDIs would be an effective protection mechanism:** Some respondents noted that the T-4 Capacity Auction is the primary tool for delivering additional New Capacity. They stated that given the recent introduction of EDIs, there is insufficient evidence to date that this mechanism will bring projects forward earlier as it applies from delivery year 2028/29 onward. The SOs also argued that the RAs have not provided detail on what additional measures would be needed to manage potential worst-case adequacy shortfalls in years where no T-4 auction takes place.

SEM Committee Response

The SEM Committee notes the concerns of respondents in relation to the risk that a shortfall may still materialise irrespective of AIRAA forecasts, the progression of either option would mean there would be no market-based mechanism for the procurement of capacity for a given Capacity Year and limited evidence thus far that the EDI mechanism is effective. The SEM Committee has taken this feedback into account in arriving at its decision.

3.2.5 Higher than necessary CRM costs and the over-procurement risk

Some respondents noted the over-procurement risk under Option 1a and Option 1b. BGE stated concerns that by giving Existing Capacity two-year contracts under either Option 1a or 1b, there is a considerable likelihood that consumer costs would increase compared to the status quo. These options, according to BGE, require using the higher of the two years' forecast demand curves and thus risks over-procuring capacity for the lower year. While SSE supported the introduction of two-year contracts for Existing Capacity, it noted that the effectiveness of this measure depends on the avoidance of unintended consequences for adequacy, with the need to guard against under-procurement and to ensure that adequate capacity is included in the demand curve. In its view, realistic demand curve assumptions will be required, potentially erring on the side of over-procurement to ensure adequacy in the future.

SEM Committee Response

The SEM Committee notes the concerns in relation to over-procurement risk and has taken those risks into account in arriving to its decision on the auction timing for the upcoming auctions

3.3 Consultation themes – Longer term auctions

The SEM Committee is not making a decision on the longer-term auctions' timeframe as part of this decision paper as it will be considered holistically as part of the CRM Development Programme and the subsequent State aid notification process. Notwithstanding this, the SEM Committee took an opportunity as part of the consultation on options for the timings of upcoming CRM auctions to gather views on a move towards T-5 auctions. Respondents have provided their views on the long-term auctions which are discussed below.

3.3.1 Support for T-5 auctions

There was a broad consensus that a move towards T-5 auction, in the long-term, is a positive step. Most respondents noted that T-5 is preferable to T-4 as it would help address the current challenges faced by developers. Two respondents⁴ added that a longer timeframe would provide more durable long-term investment signals. SSE

⁴ FERA and iPower.

submitted that there may be a need for an even longer auction timeframe (e.g. T-6) for more complex projects such as larger CCGTs. The DRAI was the only respondent to indicate that a move towards T-5 runs counter to the national priority of encouraging demand side flexibility.

While respondents stated their support, some qualified their support subject to additional considerations such as the grid connection timeframe, Capacity Market Participants' readiness and the trade-off between likelihood of delivery and uncertainty.

- **Grid connection timeframe:** The EAI and ESB GT stated that consideration should be given to aligning grid connection timeframes with auction timeframes. ESB GT stated that there needs to be robust incentives for SOs to deliver required upgrades. ESB GT added that the current State aid approval was granted on the basis that locational constraints would be resolved by end of 2024 and therefore extending the timeframe would only ease concerns and not eliminate them. Both the EAI and ESB GT encouraged further consideration to the current approach used in RESS 6, whereby there are adjustments to consider grid connections delays, which are usually outside of the control of the developer.
- **Capacity Market Participants' readiness:** The SOs stated it is unclear why a transition from T-4 to T-5+ would not be provided for under State aid approval. In their view, the lead time for Capacity Auctions should be based on evidence of how long it takes to deliver capacity from the Final Capacity Auction Results to Substantial Completion. The SOs stated that consideration needs to be given to the impact that the qualification criteria will have on how advanced projects are when entering the process and extending the delivery time may facilitate more projects to qualify with longer and more complex implementations. On a similar topic, ESB GT welcomed the RAs' views on when the Grid Directions, which are currently in place, will likely be phased out. ESB GT also stated clarification from the RAs is needed as to when exactly the State aid expires as it understands the current approval is set to expire in November 2027, 10 years after the European Commission approved it in November 2017.

- **Future uncertainty:** Energia noted additional consideration should be given to the trade-off between the likelihood of delivery versus increased uncertainty from setting capacity requirements further into the future.

