SEM-26-003 Options for the Timings of Upcoming CRM Auctions Consultation 20th January 2026

SSE Response

February 2026

Who we are

At SSE we are driven by our purpose: to provide the energy needed today while building a better world of energy for tomorrow. SSE develops, owns, and operates low-carbon infrastructure to support the transition to net-zero. This includes onshore and offshore wind, hydropower, flexible thermal generation, electricity transmission and distribution networks, alongside providing energy products and services to customers. With current interests across the island of Ireland and Great Britain, in addition to carefully selected international markets, including East Asia, Europe and North America, SSE is both growing its footprint and its range of expertise in our bid to lead the transition to net-zero.

Since entering the Irish energy market in 2008, we have invested significantly, with a total economic contribution of just under €2bn in the last 3 years, supporting over 3,270 jobs in 2023/24. SSE Renewables owns 700MW of onshore wind capacity across the island and operates a total of over 1,000MW, with SSE Thermal owning and operating 672MW of flexible generation capacity to support security of supply.[1] SSER is currently developing additional onshore wind capacity in Ireland, as well as offshore wind projects like Arklow Bank Wind Park 2, and an emerging solar and battery pipeline. SSE Renewables has operated a voluntary Community Fund in Ireland since 2008, and SSE Renewables has awarded almost €1 million over the last year to over 268 community groups that neighbour our wind farms here. To date we have invested over €12.3million to community groups across the country.

At SSE, we have a clear focus on electricity infrastructure as the key to unlocking decarbonisation. Our growth helps power and is powered by society's drive to develop a clean, secure and affordable energy system. Recognising the international importance of decarbonising the power sector, SSE aims to achieve net zero across scope 1 and 2 emissions by 2040 at the latest including through investment in low-carbon dispatchable power generation options such as Carbon Capture and Storage, Hydrogen and electricity storage.

[1] SSE's Economic Contribution to the UK, Scotland and the Republic of Ireland, FY24 results (PwC report), May 2024. https://www.sse.com/media/zz3huuie/eia-group-report-fy24.pdf

SSE Response

SSE welcomes the opportunity to respond to SEM-2026-003 Options for the Timings of Upcoming CRM Auctions Consultation Paper. This is a non-confidential response.

SSE supports the introduction of Auction Timing changes which can be implemented for the next 2 auctions to provide increased lead time between the auction run and the capacity year. Longer timelines will help to deliver capacity projects and will provide a transition to longer timelines e.g. T-5, T-6 Capacity auctions.

SSE is also supportive of the use of two-year capacity contracts for Existing capacity to bridge the Capacity year not directly covered by a Capacity auction following a change, in addition to the Early Delivery Incentives for new Capacity.

We also propose that consideration be given to Exceptional Applications being considered for more complex projects e.g. CCGT delivery, to provide for a longer timeline e.g. T-6 or longer, if this is feasible in the next State Aid mechanism.

Questions:

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

In Option1a, both Auction delivery timelines are 4.5 years. In Option 1b, the T-4 2030/31 timeline is a shorter 3.5-year delivery timeline. As observed in recent years, 3.5 years is often insufficient to deliver a Gas turbine power station, due to many factors including misalignment with the lengthy timelines for delivery of grid and gas connections. This has also become more exacerbated recently with a tight international market and global demand for turbines and other key power plant items. Extensions can be requested under the Capacity Code, but these require approval by the Regulator and may not always be granted, particularly for future auctions.

Although a year is skipped under Option 1a, both delivery timelines for T-4 2031/32 and 32/33 allow for 4.5 years. Assuming these are a full 4.5 years, Option 1a is the option which SSE supports.

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:

SSE supports the introduction of two-year contracts for Existing Capacity. This provides certainty to industry which is welcome and also prevents a gap in the provision of adequacy. We are conscious of the risk of Demand curve uncertainty, which can result from longer contracts. 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. Realistic demand curve assumptions will be required, potentially erring on the side of over-procurement to ensure adequacy in the future.

