



**Single Electricity Market
(SEM)**

Capacity Market Code Modifications

Workshop 43 (Part A)

CMC_08_25

Decision Paper

CMC_08_25: Ensuring Robust, Transparent and Objective Qualification
Criteria in the Capacity Market

SEM-26-063

05 October 2026

INTRODUCTION

The purpose of this Decision Paper is to set out the decision relating to one of the six proposed Modifications to the Capacity Market Code (CMC) discussed at Workshop 43 (Part A), held on 28 May 2025:

- **CMC_08_25:** Ensuring Robust, Transparent and Objective Qualification Criteria in the Capacity Market

The decision within this paper follows on from the associated consultation ([SEM-25-023](#)), which closed on 03 July 2025. The decisions for the other five Modifications discussed at this Workshop were published in [SEM-25-045](#) and [SEM-25-072](#), on 29 August 2025 and 17 December 2025 respectively.

Fourteen responses were submitted, of which, one was confidential. The non-confidential responses were published on 12 November 2025, available [here](#).

Summary of Key Decisions

Following consideration of the proposals and the responses received to the consultation, the SEM Committee have decided:

Modification	Decision	Implementation Date
CMC_08_25: Ensuring Robust, Transparent and Objective Qualification Criteria in the Capacity Market	Make a Modification	01/07/27

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Appendix A Approved Legal Drafting CMC_08_25

1. OVERVIEW

1.1. BACKGROUND

- 1.1.1. The SEM CRM detailed design and auction process has been developed through a series of consultation and decision papers, all of which are available on the SEM Committee's (SEMC) website. These decisions were translated into legal drafting of the market rules via an extensive consultative process leading to the publication of the Trading and Settlement Code (TSC) and the Capacity Market Code (CMC). Current versions of the CMC and the TSC are published on the SEMO website.

Process and Timeline for this Modification

- 1.1.2. On the 14 May 2025, the System Operators (SOs) submitted a Modification Proposal (CMC_08_25) under the terms of B.12.4 of the CMC. This was marked as Standard.
- 1.1.3. The RAs reviewed the Modification Proposal and determined that it was not spurious.
- 1.1.4. On the 05 June 2025, the RAs determined the procedure to apply to the Modification Proposal. An overview of the timetable is as follows:
- i. The System Operators convened Workshop 43 (Part A) where the Modification Proposal was considered on 28 May 2025, alongside five other proposals.
 - ii. The System Operators, as set out in B.12.7.1 (j) of the CMC, prepared a report¹ of the discussions which took place at the workshop, provided the report to the RAs, and published it on the Modifications website promptly after the workshop.
 - iii. The RAs then consulted on the Modification Proposal from the date of publication of the Consultation until the closing date of Thursday 03 July 2025.
 - iv. As set out in B.12.11.6, the RAs shall make their decision as soon as reasonably practicable following conclusion of the consultation and publish a report in respect of their decision. The purpose of the Decision Paper is to set out the decision relating to the Modification Proposal discussed during Workshop 43 (Part A) to:
 - a) Make a Modification;
 - b) Not make a Modification; or
 - c) Undertake further consideration in relation to the matters raised in the Modification Proposal.
- 1.1.5. This Decision Paper provides a summary of the consultation proposal and sets out the SEM Committee's decision.

¹ [Capacity Modifications Workshop 43A Report.pdf](#)

1.2. RESPONSES RECEIVED TO CONSULTATION

- 1.2.1. This paper includes a summary of the responses made to Capacity Market Code Modifications Workshop 43 (Part A) Consultation Paper ([SEM-25-023](#)), with respect to CMC_08_25 only, which was published on 05 June 2025 and closed on 03 July 2025.
- 1.2.2. A total of 14 responses were received to consultation SEM-25-023, with one marked as confidential. The non-confidential responses are from:
- Bord Gáis Energy (BGE)
 - Demand Response Association of Ireland (DRAI)
 - Energia
 - EP UK Investments (EPUKI)
 - ESB Generation and Trading (ESB GT)
 - Federation of Energy Response Aggregators (FERA)
 - Gas Networks Ireland (GNI)
 - Gas Networks Northern Ireland (GMO)
 - iPower
 - Lumcloon Energy
 - Mutual Energy
 - EirGrid and SONI (SOs)
 - SSE