SEM Committee Response

The SEM Committee recognises the comments made in support of T-5 auctions and welcomes the points for consideration as part of the CRM Development Programme and the subsequent State aid notification process. The SEM Committee also notes the comment from one respondent seeking clarity on the phase out of CRU Grid Connection Directions. As set out in the CRU’s Decision Paper on Electricity Connection Policy – Generation and System Services published in 2024, it is anticipated that these directions will not be issued for the purpose of a T-4 2031/32 auction or beyond⁵. The SEM Committee also notes the comment from one respondent seeking clarity on when the current State aid expires. The duration of the State aid approval is from 23 May 2018 until 22 May 2028⁶.

3.3.2 Glide-path to longer term auctions

The SEM Committee consulted on industry views on the glide-path which could facilitate a transition to a longer-term auction. Respondents noted their view on the transition path towards longer term auctions, which can be summarised as follows:

Captured Carbon and ESB GT acknowledged that the options presented in the paper such as Option 1a or Option 1b may be used as a glidepath. Energia also indicated that the options (Option 1a or 1b) presented in the paper could work as a fallback, if other options such as bringing auctions forward or concurrent options do not work. However, the SOs, BGE, FERA and iPower were concerned about the potential of skipping a delivery year. BGE stated that the risk of unintended consequences of skipping a delivery year in terms of under-procuring and consumer cost increases, far outweighs any admin concerns of running regular auctions. FERA and iPower stated that any transition should be simple, transparent, and implemented as part of an enduring CRM redesign rather than through temporary bridging mechanism. The SOs stated that a clear adequacy “glide path” is required from the current State aid-

⁵ See CRU Decision Paper on Electricity Connection Policy – Generation and System Services linked [here](#).

⁶ See linked [here](#).

approved auction cycles to the auction arrangements that will apply under a new notification and this “glide path” should support each delivery year in the 2030s by ensuring there is always a market mechanism capable of securing New Capacity needed to address adequacy risks.

SEM Committee Response

The SEM Committee agrees that a glide-path is required to longer-term auctions and is of the view that holding two consecutive auctions as explained later in this paper provides a pathway for this.

3.3.3 T-5 auction and consumer costs

The impact of T-5 auction on the consumer costs received mixed views, which can be summarised as follows:

- **Lower CRM costs:** Many respondents, such as BGE, BnM, Captured Carbon, Energia, ESB GT, FERA and iPower, indicated that a move to T-5 will likely reduce delivery risks and place a downward pressure on consumer prices. SSE’s response was more nuanced. While SSE indicated that a move to T-5 could result in a less volatile costs, this view was conditional on demand risk uncertainty being appropriately accounted for, primarily to guard against under-procurement and to ensure that adequate capacity is reflected in the demand curve.
- **Higher CRM costs:** The DRAI highlighted that a move towards T-5 auction would reduce demand side flexibility and therefore increase costs. It noted that if T-5 auctions were introduced and the market was made less attractive for demand side flexibility, one way to address this would be through adjustments both to payment rates (through changes to the APC and ECPC)⁷ and in the timing of the auction⁸.

⁷ The DRAI noted that 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).

⁸ The DRAI also noted that the auction results are only finalised (for the most recent T-1) 35 days in advance of the delivery year, and that this is far too late to even complete EirGrid testing and could be delivered 10 months or more earlier.

- **Forecasting complexity and uncertainty:** The SOs suggested that moving to longer lead times increases the complexity of forecasting capacity requirements and this may impact consumer costs where too much or too little capacity has been procured for a particular Capacity Year. However, in their view, adopting a robust approach to setting auction quantities would likely mitigate risks to consumers associated with longer delivery periods. In general, the SOs stated that each auction takes place under different market conditions, which makes comparing clearing prices from one delivery year to the next challenging. They stated that many factors influence a bidder's bid price year-on-year and increased competition from one Capacity Auction to another does not necessarily mean that clearing prices will change.

There were some additional nuances that were raised regarding the impact on the CRM, which are highlighted below:

- Energia stated that this move in isolation without consideration of setting appropriate qualification requirements and termination payments may not have such a positive impact on consumers. Energia also stated that there may need to be a review of implementation milestones to ensure these are set in the right place. In Energia's view, as part of the process for considering moving to a T-5 auction schedule, consultation should be undertaken not just with Market Participants but also with the relevant consenting authorities to ensure that implementation plans and the associated timelines as required in the CMC remain appropriate and realistic.
- BnM noted that a T-5 will likely improve project delivery and therefore reduce system constraint costs.
- ESB GT stated that contract terminations have been a persistent feature in the SEM, in part due to construction and grid connection delays and escalating supply chain costs. These risks, in ESB GT's view, may be positively impacted by a move to longer delivery timelines.
- iPower and FERA stated that extending longer-duration contracts to Existing Capacity would enhance competition and reduce clearing prices by enabling efficient assets to remain in the market on a stable footing.

