Capacity Remuneration Mechanism

T-4 Capacity Auction for 2029/30 - Volumes Information Note

SEM-26-77

10/11/2026

Executive Summary

This note summarises the SEM Committee's 2029/30 T-4 auction volume decisions, the assessment of TSO proposals and the wider role of the Capacity Remuneration Mechanism (CRM) in supporting security of supply and the energy transition.

The March 2026 auction procured 206MW$_d$ of New Capacity, 155MW$_d$ in Ireland and 51MW$_d$ in Northern Ireland. It also procured 1,371MW$_d$ of refurbishments, extending efficient Combined Cycle Gas Turbine (CCGT) capacity and reducing emissions.

In setting auction volumes, the SEM Committee balanced security of supply against the cost to consumers of procuring additional capacity. The Committee accepted that several TSO-identified risks were material, including non-delivery, annual run-hour limits, transmission outage planning, target operating reserve, demand-side unit performance and modelling limitations. However, it concluded that not all proposed adjustments should be added in full, reflecting conservative assumptions, diversification between risks, and the need to address some issues at locational rather than all-island level.

At an all-island level, the committee approved 831MW$_d$ of post-modelling and 1,005MW$_d$ of diversified-risk adjustments, plus 2,125MW$_d$ for L1:2 Ireland and 560MW$_d$ for Northern Ireland. Gross requirements were therefore 7,361MW$_d$ for Ireland, including 2,426MW$_d$ for Dublin, and 2,203MW$_d$ for Northern Ireland.

T-4 2029/30 Capacity Auction Volumes	TSO-recommendations (GW)				SEM Committee Decision (GW)			
	All-island	Level 1		Level 2	All-island	Level 1		Level 2
		NI (L1-1)	IRE (L1-2)	Dublin (L2-1)		NI (L1-1)	IRE (L1-2)	Dublin (L2-1)
Initial Capacity Requirement	**7.112**	**1.664**	**5.691**	**2.100**	**7.112**	**1.664**	**5.691**	**2.100**
Non-participating Capacity	(0.476)	(0.020)	(0.455)	(0.039)	(0.476)	(0.020)	(0.455)	(0.039)
Adjusted Capacity Requirement	**6.636**	**1.644**	**5.236**	**2.061**	**6.636**	**1.644**	**5.236**	**2.061**
Post Modelling Adjustments	**2.077**	**0.573**	**1.605**	**0.213**	**0.830**	**0.303**	**0.727**	**0.179**
Non-delivery Adjustments	0.849	0.042	0.923	0.186	0.000	0.000	0.000	0.000
Reliability Standard adjustments	0.156	0.037	0.125	0.000	0.000	0.000	0.000	0.000
Diversified Risk Adjustment	**0.000**	**0.000**	**0.000**	**0.000**	**1.006**	**0.257**	**1.398**	**0.186**
Gross Auction Requirement after Adjustments	**9.719**	**2.295**	**7.889**	**2.461**	**8.472**	**2.203**	**7.361**	**2.426**
Previously Awarded Capacity	(5.669)	(0.762)	(4.907)	(1.919)	(5.669)	(0.762)	(4.907)	(1.919)
Net Auction Requirement	**4.050**	**1.533**	**2.982**	**0.542**	**2.803**	**1.441**	**2.454**	**0.507**

The Ireland target was met, but qualified capacity that chose not to bid left shortfalls of 33MW$_d$ in Northern Ireland and 43MW$_d$ in Dublin. Of the 206MW$_d$ New Capacity

procured, 120MW$_d$ is multi-year and may deliver early through the Early Delivery Incentive (EDI) scheme.

The auction cost €583m. Combined with €829m previously contracted for 2029/30, this brings the total cost to €1.412bn, or approximately €111 per average household annually. This compares with approximately €137 per average household if all SO adjustments had been accepted. It is important to note, the final outturn cost will be lower where previously awarded capacity may be delivered later than the required capacity year and/or terminates.