2. CMC_08_25 – ENSURING ROBUST, TRANSPARENT AND OBJECTIVE QUALIFICATION CRITERIA IN THE CAPACITY MARKET

2.1. CONSULTATION SUMMARY AS PRESENTED BY THE SYSTEM OPERATORS

- 2.1.1. This Modification Proposal sought to codify the entry criteria for qualification on an enduring basis, to take effect from the T-4 2029/30 auction. This Modification Proposal would require a participant to demonstrate evidence of:
- i. Planning Permission for the electricity plant for which a unit is intending to apply for qualification to a specific auction, or evidence from the relevant planning authority that planning permission is not required.
 - ii. A connection offer or connection agreement from the relevant electricity grid system operator.
 - iii. A connection offer or letter of connection from the relevant gas operator (if applicable).
- 2.1.2 The above changes would be achieved through the addition of E.7.5.1 (f)-(i) inclusive, along with the additional subparagraphs in Appendix D.5 of the CMC.
- 2.1.3 The proposer argues that this Modification Proposal seeks to regularise an enduring set of entry criteria within the CMC to maintain a competitive Capacity Market. It also seeks to deter speculative and potentially spurious applications which do not have a strong likelihood of delivery before the relevant Capacity Year.

2.2. RESPONSES TO MODIFICATION PROPOSAL

- 2.2.1. Feedback to this Modification Proposal was mixed. Of those that commented, some respondents signalled support for the intent of the proposal, whilst a few concerns and challenges were also raised.
- 2.2.2. BGE argued that the proposed modification is not necessary or appropriate, because they are already covered by Appendix D point 5 (g) of the CMC and because the Enduring Connection Policy (in Ireland) requires planning permission as a pre-requisite to obtaining a connection agreement / offer. BGE also stated that introducing a requirement to hold a gas connection agreement / offer imposes a significant workload on GNI, and as the gas connection process has no concrete timeframes. They noted that this requirement could create challenges for projects determining which auction to apply for, all of which could result in a narrowed field of competitors in the upcoming capacity market auctions. BGE also opined that the RAs should ensure alignment between the electrical and gas connections process and the Capacity Auction Qualification and delivery timeframes.
- 2.2.3. BGE also disagreed with the SO position for a need for explicit reasoning for qualification rejection. It further noted that narrowing the pool of applicants is not justified and CRU grid directions to TSOs further undermines the need for these changes presently.

- 2.2.4. The DRAI stated that it disagreed with the addition of connection agreements because it would require demand sites who provide capacity to make changes to their connection agreements in advance of Capacity Auctions. The DRAI noted shorter delivery timelines of 12-18 months for changes to grid connections and a shorter timeline for units with a Zero Export (limit). The DRAI argued this was impractical for decision-making timelines and would result in a large number of speculative applications to the DSO.
- 2.2.5. On the addition of planning permission, the DRAI also argued that this limb should not apply to DSUs as the vast majority of DSU projects will be deployed within the curtilage of an industrial site which is an exempted development in accordance with the relevant planning act under Class 21 Developments. DSU also raised concern about evidence for gas connection as many DSU sites are connected to the gas transmission system but do not use that energy source to provide capacity to the grid.
- 2.2.6. Energia supported the Modification Proposal on the basis that the CRM should support projects that have the best chance of delivering on time for the start of the Capacity Year and that experience of the CRM has shown that delays to attaining these key permissions have predominantly led to the failure of New Capacity to deliver on time.
- 2.2.7. EPUKI welcomed this Modification Proposal but cautioned that this is a complex issue and needs to be processed carefully. It supported a prescriptive binary approach to qualification, arguing that the current arrangements can lead to inconsistent qualification outcomes. EPUKI was strongly opposed to the inclusion of a gas connection requirement, arguing that this would not be technology agnostic, would create an unnecessary burden on the gas network operators and is too close to the auction qualification window for the T-4 2029/30 Capacity Auction.
- 2.2.8. EPUKI stated it had no concerns with the requirement for planning permission but argued it is too late to introduce this criterion for the upcoming 2029/30 T-4. It also noted that any planning permission requirement should exclude planning permission relating to associated electrical and gas connection infrastructure.
- 2.2.9. EPUKI also stated that it is not opposed to requiring a connection offer or connection agreement for qualification. However, it argued that further work would be required to better align Capacity Market and connection process timelines. EPUKI argued that under the current arrangements there is a risk that connection offers may lapse between the dates for qualification and of the auction results being issued and participants could be required to accept connection offers before knowing whether they have secured a Capacity Market award.
- 2.2.10. EPUKI also highlighted concerns regarding the arrangements in Northern Ireland, noting that developers do not have a formal Regulatory Authority Direction to rely upon and instead must rely on interpretation of the CMC to qualify projects awaiting connection offers. It further raised concerns regarding possible discrimination between Northern Ireland and Republic of Ireland participants due to differences in connection arrangements. It outlined that a MEC Bond is not required in ROI until commissioning while the MEC Bond is required at offer acceptance in NI. It further opined that liabilities are greater in NI than ROI on this basis and places ROI projects at an unfair competitive advantage.

