



**Single Electricity Market
(SEM)**

**Capacity Remuneration Mechanism
CY2030/31 T-4 Capacity Auction Parameters**

**Decision Paper
SEM-26-38**

31 July 2026

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2. EXECUTIVE SUMMARY

Under the revised SEM arrangements, implemented in October 2018, capacity revenues are allocated by Capacity Auction for a relevant capacity year. Prior to each Capacity Auction, a number of auction parameters must be set. The list of parameters to be determined by the Regulatory Authorities (RAs) is described in paragraph D.3.1.3 of the Capacity Market Code (CMC).

The parameters, as set out in this document, relate to the T-4 2030/31 Capacity Auction which is scheduled to take place on **25 March 2027**. A detailed timetable for the auction is also available¹.

On 11 June 2026, the SEM Committee issued a consultation on parameters for the T-4 2030/31 Capacity Auction (SEM-26-28²). Responses were required by 17:00 of the 03 July 2026. Seven responses were received by the RAs with none classified as confidential.

Table 1 outlines the number of replies for each parameter.

Number of responses to each Parameter

Ref	Parameter	No. of Responses
a	De-Rating Curves, defining De-Rating Factors by unit Initial Capacity and by Technology Class (including Interconnectors)	5
b	Capacity Requirement	0
c	Indicative Demand Curve	4
d	Auction Price Cap (APC)	3
e	Existing Capacity Price Cap (ECPC)	2
f	New Capacity Investment Rate Threshold (NCIRT)	0
g	Annual Stop Loss Limit Factor	1
h	Billing Period Stop Loss Factor	1
i	Indicative Annual Capacity Exchange Rate	0
j	Increase Tolerance and Decrease Tolerance by Technology Class	2
k	Performance Security Posting Dates / Events	3
l	Termination Charges	1

¹ [T-4 30/31 Capacity Auction Timetable](#)

² [SEM-26-28 - T-4 3031 Parameters Consultation Paper.pdf](#)

Number of responses to each Parameter

Ref	Parameter	No. of Responses
m	Full Administered Scarcity Price and Reserve Scarcity Price Curve	0
n	Anticipated values to be applied in determining the Strike Price	0
o	Capacity Aggregation Threshold	0
p	Early Incentive Start Date for New Capacity	2
	Other Points of Discussion	
	Intermediate Contract Investment Rate Threshold	1
	Cork LCCA	1
	Capacity Auction Timelines	3
	Large Energy User (LEU) Policy	4
	Other	5

Table 1

3. BACKGROUND

Decisions made in this document reflect requirements set out in the CMC, which outline the arrangements whereby market participants can qualify for, and participate in auctions for the award of capacity in the Capacity Remuneration Mechanism (CRM) in the SEM. The settlement arrangements for the CRM form part of the revised Trading and Settlement Code (TSC) (SEM-17-024) published in April 2017³.

The purpose of this decision paper is to:

- Provide a summary of the responses received to the parameters consultation.
- Provide a SEM Committee decision summary.
- Set out the decisions and final parameters for the T-4 2030/31 Capacity Auction.

³ [WP-05: Institutional Arrangements \(semcommittee.com\)](#)

4. SUMMARY OF PROPOSALS IN THE CONSULTATION PAPER

Table 2 below details the parameters to be determined as published in the SEM-26-28 Consultation Paper:

	Parameter	Proposed Value for T-4 2030/2031 Capacity Auction
a	De-Rating Curves, defining De-Rating Factors by unit Initial Capacity and by Technology Class (including Interconnectors)	To be determined by System Operators (SOs) prior to publication of Initial Auction Information Pack.
b	Capacity Requirement	To be determined by SOs prior to publication of Initial Auction Information Pack.
c	Indicative Demand Curve	The Demand Curve for the T-4 CY2030/31 capacity auction will be set as follows: - Horizontal at the Auction Price Cap from 0 MW to XX% (depending on the APC) of the initial Capacity Requirement. - Slopes down in a straight-line to a zero-crossing point at 100% of the Net Auction Requirement (after deduction of Previously Awarded Capacity) plus 15% of the initial Capacity Requirement.
d	Auction Price Cap (APC)	€230,000/MWd
e	Existing Capacity Price Cap (ECPC)	Propose a 2% increase on the T-4 CY2029/30 Capacity auction: $€56,792 \times 1.02 = \mathbf{€57,928 / de-rated MW / year.}$
f	New Capacity Investment Rate Threshold (NCIRT)	€300,000 /de-rated MW / year.
g	Annual Stop Loss Limit Factor	1.5
h	Billing Period Stop Loss Factor	0.5

