



SEM-25-071 Cross Border Participation in the CRM Consultation paper 19th December 2025

SSE Response

March 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.

In addition, SSE Thermal owns and operates several of the most flexible and efficient gas-fired power stations in the UK and Ireland, with an operational fleet contributing c7.8GW of flexible generation.

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-25-071 Cross Border Participation in the CRM Consultation. This is a non-confidential response.

Introduction

SSE recognises that the go-live of the 700MW Celtic Interconnector triggers the implementation of cross-border participation in the SEM Capacity Mechanism, as required under Article 26 of EU Regulation 2019/943 (Clean Energy Package). This introduces direct participation of foreign units in the SEM CRM. We acknowledge that this consultation sets out principles that will apply both to the current CRM and to any future evolution, ahead of detailed CMC modifications.

While the overarching legal requirement for cross-border participation is clear, the recent AIRAA highlights a challenging adequacy outlook over the coming decade. It is therefore essential that the design principles for foreign participation align with, and do not undermine, the SEM's adequacy framework, consumer protection objectives, or long-term investment signals that underpin security of supply.

High level Implementation considerations

In implementing cross-border participation, SSE considers that the SEM should adhere to what is required under the EU legal framework and avoid wider changes that could erode the effectiveness of the domestic CRM. The CRM remains central to ensuring that domestic dispatchable capacity can meet peak demand, particularly as Ireland faces tight adequacy margins in the years ahead. For that reason, foreign participation must be designed to complement, rather than disrupt, domestic investment signals and the security of supply role performed by the CRM.

It is also important to recognise that different jurisdictions operate different capacity markets, each with its own rules, auction timelines, price formations, and reliability options. These systems are not equivalent and treating them as such risks undermining the SEM adequacy framework. The upcoming reform of the French capacity market adds additional uncertainty, making it even harder to predict its future behaviour and increasing the need for a cautious approach. Therefore, Cross-border capacity should not be assumed to deliver firm reliability during stress events unless there is robust forward-looking analysis to support this assumption. During times when multiple countries face shortages at the same time, such as during severe weather, interconnectors may have limited ability to support the SEM, and this limitation must be recognised in the design principles.

Another key issue is how Maximum Entry Capacity (MEC) is calculated. This process must be transparent, conservative, and based on clear derating methodologies that apply both to interconnector capacity and to individual generation units behind the interconnector. The approach taken must ensure that capacity is not double counted across markets and that reliability obligations in both jurisdictions can credibly be met. Given the uncertainty around

future French capacity market reforms and the lack of historical relevance for France-Ireland flows, MEC assessments should prioritise future deliverability rather than historical performance. We also note that MEC volumes have been reserved for Celtic in the 2028/29 auction; however, as Celtic is expected to be commissioned in Spring 2028, it is unlikely to contribute meaningfully to Winter 2028/29 adequacy. This assumption should therefore be revisited.

The consultation also refers to the qualification process. SSE emphasises that this process must not create unnecessary burdens for the TSOs, RAs, or market participants. The current qualification, review, and dispute processes already represent a significant workload for domestic participants, so any expansion to accommodate foreign units should be accompanied by simplification and streamlining.

SSE considers that cross-border participation should only be introduced where there are fully reciprocal arrangements in place. In other words, if foreign generators can take part in the SEM CRM, SEM generators must also be allowed to participate in the other country's capacity market on equal terms. This should be clearly stated in the guiding principles, and both countries should follow the same implementation timelines to ensure fairness and consistency.

Given the uncertainties around interconnector performance and foreign market evolution, it is also vital that the principles set out in this consultation can be revisited if future developments show that certain assumptions or rules are no longer fit for purpose.

Finally, we note that the range of design options and parameters under consideration is relatively complex given the limited volumes likely to be eligible under a conservative MEC approach. Implementation should therefore be proportionate, prioritising simplicity, transparency, and practical usability.

Foreign unit participation Auction Design:

Option 1 Standalone foreign unit auctions

Option 2 Foreign unit auctions that act as a pre-selection mechanism for participation in the CRM

Overall, SSE supports Option 2, as it integrates foreign units into the existing CRM structure in a way that minimises disruption. Under this approach, foreign units must first pass a pre-selection step before they can compete directly with domestic units. This avoids the need for any fragmentation that would arise from running separate foreign-only auctions.

This structure also ensures that the domestic demand curve remains unchanged, avoiding any downward adjustments that could distort prices or outcomes. It also ensures there is a single clearing-price within the SEM CRM, rather than separate prices for domestic and foreign auctions, which would add unnecessary complexity. We recognise that under Option 2, foreign units might not clear the main auction if their costs are too high. However, this is reasonable as it reflects fair

and equal treatment of both domestic and foreign capacity, ensuring that only competitively priced units are successful.

Parameter options:

SSE supports the SEMC's minded-to position to limit foreign units to one-year contracts. Multi-year arrangements are not suitable at this stage given limited operational experience with the Celtic Interconnector and the difficulty of forecasting MEC across multiple years.

We also support allowing foreign units to take part in both T-1 and T-4 auctions. Relying on T-1 alone would increase the chance of poor outcomes, including buying too much capacity because MEC forecasts are uncertain.

SSE supports the SEMC's minded-to position that the Market Reference Price for foreign units should be based on the SEM price. This ensures consistent incentives during system stress events, protects consumers, and is simpler to implement.

In relation to the price caps, the SEMC has proposed that foreign units should not qualify for the ECPC or USPC. This may work for single-year contracts, but if multi-year contracts were ever introduced in the future, the treatment of ECPC/USPC would need to be reviewed to ensure fairness.

On participation rules, we do not support the eligibility of distribution-connected foreign units to participate. To be eligible for the SEM CRM, capacity must be transparent, measurable, and subject to clear reliability metrics – criteria that distribution-connected foreign units may not consistently meet.

SSE is supportive of foreign units being able to take part in secondary trading, noting that liquidity is likely to remain limited and risks are low.

Finally, SSE supports setting a minimum MEC threshold for running foreign capacity auctions. This threshold should start at zero but be increased if extremely small or non-credible volumes are to appear.

Conclusion

Overall, SSE supports the implementation of cross-border participation in a manner that is proportionate, risk-averse, reciprocal and aligned with the SEM's adequacy requirements and long-term investment framework. Option 2, with a pre-selection mechanism feeding into the main CRM auction, provides the most efficient and least distortive basis for incorporating foreign capacity while maintaining the integrity of the SEM CRM.