- 2.2.11. It also stated that requiring an electrical connection to pre-qualify would result in hoarding of connection offers and could result in the loss of their MEC bond if unsuccessful at auction. EPUKI also noted the timelines for receiving connection offers are not fixed and can be extended and that this makes it difficult for developers to ensure they will secure a connection offer at the correct time to qualify for the Capacity Market Auction.
- 2.2.12. EPUKI stated that should electrical connection become a binary qualification requirement, the RAs and SOs should have limited other rights to exclude such capacity from qualification and no right to reject based on connection timelines where it stated that the SOs will have time to adjust developments plan to account for these potential connection offers. Failure to do so would undermine investor confidence and deter future investment in its view if such units are precluded from auction participation on these grounds.
- 2.2.13. EPUKI stated strong opposition to the inclusion of the gas connection offer as a qualification requirement where it argued this would not be a technology agnostic change and would place further pressure on the Gas Network Operators along with how close it was to the T-4 2029/30 auction. It also noted that like electrical connections, timelines for connection offers should be aligned with auction timelines before this aspect could be considered as a requirement.
- 2.2.14. ESB GT agreed that the proposed modification was consistent with CMC objectives (e) and (g) and understands that the proposal does not fetter RA powers under B.4.1.1 of the CMC to issue a grid direction in the future. ESB GT also asked for clarification as to the connection pathways available for prospective applicants in the absence of such directions in the future.
- 2.2.15. FERA argued that the requirement of a connection offer/agreement for qualification does not align with previous approaches by the CRU. FERA also stated its concern as to how DSU technology would be assessed.
- 2.2.16. GNI stated that to include these changes for the T-4 2029/30 would be imprudent and unfeasible given the immediacy of qualification timelines for a developer to be in receipt of a contract and/or quotation for a gas connection. GNI instead suggested to make it applicable for the following and subsequent auctions. It also noted the high volume of applicants would likely result in significant number of complex quotations and proposed that that developers apply to GNI six months in advance of the qualification timelines to ensure the process could be completed. Lastly, GNI welcomed the gas connection requirement for following and subsequent auctions but caveated that any offers should be within the connection offer's validity to avoid any confusion from legacy quotations and ensure that information provided is as current as possible.
- 2.2.17. GMO NI stated that, in general, it supported the strengthening of pre-qualification criteria related to gas connection but noted that implementing these changes for the T-4 2029/30 was too soon as the gas connection offer process can take up to 9 months or longer if there are wider network considerations.
- 2.2.18. GMO NI also noted that a gas connection offer only indicates the ability of the network to flow a volume of gas at that point at an indicative pressure and does not entitle the user to flow gas on the network. This entitlement derives from the booking of both entry capacity and exit

capacity to and from the NI Gas Network, which are booked separately in accordance with the NI Network Gas Transmission Code. Based on this, GMO NI stated that it would not be known if the party has 'sufficient capacity' at the pre-qualification stage. GMO NI also noted that the ability to book exit capacity under the NI Network Gas Transmission Code is not possible until, at the earliest, two years in advance of the proposed gas flow date and only then can exit capacity be booked. It also noted that it is possible to book annual entry capacity up to 15 years into the future but this could result in the participant being liable for purchased capacity even if they failed to build the generation capacity.