	Parameter	Proposed Value for T-4 2030/2031 Capacity Auction		
i	Indicative Annual Capacity Exchange Rate	To be determined by SOs prior to publication of Initial Auction Information Pack.		
j	Increase Tolerance and Decrease Tolerance by Technology Class	Technology Class	Increase Tolerance (%)	Decrease Tolerance (%)
		All Except DSUs	0	0
		DSUs	0	100
k	Performance Security Posting Dates / Events	Date/ Event	Performance Security Rate (€/MW)	
		From Capacity Auction completion to 24 months prior to the beginning of the Capacity Year	20,000	
		24-18 months prior to the beginning of the Capacity Year	30,000	
		18-13 months prior to the beginning of the Capacity Year	40,000	
		From 13 months to beginning of Capacity Year	50,000	
		From beginning of Capacity Year	60,000	
l	Termination Charges	Date/ Event	Termination Charge Rate (€/MW)	
		From Capacity Auction completion to 24 months prior to the beginning of the Capacity Year	20,000	
		24-18 months prior to the beginning of the Capacity Year	30,000	
		18-13 months prior to the beginning of the Capacity Year	40,000	
		From 13 months to beginning of Capacity Year	50,000	
		From beginning of Capacity Year	60,000	

	Parameter	Proposed Value for T-4 2030/2031 Capacity Auction	
m	Full Administered Scarcity Price and Reserve Scarcity Price Curve	Short Term Reserve (MW)	Administered Scarcity Price (€/MWh)
		Demand Control	25% of VOLL Max
		0	25% of VOLL Max
		LSI	RO Strike Price
n	Anticipated values to be applied in determining the Strike Price	Current inputs to be re-applied.	
o	Capacity Aggregation Threshold	10 MW	
p	Early Incentive Start Date for New Capacity	Trading Day 30 September 2029 beginning 23:00	
-	Intermediate Contract Investment Rate Threshold	€100,000 /de-rated MW / year.	

Table 2

5. SUMMARY OF RESPONSES

Seven responses were received from:

1. Demand Response Association of Ireland (DRAI);
2. Energy Storage Ireland (ESI);
3. Combination of Total Energies and EPH (TTEP);
4. Bord na Móna (BnM);
5. Eirgrid / SONI (SOs);
6. Scottish and Southern Electricity (SSE);
7. Electricity Association of Ireland (EAI)

De-Rating Curves, defining De-Rating Factors (DRF) by unit Initial Capacity and by Technology Class

DRAI indicated the current Derating Factor (DRF) methodology should be reviewed because:

- Lower DRFs increase the need for higher Auction Price Caps to attract new capacity, while simultaneously reducing incentives for capacity providers to be available during system stress events.
- Technology-wide DRFs do not adequately reward individual participants who improve reliability, as performance is averaged across the technology class.
- Larger DSUs receive less favourable DRFs than smaller DSUs, which may encourage artificial splitting of units without delivering any system security benefit.

DRAI supports a move towards DRFs that more closely reflect the actual reliability and capacity value of individual participants, creating stronger incentives for performance and availability.

ESI claims that the CRM significantly undervalues Battery Energy Storage Systems (BESS) through overly conservative de-rating factors that do not reflect their proven performance and contribution to system security. ESI welcomes the recent increase in de-rating factors for longer-duration storage but believes further reform is required. The response advocates for a transparent, duration-based de-rating methodology, like those used in Great Britain, France and Italy, which would better recognise the capacity value of storage and provide stronger investment signals. ESI considers that reforming BESS treatment within the CRM is essential to supporting investment, resource adequacy and the delivery of renewable energy targets.

TTEP suggested that current de-rating factors are set too low and do not accurately reflect the contribution of technologies during periods of system stress. TTEP notes that several CMC modifications have sought to address this issue and supports the use of the INCTOL mechanism to allow unit-specific de-rating factors where higher reliability can be demonstrated. TTEP requests clarity on the SEMC's ongoing review of de-rating factors and, if no changes are implemented before the T-4 2030/31 Capacity Auction, recommends setting INCTOL above zero. It contends that higher de-rating factors would support investment in new capacity and could lower overall capacity auction costs for consumers.