CRM auctions have contracted 4,096MW$_d$ of net multi-year capacity for 2029/30, excluding Intermediate Length Contract (ILC) refurbishments. By June 2026, over 1,640MW$_d$ had been completed, including more than 1,053MW$_d$ of flexible, lower-emissions gas capacity.

The CRM supports decarbonisation by integrating renewables, storage and demand-side response while replacing higher-emissions plant with lower-carbon capacity, while refurbishment helps avoid the addition of more costly and potentially higher-carbon-emitting new-build alternatives.

Delivery risks remain significant in the CRM. The electricity and gas systems must evolve at pace to replace high-emissions plant, connect new renewables and storage, meet rising demand on the island of Ireland, and deliver network reinforcements within overlapping timeframes.

The SEM Committee is developing the next phase of the CRM before the current State Aid approval expires in 2028. The revised framework will promote security of supply, cost efficiency and decarbonisation while meeting future legal and State Aid requirements.

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1. Introduction

This paper provides a summary of the decisions made by the SEM Committee in determining the volumes procured for the 2029/30 T-4 auction, and the factors which the SEM Committee considered in making those decisions. The paper also summarises the impact that the CRM has had on security of supply, and how it has contributed to meeting decarbonisation goals. It follows a similar format to the 2028/29 T-4 Auction Volumes Information Note (SEM-25-019[1]) published in June 2025.

This note will improve transparency in how auction volumes are set. It responds to the earlier EY Review of the Performance of the SEM Capacity Remuneration Mechanism (SEM-22-054a), which recommended a clearer explanation of how demand forecasts are translated into the target volume to procure. The RAs recognise that several factors can hinder transparency in this process, particularly the link between demand forecasts and initial Capacity Requirements. To support greater transparency, the RAs are planning to establish a Panel of Technical Experts (PTE) for future auctions.[2]

This information note focuses on the process within the 2029/30 T-4 auction, as distinct from the All-Island Resource Adequacy Assessment (AIRAA) forecasts themselves. The AIRAA methodology is currently undergoing significant change to comply with Article 24 of the Electricity Regulation (EU) 2019/943 based on the European resource adequacy assessment methodology.

Prior to each auction, the TSOs calculate the initial Capacity Requirement[3]. The methodology and assumptions for the initial Capacity Requirement have been consulted upon and approved by the SEM Committee. An initial Capacity Requirement[4] recommendation is submitted by the TSOs to the SEM Committee at the Initial Auction Information Pack (IAIP) stage, just over six months in advance of the auction. The

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[1] 2028-29 T-4 Volumes Information Paper SEM-25-019 for publication

[2] Expressions of Interest closed 27 February 2026 as per Expressions of interest SEM CRM Panel of Technical Experts (SEM-25-069) | The Single Electricity Market Committee

[3] The TSOs calculate the All-Island Capacity Requirement and the Locational Capacity Constraint Required Quantities for each Locational Constraint Capacity Area (LCCA) for approval by the SEM Committee

[4] At an All-Island level

2029/30 T-4 auction volumes were based on the demand forecasts from the 2025-34 AIRAA[5]. The SEM Committee approves the initial Capacity Requirement and the definition of the Locational Capacity Constraint Areas (LCCAs) at the time it approves the IAIP, approximately 35 weeks in advance of the auction.

In addition to the initial Capacity Requirement, the TSOs estimate a number of volume adjustments, which are submitted to the SEM Committee. The SEM Committee considers each of the TSOs' proposed adjustments on a case-by-case basis prior to each auction. Where approved by the SEM Committee, these adjustments are subsequently reflected in the all-island demand curve and the LCCA minimum required volumes, which are published in the Final Auction Information Pack (FAIP), approximately three weeks in advance of the auction.

This note explains, at a high level, the adjustments proposed by the TSOs, and the SEM Committee's rationale for their approved volume adjustments to be applied for the 2029/30 T-4 Auction.