- 2.2.19. Based on its feedback, GMO NI proposed amendments to the legal drafting to remove reference to 'sufficient exit capacity' in CMC section E.7.5.1(i) and reference to 'increased capacity' in Appendix D Section 5(i).
- 2.2.20. iPower supported this proposal, arguing that it would ensure only realistic projects qualify for auction and improve planning, delivery and transparency of the CMC through discouraging speculative projects that are unlikely to deliver on time, if at all. iPower also stated that clear guidance was needed on what types of evidence are acceptable for Demand-Side Aggregators and if clear examples of qualification pathways could be provided to help ensure these units can continue to participate in the Capacity Market.
- 2.2.21. Lumcloon Energy Limited strongly recommended that this Modification Proposal be rejected due to what it considered would be severe, negative and unintended consequences for competition, investment, consumer costs and security of supply. It argued that the proposal would not promote transparency as it would introduce additional development milestones while feasibility assessments already exist within the CMC. Lumcloon Energy Limited further contended that qualification would become dependent on administrative connection processes and decisions outside of the auction.
- 2.2.22. Lumcloon Energy Limited, contended that the proposal would create barriers to entry by front-loading costs, risks and expenditure prior to auction participation. It argued that this would favour more established participants, reduce the pool of eligible applicants, deter investment and potentially increase clearing prices and costs to consumers. It also opined that should connection offers be hoarded and not executed upon, this would be an inefficient allocation of grid capacity.
- 2.2.23. Lumcloon Energy Limited further argued that planning permission and connection offers do not guarantee project deliverability and that the existing CMC already contains appropriate mechanisms to assess project feasibility and mitigate delivery risk.
- 2.2.24. Lumcloon Energy Limited also believed that this Modification Proposal would create a moral hazard issue as the SOs would be permitted to choose more developed projects based on a preliminary milestone rather than their ability to deliver capacity competitively. It suggested that alternative measures, including longer lead-time auctions, would be a more proportionate means of addressing delivery risk and stated that, if approved, implementation should be deferred until after the T-4 2029/30 Capacity Auction.

- 2.2.25. Mutual Energy explained that proving sufficient exit capacity is unachievable in NI when issuing a gas connection offer as this is booked separately under the NI Network Gas Transmission Code. It further stated that at the qualification stage, 'sufficient' capacity is not known with certainty and would introduce developer risks to pay for the level of booked capacity from the date of go-live which may be uncertain at that stage of project development, which may result in end consumers paying for the cost of delays. Mutual Energy also proposed amended legal drafting of E.7.5(i) and Appendix D to support their concerns around sufficient exit capacity and connection letter evidence of increased capacity. It also believed that the timeframe was unachievable ahead of the T-4 2029/30 auction. Mutual Energy also opined that should gas connection be required to qualify, this would increase the amount of speculative applications to the gas TSOs to process accordingly.
- 2.2.26. The SOs asserted that robust, consistent and transparent auction entry criteria is crucial to ensuring a competitive Capacity Market and will better facilitate the SOs in making auction qualification decisions. The SOs also contended that the proposed modification seeks to improve incentives for procuring required capacity services in a competitive manner, which ultimately serves the interests of consumers by ensuring there is sufficient capacity in the SEM while mitigating costs via effective competition. As such, the SOs were of the view that the Modification Proposal is consistent with the code objectives, namely: (a), (b), (d), (e), (g).
- 2.2.27. The SOs opined that failure to implement this Modification Proposal would result in adverse impacts as follows: continued participation from less developed projects that may not proceed to auction; Awarded Capacity being allocated to projects that are more likely to face significant delays, displacing projects which may be more developed and more likely to deliver on time; and increased risk factored into auction bids via increased risk premiums and/or potential barriers to investment required to ensure that the electricity supply in Ireland and Northern Ireland continues to meet demand.
- 2.2.28. SSE stated that this Modification Proposal flips the need for connection offers to before auctions and not after, noting that the CRU grid direction letter to EirGrid has directed it to issue connection offers to successful projects post-auction. SSE argue that this contradicts the ECP published in 2024, whereby issuance of CRU grid directions to EirGrid would aim to be phased out for a T-4 2031/2032 auction or beyond. As a result, all onshore generation should apply through the ECP process and receive a Connection Offer or Connection Agreement prior to applying for entry into an auction.
- 2.2.29. SSE also noted that, in its view, an unexpected requirement for evidence of a connection offer or letter of connection from the relevant gas operator and that this should be aligned with qualification for a Capacity contract. SSE stated that it can take up to 6 months to receive the gas connection offer, where the applicant must accept it within 60 days. Failure to qualify after this six-month window would mean redoing the process notwithstanding the upfront cost to pay for a possible gas connection offer.
- 2.2.30. SSE proposed that these qualifications requirements be postponed to the T-4 2031/32 auction to align with CRU ECP GSS Decision Paper, where it believed that the timeline was too tight for inclusion in the T-4 2029/30 auction and would have implications before the auction pre-

qualification window. SSE also inquired about how a project will be tested against feasibility and how it would be assessed.