BnM supports exploring changes to the derating factor methodology, including unit-specific derating factors and extending the INCTOL approach to technologies beyond DSUs, as a means of addressing revenue limitations created by the Auction Price Cap. They argue that new capacity faces significantly higher investment thresholds, greater delivery risks, and substantial performance security requirements compared to refurbished existing capacity. As a result, they contend that any derating factor improvements should provide a greater benefit to new capacity projects than to existing refurbished units.

SSE suggests that de-rating methodologies should be regularly reviewed to ensure they accurately reflect the contribution of different technologies to security of supply. In particular, SSE supports consideration of a separate de-rating factor for offshore wind rather than applying a generic wind de-rating factor. SSE also suggests reviewing the current zero Increase Tolerance (INCTOL) approach, arguing that a more flexible framework could better reflect operational realities while maintaining security of supply objectives.

Indicative Demand Curve

BnM opined that auction volumes and demand curve settings should reduce reliance on costly temporary emergency generation, account for the risk of capacity delivery attrition, and provide sufficient opportunity for larger projects, such as new CCGTs, to secure a Reliability Option and enter the market.

The SOs refer to the consultation paper which notes that the demand curve *"may result in under-procurement compared to the adjusted requirement"*. In addition to the provision of a T-1 auction as noted, the SOs emphasised that the Capacity Requirement does account for potential under procurement through the Least Worst Regrets methodology, which balances

the cost of under-procurement vs over-procurement. This methodology is described in SEM-17-040b⁴.

SSE suggested relatively small changes in demand assumptions could significantly affect auction outcomes, competition, and clearing prices. SSE notes that much of the capacity requirement may already be met by existing contracted capacity, making the residual procurement requirement relatively small. They have called for greater transparency and analysis on how the proposed demand curve compares to previous approaches and its impact on procurement volumes, auction outcomes, clearing prices, and future investment signals.

EAI welcomes efforts to refine the indicative demand curve but seeks clarification on whether the proposed approach is intended to remain consistent with the T-4 2029/30 methodology, suggesting that a worked example would be helpful. It is concerned that the removal of the Net CONE reference reduces transparency around demand curve calibration and questions the use of the newly introduced Net Auction Requirement as the zero-crossing point. EAI therefore calls for greater transparency on the rationale for these changes and their expected impact on procurement outcomes.

The SOs also note that the Capacity Market Code (CMC) does not currently define the term "indicative Demand Curve", despite requiring its publication in the Initial Auction Information Pack (IAIP). They consider this a potential compliance risk due to ambiguity and have proposed a CMC modification⁵ to introduce a formal definition. The SOs are seeking guidance from the Regulatory Authorities (RAs) on how best to clarify the requirement and ensure compliance with the CMC.

Auction Price Cap (APC)

TTEP opposes retaining the APC at €230,000/MWd, arguing that rising gas turbine costs, longer lead times, increased demand driven by data centres, and global supply chain pressures have significantly increased the cost of delivering new capacity. TTEP believes the APC should reflect these market conditions to ensure new projects remain economically viable and to reduce the risk of insufficient capacity being procured in the T-4 2030/31 auction.

BnM also suggested that the current Auction Price Cap of €230,000/MW de-rated is too low to support investment in the technologies needed for net zero. They contend that the cap is

⁴ [SEM-17-040b Appendix 2 - TSO Capacity Requirement and De-rating Factors Methodology.pdf](#)

⁵ [Modification Proposal](#)

based on an outdated BNE estimate and does not reflect significant increases in capital costs driven by global demand for generation equipment, AI-related infrastructure growth, and local policy requirements. In their view, higher price caps are needed to account for supply chain constraints, encourage investment in new dispatchable generation, and support security of supply, decarbonisation objectives, and consumer benefits.

EAI is concerned that the Auction Price Cap (APC) has been frozen and the Existing Capacity Price Cap (ECPC) increased by only 2%, arguing that both may no longer reflect current market conditions. It contends that rising infrastructure costs, supply chain constraints, inflation, and LEU-related investment requirements have increased the cost of providing dispatchable capacity, while reliance on historic cost assumptions risks undermining investment incentives. EAI therefore calls for a review of the underlying Best New Entrant (BNE) assumptions and CRM parameters to ensure they continue to support investment in both new and existing capacity needed for security of supply and the energy transition.