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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?

We propose that the auction for Capacity year 2032/33 could be moved forward from Q1 2028 to Q4 2027, which would increase the timeline from 4.5 years to 4.75 years. This longer development time would provide more assurance that a capacity project could be delivered in line with its Implementation Plan. It can also serve as a transition to T-5 which may become feasible under the next State Aid.

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

There is currently a misalignment between T-4 / 3.5-year auction timelines and the delivery of grid or gas connections. This leads to difficulties in achieving a capacity project to meet the 3.5-year Implementation plan. Also, qualification for a capacity contract can be a challenge where a connection delivery timeline is longer than the 3.5-year timeline.

We consider that the consultation does not fully explore the interaction between auction timing and infrastructure readiness. The benefits of extended lead times will only be realised if there is alignment between auction timelines and delivery of connections. Without this coordination, there is a risk that the system moves to nominally longer lead times while constraints on qualification and achievability remain in place.

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

SSE considers that the current Timings for upcoming CRM Auctions must be changed. The 'do nothing' option would result in a continuation of the problems which are currently evident. It is very challenging to deliver capacity in the current 3.5 years to fit the required Implementation Plan due to misaligned timelines with delivery of grid and gas capacity in addition to global supply chain delays. The 'do nothing' option would also continue the significant qualification challenges, including an onerous process to achieve qualification if the initial capacity application is rejected. Much of this is related to misalignment with longer timelines for delivery of grid and gas connections, which impact on implementation plan achievability.

We note (in the Afry report accompanying the SEM-25-070 Consultation on Options for Decarbonisation of the existing CRM Design) an interim measure in the GB capacity market to introduce increased flexibility on long-stop dates for projects with longer lead times. Generating units can benefit from an additional 24 months of construction time where they declare at prequalification stage their intent to deliver to that timeframe. This will be reviewed after 3 years. This is a measure which could be considered for the SEM Capacity market for more complex projects.

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

SSE notes the CRM Development Programme and the new State Aid application where SEMC is considering the introduction of T-5 auctions to help with the timeline challenges that developers currently face in supporting new capacity. We also note that SEMC considers that a transition is needed to move to T-5 auction, with options 1a /1b providing this pathway.

SSE supports the move to T-5 auctions to ensure that capacity projects are achievable and to mitigate the need for extensions to address delays. We consider that the option of longer auctions e.g. T-6 may be needed for more complex dispatchable capacity e.g. combined cycle plants which often require a longer timeline to achieve. We also propose an option to consider Exceptional Applications for longer timelines e.g. for more complex longer projects such as larger CCGT's.

Also please see our comment on the additional long stop time in the GB Capacity market under question 5.

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

SSE would support a move to T-5 timelines to provide the time needed to deliver capacity. As a T-5 design cannot be accommodated under the current State Aid, it is reasonable to introduce 4.5-year timelines to provide a bridge to the longer T-5 timelines.

Also, we suggest that the auction for Capacity year 2032/33 could be moved forward from Q1 2028 to Q4 2027, which would increase the timeline from 4.5 years to 4.75 years. This longer development time would provide more assurance that a capacity project could be delivered in line with its Implementation Plan, as well as serving as a transition to T-5 auctions.

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?

SSE supports a move to a T-5 schedule. We do not consider that this is unnecessary or inappropriate as the additional time is required to ensure achievability. In any event if it is possible for a capacity project to delivery early, it is possible to do so under the Early Delivery Incentive mechanism which allows for a 1-year early delivery.

As already mentioned, infrastructure connection delivery needs to be considered alongside decisions on auction timings, to ensure grid and gas connection timings are aligned with auctions timings.

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

SSE supports the introduction of T-5 auctions as longer timelines are required to deliver dispatchable capacity. As for Q2, we are conscious of the risk of Demand curve uncertainty, which can result from longer timelines. 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, which should also result in less volatile clearing prices.