2.3. SEM COMMITTEE DECISION

- 2.3.1. The SEM Committee welcomes feedback from participants from both the initial workshop and the subsequent consultation period.
- 2.3.2. In relation to the comments received from participants, the SEM Committee notes broad agreement with the principle of the Modification Proposal, but also notes the concerns raised by a few participants concerning implementation of this proposal should it be accepted.
- 2.3.3. The SEM Committee notes the concern raised by several respondents on the misalignment between the current connection policies and the indicative qualification timelines for upcoming auctions. The RAs have considered the appropriate lead time to allow for sufficient notice for participants to apply and potentially receive a grid connection offer. The SEM Committee also notes that previous communication included in the 2024 ECP Decision Paper signalled an intention to no longer issue grid direction letters for the T-4 31/32 auction onward. The most recent grid direction letter for the T-4 30/31 also referenced the CRU's intention to no longer issue grid direction letters beyond it.
- 2.3.4. The SEM Committee also notes that these Grid Direction Letters have required evidence of planning permission and have been further tightened in the most recently issued letter for the upcoming T-4 auction 2030/31. The most recent grid direction letter states that a project must have 'final' grant of planning permission in order to be offered a connection offer.
- 2.3.5. The SEM Committee also notes the concerns that evidence of a connection offer may front load significant cost and risk on to developers as qualification criteria for an auction. The SEM Committee notes that the requirement for an electricity grid connection offer/agreement already exists in Appendix D of the CMC and this proposal only seeks to include these criteria into the main body of the CMC.
- 2.3.6. The SEM Committee notes concerns raised by a respondent regarding differences between Northern Ireland and Republic of Ireland connection arrangements, including the timing of MEC Bond requirements. The SEM Committee considers that such arrangements arise from the respective connection frameworks and are not altered by this Modification Proposal. The SEM Committee is satisfied that requiring evidence of a connection offer or agreement as part of qualification remains an appropriate indicator of project progression and deliverability.
- 2.3.7. Regarding planning permission, in the Republic of Ireland an implicit requirement exists for conventional generation (Non-RED III Projects) to have valid planning permission to be considered eligible for a connection offer. In Northern Ireland, planning permission is not required at the outset of commencing the process to seek a connection offer. However, the SEM Committee notes that a successful applicant must demonstrate evidence of planning permission within 90 days of the connection offer for it to be a valid offer. The SEM Committee considers it likely that projects will be relatively well developed should they apply.

- 2.3.8. The SEM Committee notes a respondent's comment regarding delays and acknowledges that delays cannot fully be prevented. However, the SEM Committee considers it appropriate that, going forward, ensuring that more developed projects are progressing through qualification will primarily reduce the risk to consumers of undelivered capacity and reduce the risk of later delays.
- 2.3.9. The SEM Committee notes concerns raised that the proposal may reduce competition or increase barriers to entry. However, the SEM Committee considers that the requirements introduced by this Modification Proposal are proportionate and appropriate measures to support the qualification of projects and reduce the risk of later delays to consumers.
- 2.3.10. Considering all of the above, the SEM Committee has decided to approve the proposal, with the implementation date of this modification effective from 1 July 2027, post qualification for the T-1 2027/28 Capacity Auction.
- 2.3.11. The legal drafting concerning planning permission has been modified to align with policy direction set by the CRU's grid direction letter of 'final' grant of planning permission. The amended legal drafting as proposed by numerous respondents which removed reference to entry and exit capacity has been removed and only evidence of a gas connection offer will be required.
- 2.3.12. Regarding future electrical connection, approval of this Modification Proposal does not remove the ability of the CRU to issue similar directions, which have provided an alternative pathway to qualification, should it be required in the future.
- 2.3.13. The SEM Committee also notes the impact on DSUs should this Modification Proposal be accepted in its original format. The SEM Committee agrees with the comments from one respondent where it noted that DSUs are often located on exempted development and therefore, often do not have planning permission and often connect directly into the industrial site, rendering the need for planning permission unnecessary. The SEM Committee considers it reasonable for a participant to evidence a planning exemption to be sufficient for the purposes of fulfilling evidence of planning permission where relevant and has reflected this reality in the legal drafting.
- 2.3.14. The SEM Committee also notes feedback from a respondent stating evidence of a gas connection when this is not the primary source of DSU energy. In this circumstance, evidence must be provided which demonstrates that gas is not the applicable energy source and that the DSU is zero export for example.
- 2.3.15. Based on the reasons outlined above, the SEM Committee approves Modification Proposal CMC_08_25, with the amendments discussed, as shown in Appendix A.

3. NEXT STEPS

- 3.1.1. The SEM Committee will make the proposed Modification CMC_08_25 using the legal text accompanying this Decision Paper.

3.1.2. All SEM Committee decisions are published on the SEM Committee website:
www.semcommittee.com.