Existing Capacity Price Cap (ECPC)

TTEP welcomes the 2% indexation of the ECPC but argues it does not adequately reflect cost increases since 2023. It contends that the ECPC remains based on an inaccurate 2023 Net CONE assessment, despite similar concerns having already led to adjustments in the APC methodology. TTEP believes an insufficient ECPC forces existing capacity providers to seek USPCs to recover costs, creating unnecessary administrative burden and potentially encouraging market exit where costs cannot be recovered.

EAI also expressed concerns that the APC has been frozen and the ECPC increased by only 2%, arguing that both may no longer reflect current market conditions. It contends that rising infrastructure costs, supply chain constraints, inflation, and LEU-related investment requirements have increased the cost of providing dispatchable capacity, while reliance on historic cost assumptions risks undermining investment incentives. EAI therefore calls for a review of the underlying Best New Entrant (BNE) assumptions and CRM parameters to ensure they continue to support investment in both new and existing capacity needed for security of supply and the energy transition.

Annual and Billing Stop-Loss Limit Factors

SSE questioned the need for both the Annual Stop-Loss Limit Factor (1.5) and the Billing Stop-Loss Limit Factor (0.5), given that the billing-period limit already caps penalties over shorter settlement periods. SSE suggests that the billing limit may prevent the annual limit from ever

being reached and therefore seeks clarification from the SEM Committee on the purpose of maintaining both mechanisms and how they operate together.

Increase Tolerance (INCTOL)

TTEP opposes setting INCTOL at zero and argues that the mechanism should be used to allow higher, unit-specific de-rating factors where improved reliability can be demonstrated. TTEP believes current SEM de-rating factors are significantly lower than comparable markets such as Great Britain, creating a barrier to investment. In the absence of a broader review of de-rating methodologies, it considers a non-zero INCTOL to be an existing and readily available mechanism to improve investment signals, auction efficiency, and alignment with other European capacity markets.

SSE implies that de-rating methodologies should be regularly reviewed to ensure they accurately reflect the contribution of different technologies to security of supply. SSE supports consideration of a separate de-rating factor for offshore wind rather than applying a generic wind de-rating factor. SSE also suggests reviewing the current zero Increase Tolerance (INCTOL) approach, arguing that a more flexible framework could better reflect operational realities while maintaining security of supply objectives.

Performance Security Posting Dates / Events & Termination Charges

DRAI maintains that the proposed increase in Performance Security is unnecessary for DSUs and single-year new capacity, noting that existing requirements already discourage participation and that non-delivery of new DSU capacity has been minimal. They therefore believe these categories should be exempt from the increase.

BnM argue that Performance Security Levels are too high: Most projects will have incurred a very significant proportion of total project Capex by the time that the higher levels of €40,000, €50,000 and €60,000/MW termination fee exposure apply. Such high levels represent an unnecessary double exposure, likely to disincentivise investment.

The SOs recommend that increases in Performance Security take effect two months before corresponding increases in Termination Charges to ensure sufficient security is always in place. They also propose that Letters of Credit remain valid beyond the next Termination Charge increase. In their view, these changes would reduce the risk of unsecured termination charge recovery, particularly if a participant becomes insolvent, thereby protecting consumers from potential losses.

Early Incentive Start Date for New Capacity

DRAI supports Early Delivery incentives and believes they should also be available to capacity awarded under single-year contracts, as such capacity can provide similar system benefits to capacity holding longer-term agreements.

Capacity Auction Timelines

SSE welcomes the SEM Committee's work on reviewing auction timelines but argues that current delivery timeframes do not reflect the practical realities of securing grid and gas connections, which are taking longer due to increasing complexities and factors outside developers' control. SSE believes T-4 timelines should be extended to better align with connection delivery and suggests introducing an adjustment mechanism, like RESS 6, to accommodate connection-related delays, with any such mechanism also reflected in the qualification process.

EAI also welcomes the ongoing review of CRM auction timelines and argues that the current 3.5-year lead time does not adequately reflect the increasing time required to deliver generation, storage, grid, and gas infrastructure projects. EAI suggests that the CRM should better accommodate these delivery challenges and supports consideration of a RESS 6-style adjustment mechanism for projects delayed by grid connection issues outside developers' control, to improve investor confidence while maintaining delivery incentives.

BnM infers that the current 3.5-year delivery timeframe is too short for large-scale technologies such as CCGTs, which typically require around five years to develop and construct. They believe the CRM should better reflect these practical delivery challenges and provide greater certainty to support investment and financing.