SEM Committee Response

The SEM Committee welcomes the comments on the impact of T-5 auction on the consumer costs and as stated previously, will consider these as part of the CRM Development Programme and the subsequent State aid notification process.

3.3.4 Wider impact of T-5 auction

Respondents provided varied inputs on whether there are wider considerations or market trends that may render a moving to a T-5 auction to be unnecessary or inappropriate:

- BnM, BGE, Carbon Capture, FERA, iPower and SSE supported the move to auctions with longer lead time between auction and delivery. It was noted that the move a T-5 timeframe is extremely important and necessary, as it considers increasing system complexity, renewable penetration, and greater operational uncertainty. As per earlier sections of this paper, alignment between auction timing and grid connection delivery was a consistent theme. It was acknowledged that there is a CMC modification under consideration that proposes to ensure that participants have planning, gas and grid as a requirement to auction qualification.
- Energia stated it would be useful to do a comparative analysis of Capacity Markets across Europe to understand whether there is any existing precedent for T-5 auctions. It further stated that consideration of the implications on explicit cross-border participation from moving to T-5 timelines should be given and that there may be benefits of aligning the Irish CRM timelines with those of other participating markets. However, in this regard, Energia also stated that if there were good reasons that T-5 auctions would be appropriate for the SEM then alignment with timelines in other EU markets would not be a good reason to prevent moving to a T-5 cycle. For instance, Energia noted that in the original design of the CRM, most participants agreed that four years was an appropriate length of time to allow for the delivery of New Capacity. However, developments in the domestic context (such as increase grid bottlenecks, ongoing Judicial Reviews and planning delays) and global context (such as increased

competition and delays in supply chains) would warrant a review of whether this remains the case, according to Energia.

- The SOs stated different technology classes have different delivery times and as such, the delivery times available for a particular auction would have a material impact on the extent to which that different technology classes can compete. They stated that the importance of supporting low-carbon development and avoiding locking in higher carbon intensity technologies underpins the necessity of affording longer delivery times. Furthermore, they noted it was the SOs' view that system adequacy is better served by longer delivery times.

SEM Committee Response

The SEM Committee welcomes the comments and will consider them as part of the CRM Development Programme and the subsequent State aid notification process. The SEM Committee intends to issue a decision on CMC_08_25 in Q2 2026.

4. SEM Committee Decision

In making a decision on the upcoming CRM auction timings, the SEM Committee has had regard to consultation responses as well as the Capacity Market Code Objectives set out in A.1.2.1 of the Code. The SEM Committee acknowledges stakeholders' views that, given the delivery challenges observed in the CRM to date, a longer lead time between auction results and delivery will likely facilitate the delivery of New Capacity, support security of supply in the SEM, and support achieving the decarbonisation objectives.

There were mixed views on stakeholders' preference for one shorter-term option over the other, with some stakeholders preferring neither of the options consulted upon. The consultation has highlighted additional implementation considerations and issues that are inherent to both options, which have been discussed in detail in earlier sections of the paper. Some respondents highlighted alternative options such as running concurrent or consecutive auctions, which reduces the under or over-procurement risk. In addition, the SOs have indicated that, despite the proposed design features of Option 1a or Option 1b which aim to mitigate adequacy risks through the Early Delivery Incentives and a 2-year contract, the residual adequacy risk remains too high.

The SEM Committee acknowledges the challenges associated with implementing Option 1a or Option 1b, such as the necessary Code modifications and derating factor methodology impacts, and the resource adequacy risks that have been noted in response to the consultation paper.

Therefore, on balance, the SEM Committee has decided not to progress with either Option 1a or Option 1b. The SEM Committee has decided that there will be a market-based mechanism to secure New Capacity for every Capacity Year under the current State aid approval, which is in-line with current arrangement and CRM design.

With regards to the upcoming auctions the SEM Committee has decided the following:

- **CY2030/31 auction:** the SEM Committee will consider the proposed auction timetable from the SOs and is minded to schedule the CY 2030/31 auction in Q1 of 2027.

- **CY2031/32 and CY2032/33 auctions:** the SEM Committee has decided on a solution that prepares for a glide-path towards a longer lead time, whereby there would be two consecutive auctions for CY2031/32 and CY2032/33. In terms of the process, there will be a simultaneous publication of both Initial Auction Information Packs (IAIPs) and the Final Qualification Decisions, with the Final Auction Information Packs, the auctions themselves, and the Final Auction Results for the two auctions staggered by three months.
- The SEMC's current expectation is that this would result in an auction for CY2031/32 running in Q4 of 2027 or Q1 of 2028, and an auction for CY2032/33 being held 3 months thereafter. Timing of these auctions may depend on the timing of State aid approval, as well as being informed by the operational capabilities of the SOs.