2. Key changes in adjustments

2.1 Overview

In the first CRM auction, the transitional auction for 2018/19 held in December 2017, the volume requirements were calculated based on the results of the TSOs' original capacity methodology[6]. The methodology, which relates to what is now called the initial Capacity Requirement, was publicly consulted on and approved by the SEM Committee. Changes have subsequently been made to the approved methodology, following further public consultation. Whilst the TSOs calculate the initial Capacity requirement based on the latest approved methodology, in accordance with F.3.1.4(b) of the Capacity Market Code (CMC), the all-island demand curve may reflect an adjusted Capacity

[5] All-Island Resource Adequacy Assessment 2025-2034

[6] With an appropriate deduction for intermittent solar and wind output which was providing capacity, but chose not to participate in the auction

Requirement modified for an allowance for changes in forecast capacity requirements as considered appropriate by the RAs.

Similarly, F.4.1.8B of the CMC sets out the ability of the RAs to modify the Locational Capacity Constraint Required Quantities. In adjusting the all-island demand curve and Locational Capacity Constraint Required Quantities, the SEM Committee's decisions are informed by advice from the TSOs. This year saw a change in the trend of increasing adjustments, with the adjustments being less than the previous T-4 auction. The SEM Committee approved many, but not all, of the TSOs' recommended adjustments.

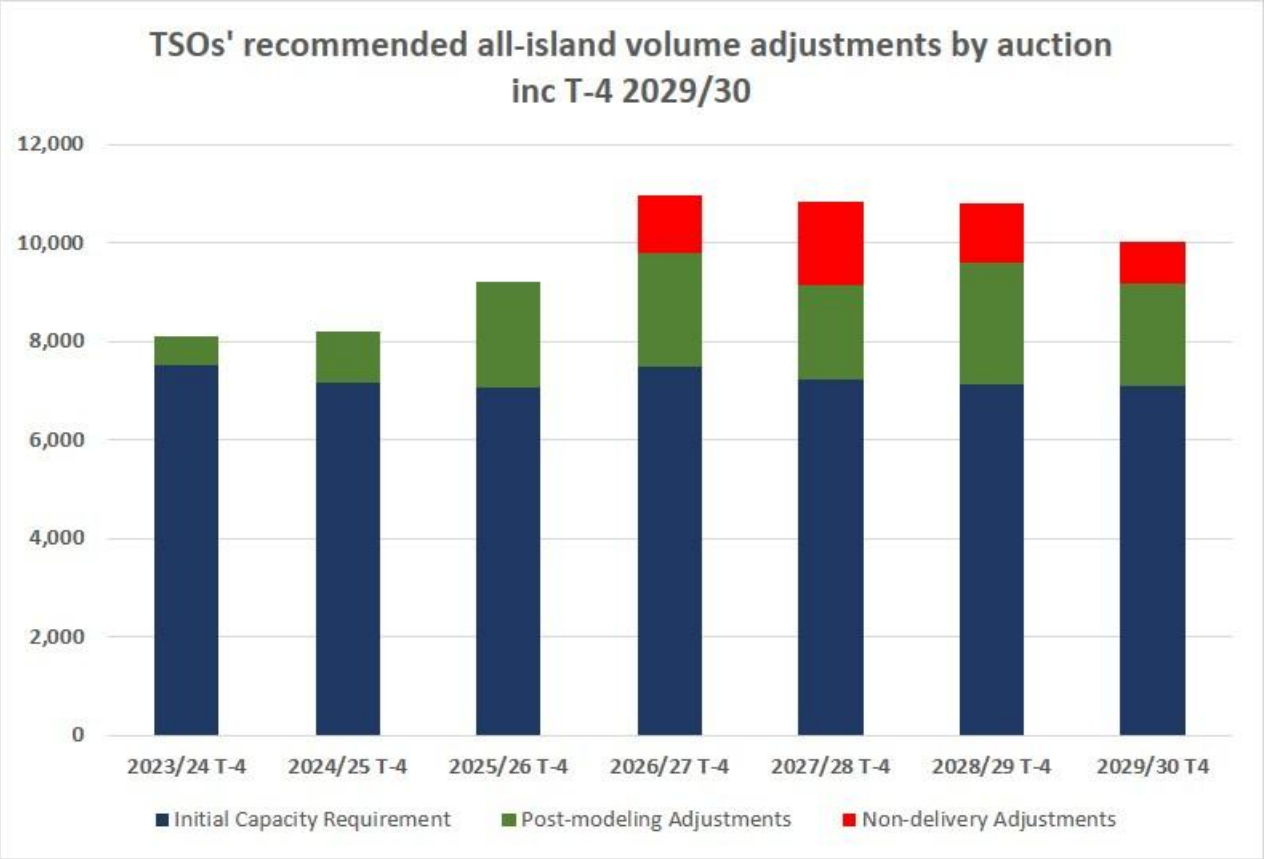
As per the previous instalment of the Volumes Information paper for the T-4 2028/29 auction[7], adjustments over the last few auctions can be broadly summarised as follows:

- Post-modelling adjustments – these are included to address certain modelling limitations to the current methodology of Volume determination, and allow for potential over-valuation of multi-year capacity
- Non-delivery adjustments, where the TSOs seek to estimate the amount of multi-year New Capacity which has been previously contracted or will be contracted in this auction which will not deliver in time for the relevant Capacity Year. The non-delivery adjustments seek to increase the volume of capacity contracted to compensate.

The TSOs recommended post-modelling adjustments totalling 2,077MW_d, 415MW_d lower than the equivalent figure for the 2028/29 T-4 auction. This reduction was driven mainly by a circa 30% fall in the recommended non-delivery adjustment, to 849MW_d.

[7] 2028 29 T-4 Volumes Information Paper SEM-25-019 for publication

Figure 1: TSOs' recommended all-island volume adjustments by T-4 auction updated with the recent T-4 for Capacity Year 2029/30



The adjustments that the SEM Committee approves prior to each auction are then reflected in the key volume parameters, which are published in the FAIP. The key volume parameters are the auction demand curve, and the minimum quantities required in each LCCA.

3. Roles of the SEM Committee and the TSOs

The TSOs are responsible for a safe, secure and reliable supply of electricity. Whilst the TSOs have economic obligations[8], their primary focus is ensuring security of supply.

[8] For instance: Under Condition 12 of its EirGrid's System Operator Licence, it has a requirement to procure "assets, services and Ancillary Services from the most economical sources available to it having regard to the quantity and nature of the assets, services and Ancillary Services required to enable it to discharge its obligations."Under Condition 23A(g) of the SONI licence, SONI is required "(g) through the development of the Capacity Market, to promote the short-term and long-term interests of consumers of electricity with respect to price, quality, reliability, and security of supply of electricity across the Island of Ireland."

The TSOs are responsible for calculating the capacity requirements and advising the RAs and the SEM Committee on volumes to be procured. It was originally envisaged that the calculation of capacity requirements would be largely formulaic, with the TSO models applying the methodology which had been consulted on and approved by the SEM Committee. For the T-4 CY2029/30 Capacity Auction the TSOs proposed adding 3,082MW$_d$[9] in adjustments on an all-island basis to the Initial Capacity Requirement. For this auction, these adjustments represented 43%[10] additional to the modelled initial Capacity Requirement.