Large Energy User (LEU) Policy

TTEP highlights that the SEMC has not considered the potential impact of the CRU's Large Energy User (LEU) connection policy on Capacity Market parameters, particularly the demand curve and Locational Capacity Constraints. As the policy requires larger data centres to install generation capacity that may need to participate in the Capacity Market, TTEP believes the SEM Committee should provide greater clarity on the expected implications for auction design, parameters and potential CMC changes.

BnM notes that the LEU Connection Policy introduces uncertainty around future connection applications, commissioning timelines, and the operation of on-site generation. They seek

greater transparency on the assumptions and modelling methodology used to forecast demand and account for LEUs within CRM capacity requirement and auction volume calculations.

SSE indicates that greater clarity is needed on how LEUs, particularly data centres, are treated within Capacity Market modelling. It seeks further detail on how LEU demand, associated generation projects, Reliability Options, and Capacity Market participation are accounted for, and whether renewable generators connected under the LEU policy remain eligible for multi-year capacity contracts. SSE considers greater transparency important to support efficient investment signals and avoid market distortions as data centre demand grows.

EAI considers that the LEU Connection Policy introduces significant uncertainty that should be more explicitly reflected in CRM parameter setting. The association seeks greater transparency on the assumptions and methodologies used to account for LEUs in demand forecasts, capacity requirements, and auction volume calculations, given uncertainties around future connections, commissioning timelines, and on-site generation. EAI also requests clarity on how Reliability Options will interact with LEU-associated generation to help market participants understand the policy's impact on the future design of the CRM.

Other Comments

Capacity Auction Timeline

The SOs note that, in recent auctions, the Capacity Auction Parameters Decision Paper was published either on or immediately before the IAIP publication date, leaving limited time to prepare and publish the IAIP. They therefore seek engagement with the RAs on the publication process and suggest allowing additional time between the Parameters Decision Paper and IAIP publication to support compliance with the CMC while maintaining auction timetable milestones.

Conversion and Rounding Issues

The SOs request that Unit Specific Price Caps and Intermediate Length Contracts be specified directly in EUR/MWd or £/MWd, rather than EUR/kWd or £/kWd, to avoid conversion-related ambiguity and rounding errors. They note that these conversion issues have been identified by the Capacity Auction Monitor (CAM) and have contributed to observations in previous monitoring reports.

Cork LCCA

The SOs note that network constraints in the Cork Harbour area mean additional capacity may not be fully usable at certain times, as existing and contracted generation already exceeds network capability. While solutions are possible, the required network reinforcements are complex and are expected to take several years to deliver. As a result, the necessary upgrades are unlikely to be in place by the start of the 2030/31 Capacity Year.

Strike Price

The SOs have identified a potential inconsistency between the proposed Strike Price parameter values and the fuel transportation adders contained in the I-SEM PLEXOS Forecast Model 2024–33, which the consultation references as its basis. They request clarification on the source of the proposed values and, if necessary, updates to ensure alignment with the underlying PLEXOS assumptions used for the Strike Price calculation.

BnM sees strong rationale for the substitution of the strike price parameter PFUELOm by PHVOM, reflecting the substitution of Fuel Oil by Hydrotreated Vegetable Oil in the market.

Decarbonisation

BnM maintains that the CRM should better support decarbonisation by allowing technologies such as CCGTs to compete on a fair and level basis. They contend that modern, high-efficiency flexible CCGTs are disadvantaged by current derating factors, with plants capable of 95% guaranteed availability over 10 years being derated to around 70%. In their view, this undervalues reliable lower-carbon generation that is essential for supporting renewable integration and achieving net-zero objectives.

5. SEM COMMITTEE RESPONSE

De-Rating Curves, defining De-Rating Factors (DRF) by unit Initial Capacity and by Technology Class / INCTOL

The methodology used to determine de-rating factors is based on the best available evidence and analysis of expected performance during scarcity events, with the objective of ensuring that capacity values appropriately reflect the contribution each technology can make to security of supply. While the SEM Committee does not propose any changes to associated parameters, including INCTOL, for the T-4 2030/31 Capacity Auction, it continues to keep the framework under review as part of the ongoing development of the CRM. In this regard, the SEM Committee notes that the recent CRM 2.0 consultation (SEM-26-037) includes questions on the de-rating methodology, demonstrating that potential future changes are being actively considered. Any such changes would require robust evidence, significant policy analysis and development, and would need to be assessed within the context of the wider de-rating framework. Furthermore, changes to the methodology would not necessarily result in higher de-rating factors, as availability is only one of several factors influencing marginal de-rating outcomes.