The next two sections discuss the Qualification and Exception Application process that will enable the RAs and the SOs to run two consecutive auctions for CY2031/32 and CY2032/33.

Application and Qualification

In the case of the Application and Qualification for the consecutive auctions, the SEM Committee, in consultation with the SOs, have determined that simultaneous qualification assessment for both delivery years is the most efficient way forward and provides a glide-path for longer lead times in the future and in time for the next State Aid application process. For the avoidance of doubt, this means that there will be a single window for review, disputes, and RAs' requests in respect of Final Qualification decisions (and any legal challenges that arise from this). This provides an operationally feasible approach for both the SOs and the RAs. The SEM Committee does not envisage there to be any CMC Modifications required to facilitate the review of Exception Applications or assess Qualification for the consecutive auctions.

Exception Applications

In the case of Exception Applications, this process would continue to run independently to the TSO Qualification Process. However, the timeline for submission and assessment for applications would be the same for both CY2031/32 and CY2032/33 auctions, similar to the TSO Qualification Process.

For New Capacity Exception Applications:

A new Capacity Market Unit (CMU) seeking to enter into either of the two auctions will need to submit two separate Exception Applications. Both applications should be accompanied by separate director's certificates. The RAs will review the submissions in parallel and a decision on both applications will be communicated to the applicant at the same time. If successful with both applications, the CMU may bid into either one of the two auctions with a duration of greater than one year, up to the allowed exception for that year. If unsuccessful with its bid in the first auction, the CMU could still bid for a multi-year contract in the second auction, and deliver for the earlier Capacity Year via the EDI mechanism.

For Existing Capacity Exception Applications (USPCs and ILCs):

A similar process will apply for USPC applications. Existing CMUs seeking to enter both auctions with a USPC will need to submit two applications, one for each Capacity Year, with each USPC application covering the unit's NGFCs for the given Capacity Year. Both applications should be accompanied by separate director's certificates. If the existing unit also seeks to refurbish, it may apply for an ILC up to a maximum duration of five years with a USPC covering its NGFCs, including refurbishment costs, over the five-year period. A separate ILC application will need to be submitted for the Capacity Year of the Market Participant's choosing (alongside a director's certificate), being for CY2031/32 or CY2032/33.

Where there is a difference in this process from how it currently operates, if an ILC application was approved for CY2031/32 and the unit unsuccessfully bid into the auction, the RAs would allow the CMU to submit the same ILC offer for the CY2032/33 auction (with an inflationary adjustment applied). Therefore, only one ILC application is required to be submitted. For clarity, this exception would not apply for an ILC application submitted for CY2032/33 and such an application would only be valid for the later Capacity Year and not the previous.

The RAs will process both sets of applications concurrently and a decision on both USPCs and ILCs will be communicated to Market Participants at the same time. The table below summarises four scenarios that could occur with this approach, noting that other scenarios may arise.

Scenario	CY2031/32	CY2032/33
1	Successful ILC bid	N/A
2	Successful USPC or successful ECPC bid; or no contract awarded	Successful ILC, USPC or ECPC bid; or no contract awarded
3	Approved ILC application but no ILC awarded (either due to no ILC bid submitted or unsuccessful ILC bid)	Eligible to bid (up to five years) based on approved ILC application from CY2031/32 with inflationary adjustment; successful 32/33 USPC or ECPC bid; or no contract awarded
4	Rejected ILC application (then, as per scenario 2 for CY2031/32)	Successful 32/33 USPC or ECPC bid; or no contract awarded

For the avoidance of doubt, for both multi-year New Capacity applications and USPC applications, where a separate application is not submitted for the second auction by the Exception Application Date specified in the Capacity Auction Timetable, a CMU will not be eligible to submit an offer with a capacity duration greater than one year for the second auction (for New Capacity) or to submit a USPC (for Existing Capacity), regardless of whether the CMU has qualified. This would be the case if the auctions were run 3 months apart as the normal time from application to RA decision is around 6 months, so a 3-month gap in RA timelines for review of Exception Applications would serve no benefit.

5. Next Steps

The SEM Committee has decided not to proceed with Options 1a or Option 1b. The SEM Committee's decision of relying on the existing CMC provisions means that no Code modifications are necessary to implement the decision set out in Section 4 of this paper.

In line with the CMC obligations, the SOs will develop the Capacity Auction Timetable for the relevant Capacity Auctions considered in this paper. The SEM Committee will be guided by the decisions set out in this decision paper in determining the auction timetable.

The SEM Committee welcomes stakeholders' comments and input on the longer-term auction consideration. The SEM Committee will take into account stakeholders' input as part of the CRM Development Programme and the subsequent State aid notification process.