Whereas the modelling of the initial Capacity Requirement is based on agreed methodologies (underpinned by engineering and economic principles) many of the adjustments proposed by the TSOs require the exercise of judgement. The size of the adjustments proposed depends on the level of risk the TSOs choose to take relating to the adjustments. For example:

- Of the previously contracted multi-year New Capacity in the delivery pipeline, what proportion will be delivered on time, delivered late or not delivered at all? The multi-year New Capacity in the delivery pipeline is equivalent to 33% of the existing thermal generation fleet. The TSOs, Departments and the RAs have set up a monitoring programme. As a result, whilst significant uncertainty remains (e.g., delays to planning consents, environmental permitting, grid and gas connections, as well as the continuing supply chain disruptions associated with conflicts such as the war in Ukraine), the TSOs and the RAs have made substantial progress in aligning assumptions about non-delivery in recent years.
- Will the average reliability of the generation fleet continue to decline once new capacity replaces older units or once capacity is refurbished under the new provisions for Intermediate Length Contracts[11]?

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[9] These adjustments were 750MW$_d$ less than the T-4 2028/19 auction

[10] Compared to adjustments representing 52% of the modelled initial Capacity Requirement in T-4 2028/29

[11] In the calculation of the initial capacity Requirement, the technology specific availability / reliability assumptions are determined based on a 5-year historical average, as per the methodology approved by the SEM Committee

- The need to replace high-emissions plant at a time of data centre-driven demand growth is placing strain on the industry, and there is no relevant historical parallel on which to base assumptions.
- Would the availability of Demand Side Units (DSUs) in a scarcity event be better than their average availability across the year as a whole, and would the availability of DSUs improve during scarcity events if energy market rule changes were implemented to remunerate them for demand reduction below their nominal baseline market demand from SEM?

As in previous instalments of this paper[12], it is necessary to make a judgement about how risks are correlated and how much they diversify.

It is the RAs' view that the TSOs, as prudent operators whose primary focus is security of supply, tend to take a conservative approach with respect to risk diversification and other key assumptions.

The SEM Committee[13] is the decision-making authority for all Single Electricity Market (SEM) matters, covering both Ireland and Northern Ireland. The principal objective of the SEM Committee is to protect the interests of consumers of electricity by promoting effective competition between persons engaged in, or in commercial activities connected with, the sale or purchase of electricity through the SEM[14]. In pursuing this objective, the SEM Committee is required to have regard (amongst other things) to ensure that all reasonable demands for electricity in Ireland and Northern Ireland are met.

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[12] See SEM-24-051 2027-28 T-4 Volumes Information Note | The Single Electricity Market Committee for details

[13] Established in 2007 following the introduction of the SEM, legislation required the establishment of SEM governance in the form of a SEM Committee, and consist of three representatives from the Commission for Regulation of Utilities (CRU) in Ireland and three representatives of the Utility Regulator (UR) of Northern Ireland along with an independent and a deputy independent member.

[14] https://www.semcommittee.com/about-us#:~:text=The%20principal%20objective%20of%20the,of%20electricity%20through%20the%20SEM.

When making decisions on volumes to be procured, the SEM Committee has to balance the all-island consumers' interests in having access to low-cost energy against security of supply risks.

The SEM Committee has taken a balanced approach when approving adjustments to CRM auction volumes. On the one hand, if adjustments are too conservative, they run the risk of further increasing consumers' capacity bills. On the other hand, the SEM Committee is also aware that if a higher-than-expected number of risks materialise, then the cost / MW_d / year of remedial actions could be significantly greater than the cost of procuring more capacity via T-4 auctions.

4. Volume decisions for 2029/30 T-4 auction

4.1 All-island Overview

The TSOs submitted recommendations to the SEM Committee for the following adjustments to the all-island Capacity Requirement and LCCA required quantities for the 2029/30 T-4 auction:

Eleven different adjustments were requested. These can be broadly grouped into two sets of adjustments, Post Modelling and Non-Delivery. Post Modelling and Reliability Standard summed to 2,233MW_d of capacity at all-island level, which was a decrease on the 2,492MW_d that the TSOs recommended for the 2028/29 T-4 auction. Non-delivery adjustments summed to 849MW_d, reduced from 1,186MW_d in 2028/29. This adjustment sought to reflect the risk of non-delivery of contracted new capacity, which included an expectation that a proportion of the 5,669MW_d of the capacity awarded in previous auctions will not be commissioned in time for the start of the capacity year 2029/30, and an expectation that some of the capacity to be awarded in the 2029/30 T-4 auction will not be commissioned in time.