Indicative Demand Curve

The SEM Committee notes stakeholder requests for greater clarity on the proposed indicative demand curve, including concerns regarding differences between the T-4 2029/30 and T-4 2030/31 formulations and the role of the Net Auction Requirement. For the avoidance of doubt, the demand curve remains at the Auction Price Cap up to XX% of the Net Auction Requirement. It then passes through the point **where the volume equals 100% of the Net Auction Requirement and the price equals Net CONE**. From that point, the curve slopes downward in a straight line to a volume equal to the Net Auction Requirement plus 15% of the Initial Capacity Requirement. This is consistent with the established demand curve methodology. This clarification will be reflected in Table 3.

The SEM Committee considers that this addresses concerns regarding the shape of the proposed demand curve and confirms that the intended approach remains aligned with the underlying principles applied in previous auctions.

The SEM Committee acknowledges the modification proposal put forward by the SOs and considers that the modification process is the appropriate mechanism for introducing a formal definition and removing any ambiguity.

Auction Price Cap (APC)

The SEM Committee has decided to set the Auction Price Cap (APC) at €230,000/MWd. The SEM Committee will continue to review the APC to ensure it maintains an appropriate balance between supporting security of supply and protecting consumers from unnecessary costs. As part of this assessment, the SEM Committee will review the current Best New Entrant (BNE) value and will bring forward to future auctions any necessary parameter changes where the evidence demonstrates that an adjustment is required to maintain effective investment signals and protect consumers.

Existing Capacity Price Cap (ECPC)

The SEM Committee acknowledges stakeholder concerns that the proposed 2% increase may not fully reflect current cost pressures. However, it has decided to proceed with the proposed ECPC of €57,928 per de-rated MW per year. The SEM Committee also notes that Participants may apply for a Unit Specific Price Cap (USPC) where appropriate. As with the APC, the SEM Committee intends to keep this value under review and expects to consider the current BNE value in due course, recognising that any changes to the BNE assessment are likely to affect both parameters.

Annual and Billing Stop-Loss Limit Factors

The SEM Committee notes SSE's comments regarding the interaction between the Annual Stop-Loss Limit Factor and the Billing Period Stop-Loss Limit Factor.

The two limits serve related but distinct purposes and are complementary. The Billing Period Stop-Loss Limit caps the Non-Performance Difference Charges that a unit can incur within an individual Billing Period, thereby limiting the extent to which losses can accumulate in any one week. The Annual Stop-Loss Limit separately caps cumulative Non-Performance Difference Charges across the Capacity Year as a whole (i.e. supporting risk assessment and limiting downside risk in terms of financeability).

The existence of a Billing Period Stop-Loss Limit does not remove the need for an Annual Stop-Loss Limit, as exposure may still accumulate across multiple Billing Periods over the course of the year. The Billing Period limit therefore constrains the rate at which exposure can build up, while the Annual limit constrains the total cumulative exposure.

The Billing Period Stop-Loss Limit also serves an important incentive function. Without such a limit, a concentrated cluster of scarcity events early in the Capacity Year could cause a

unit to exhaust its annual stop-loss protection too early, thereby reducing its incentive to maximise availability for the remainder of the year. By limiting losses within each Billing Period, the Billing Period Stop-Loss Limit helps preserve the reliability incentive across the full Capacity Year.

For these reasons, the SEM Committee considers that both limits remain important safeguards and has decided to retain the proposed values for the T-4 2030/31 Capacity Auction.

Performance Security Posting Dates / Events & Termination Charges

The SEM Committee notes comments on the level, timing and financial impact of Performance Security and Termination Charges. Performance Security remains an important delivery assurance mechanism and the proposed levels are confirmed.

The SOs recommended that increases in Performance Security should take effect ahead of corresponding increases in Termination Charges, and that Letters of Credit remain valid beyond the next scheduled increase in Termination Charges to ensure adequate security is always maintained.

The SEM Committee are minded to approve the SOs proposal for increases in Performance Security to take effect two months before corresponding increases in Termination Charges. The Committee considers that this approach does not increase participants' overall liability and strengthens the alignment between liabilities and available security. This would reduce the risk of unrecoverable Termination Charges in the event of participant default, thereby providing greater protection for consumers and the wider market.

Early Incentive Start Date for New Capacity

The SEM Committee recognises DRAI's support for Early Delivery Incentives and its view that capacity awarded under single-year contracts can provide similar security of supply benefits to multi-year capacity. However, the SEM Committee considers that Early Delivery Incentives⁶ should remain targeted at multi-year New Capacity, which typically faces the greatest delivery challenges and therefore stands to benefit most from such incentives. The Committee also notes that restricting eligibility in this way helps minimise gaming risks and maintains the original policy intent of encouraging the accelerated delivery of longer lead-time projects. The proposed Early Delivery Incentive Start Date commencing at the start of the Trading Day beginning at 23:00 on 30 September 2029 is confirmed.

⁶ [Early Delivery Incentives decision Paper SEM-24-037](#)

Cork LCCA

The SEM Committee acknowledges the SOs' concerns regarding network constraints in the Cork Harbour area. However, it does not consider the introduction of a Cork Harbour LCCA to be an appropriate means of addressing these constraints, noting both the temporary nature of existing LCCAs within State aid and the broader market design implications associated with creating additional LCCAs. Accordingly, the SEM Committee did not approve the addition of a Cork Harbour LCCA previously and asks the SOs to investigate short- to medium-term operational solutions while progressing long-term network reinforcements.

Capacity Auction Timelines

The SEM Committee welcomes stakeholder support for the ongoing review of CRM auction timelines and acknowledges concerns regarding the increasing time required to develop and deliver new generation, storage, grid and gas infrastructure projects.

In early 2026, the SEM Committee consulted on options for the timings of upcoming CRM auctions. Following review of the consultation feedback and further engagement with the SOs, the SEM Committee has decided on a solution (SEM-26-024) that prepares for a glide-path towards a longer lead time, whereby the expectation is that there would be consecutive auctions for CY2031/32 and CY2032/33 held in late 2027/early 2028.⁷

Given that this work is ongoing, the SEM Committee does not propose any changes to auction timelines or qualification arrangements for the T-4 2030/31 Capacity Auction at this stage.

LEU Policy

The SEM Committee acknowledges stakeholder comments regarding the potential implications of the CRU's LEU Connection Policy for CRM modelling and parameter setting. While the policy may influence future demand growth, capacity requirements, auction volumes and the development of associated generation and storage capacity, uncertainty remains regarding the scale, timing and operation of future LEU projects. The SEM Committee will continue to engage on the implementation of the policy and consider any implications for CRM design and parameter setting as further evidence becomes available.

The SEM Committee also notes that the CRU's LEU Connection Policy addresses the interaction between LEU-supporting generation and participation in the Capacity Remuneration Mechanism (CRM). Market Participants intending to support an LEU

⁷ [Options for the timings of upcoming CRM auctions Decision Paper \(SEM-26-024\) | The Single Electricity Market Committee](#)

connection application should therefore have regard to Section 3.4.4, *Interaction with CRM*, of the CRU Large Energy User Connection Policy Decision Paper. Participants should be mindful that, in addition to any CRM obligations, generation supporting an LEU connection application must continue to satisfy the requirements of the LEU Connection Policy.

6. SEM COMMITTEE DECISION – CY 2030/31 CRM PARAMETERS

Table 3 summarises the decisions taken by the SEM Committee considering the responses above. The following parameters will apply for the T-4 CY2030/31 Capacity Auction.

	Parameter	Value for T-4 2030/2031 Capacity Auction
a	De-Rating Curves, defining De-Rating Factors by unit Initial Capacity and by Technology Class (including Interconnectors)	To be determined by System Operators (SOs) prior to publication of Initial Auction Information Pack.
b	Capacity Requirement	To be determined by SOs prior to publication of Initial Auction Information Pack.
c	Indicative Demand Curve	The Demand Curve for the T-4 2030/31 Capacity Auction will be set as the following: • Horizontal at the Auction Price Cap from 0 MW to XX%⁸ of the Net Auction Requirement. • The line passes through the point at where the volume equals 100% of the Net Auction Requirement and the price equals Net CONE. • Slopes down in a straight line to the Net Auction Requirement plus 15% of the Initial Capacity Requirement.⁹
d	Auction Price Cap (APC)	€230,000/MWd
e	Existing Capacity Price Cap (ECPC)	2% increase on the T-4 2029/2030 Capacity Auction: €56,792 x 1.02 = €57,928 / de-rated MW / year.

⁸ XX% is rounded to the nearest percent, the actual amount to purchase at APC is subject to the auction rules under the CMC.

⁹ The Net Auction Requirement is the Gross Auction Requirement (the Adjusted Capacity Requirement) minus the Previously Awarded Capacity.

	Parameter	Value for T-4 2030/2031 Capacity Auction		
f	New Capacity Investment Rate Threshold (NCIRT)	€300,000 /de-rated MW / year.		
g	Annual Stop Loss Limit Factor	1.5		
h	Billing Period Stop Loss Factor	0.5		
i	Indicative Annual Capacity Exchange Rate	To be determined by SOs prior to publication of Initial Auction Information Pack.		
j	Increase Tolerance and Decrease Tolerance by Technology Class	Technology Class	Increase Tolerance (%)	Decrease Tolerance (%)
		All Except DSUs	0	0
		DSUs	0	100
k	Performance Security Posting Dates / Events	Date/ Event	Performance Security Rate (€/MW)	
		From Capacity Auction completion to 24 months prior to the beginning of the Capacity Year	20,000	
		24-18 months prior to the beginning of the Capacity Year	30,000	
		18-13 months prior to the beginning of the Capacity Year	40,000	
		From 13-2 months to beginning of Capacity Year	50,000	
		2 months before Capacity Year onwards	60,000	
l	Termination Charges	Date/ Event	Termination Charge Rate (€/MW)	

	Parameter	Value for T-4 2030/2031 Capacity Auction	
		From Capacity Auction completion to 22 months prior to the beginning of the Capacity Year	20,000
		22-16 months prior to the beginning of the Capacity Year	30,000
		16-11 months prior to the beginning of the Capacity Year	40,000
		11 months to beginning of Capacity Year	50,000
		Beginning of Capacity Year onwards	60,000
m	Full Administered Scarcity Price and Reserve Scarcity Price Curve	Short Term Reserve (MW)	Administered Scarcity Price (€/MWh)
		Demand Control	25% of VOLL Max
		0	25% of VOLL Max
		LSI	RO Strike Price
n	Anticipated values to be applied in determining the Strike Price	See Table 4 below	
o	Capacity Aggregation Threshold	10 MW	
p	Early Incentive Start Date for New Capacity	Trading Day 30 September 2029 beginning 23:00	
-	Intermediate Contract Investment Rate Threshold	€100,000 /de-rated MW / year.	

Table 3

Strike Price Component	Value	Unit
PCARBON _m	PCARBON _m Index	€/tCO _{2e}
PFUELNG _m	[PFUELNG _m Index (p/therm) x 0.01 (£/p) + PFUELNG _m Transport (£/therm)] x Exchange Rate (€/£) x 9.48 (therm/GJ) x 3.6 (GJ/MWh)	€/MWh
PFUELO _m	[PFUELO _m Index (\$/t) x Exchange Rate (€/£) + PFUELO _m Transport (€/t)] x 0.025 (t/GJ) x 3.6 (GJ/MWh)	€/MWh
PCARBON _m Index	ICE ECX EUA Futures – EUA - (monthly) ¹⁰	€/tCO _{2e}
PFUELNG _m Index	ICE UK Natural Gas Index (monthly)	p/therm
PFUELNG _m Transport	0.0570 ¹¹	£/therm
PFUELO _m Index	Platt's Forward Curve (monthly) for monthly swap transactions for 1% sulphur free on board (FOB) fuel oil cargoes in North West Europe (NWE) for the relevant month (AAEGR00)	\$/t
PFUELO _m Transport	39.5 ¹²	€/t
FTHEORYPU _y	15	%
FCARBONING _y	0.202	tCO _{2e} /MWh
FCARBONINO _y	0.277	tCO _{2e} /MWh
PTHEORYDSU _y	500	€/MWh
Exchange Rate (€/£)	The Trading Day Exchange Rate as defined in the Trading and Settlement Code	€/£
Exchange Rate (€/£)	The rate set at 17:00 the day before the Trading Day, from the same source as used for the Trading Day Exchange Rate	€/£
therm per GJ	9.48 ¹³	therm/GJ
LSFO calorific value	0.025 ¹⁴	t/GJ

Table 4

¹⁰ The December price for a given year will apply to all months falling within that year.

¹¹ NI natural gas transport adder used in I-SEM PLEXOS Forecast Model 2024-33.

¹² Based on ROI LSFO transport adder used in I-SEM PLEXOS Forecast Model 2024-33

¹³ Universal constant, utilised in the I-SEM PLEXOS Forecast Model 2024-33

¹⁴ Universal constant, utilised in the I-SEM PLEXOS Forecast Model 2024-33