The post modelling adjustments included 280MW_d to account for the TSOs' estimates of the impact of Annual Run Hour Limits, 700MW_d of reserves to cover the Largest Single Infeed (LSI), the Celtic Interconnector, which has an expected commissioning date of December 2028.

Also included were 582MW$_d$ of adjustments to cover the TSOs' view that DSU Derating Factors (DRFs) are over-valued and 350MW$_d$ of adjustments to cover Transmission Outage Planning (TOP). The latter aims to facilitate the connection of intermittent renewables. Finally, there was 305MW$_d$ to cover contracts awarded in previous auctions based upon larger DRFs in auctions completed.

As shown in Table 1, the SEM Committee decided to approve some, but not all, of the TSOs' recommendations.

Table 1: Summary of TSO recommended adjustments and SEM Committee approved volumes

T-4 2029/30 Capacity Auction Volumes	TSO-recommendations (GW)				SEM Committee Decision (GW)			
	All-island	Level 1		Level 2	All-island	Level 1		Level 2
		NI (L1-1)	IRE (L1-2)	Dublin (L2-1)		NI (L1-1)	IRE (L1-2)	Dublin (L2-1)
Initial Capacity Requirement	**7.112**	**1.664**	**5.691**	**2.100**	**7.112**	**1.664**	**5.691**	**2.100**
Non-participating Capacity	(0.476)	(0.020)	(0.455)	(0.039)	(0.476)	(0.020)	(0.455)	(0.039)
Adjusted Capacity Requirement	**6.636**	**1.644**	**5.236**	**2.061**	**6.636**	**1.644**	**5.236**	**2.061**
Post Modelling Adjustments	**2.077**	**0.573**	**1.605**	**0.213**	**0.830**	**0.303**	**0.727**	**0.179**
Non-delivery Adjustments	0.849	0.042	0.923	0.186	0.000	0.000	0.000	0.000
Reliability Standard adjustments	0.156	0.037	0.125	0.000	0.000	0.000	0.000	0.000
Diversified Risk Adjustment	**0.000**	**0.000**	**0.000**	**0.000**	**1.006**	**0.257**	**1.398**	**0.186**
Gross Auction Requirement after Adjustments	**9.719**	**2.295**	**7.889**	**2.461**	**8.472**	**2.203**	**7.361**	**2.426**
Previously Awarded Capacity	(5.669)	(0.762)	(4.907)	(1.919)	(5.669)	(0.762)	(4.907)	(1.919)
Net Auction Requirement	**4.050**	**1.533**	**2.982**	**0.542**	**2.803**	**1.441**	**2.454**	**0.507**

At an all-island level, the SEM Committee:

- Approved a total of 830MW$_d$ of post-modelling adjustments to the all-island requirement, although the sum of the adjustments accepted at LCCA level 1 was greater at 1,030MW$_d$[15]; and
- The SEM Committee also took into account the TSOs' proposed TOPs adjustment, non-delivery adjustments, Reliability Standard and Annual Run-Hours Limit adjustments when calculating the diversified risk adjustment, which diversified risk across a range of risk categories, and LCCAs. The SEM Committee included an element to cover non-delivery risk associated with units contracted in previous auctions and units to be contracted in the 2029/30 T-4 auction in the diversified risk adjustment. The SEM Committee approved a total

[15] The sum of the 481MW$_d$ of post modelling adjustments for NI and 834MW$_d$ of post modelling adjustments for Ireland

of 1,006MW$_d$ of diversified risk adjustment at an all-island level. However, the LCCA level 1 diversified risk adjustments were 1,655MW$_d$.

The following factors informed the SEM Committee's decisions:

- Areas where the SEM Committee considered that the TSOs estimates were conservative (e.g. the impact of Annual Run Hour Limits, DSU adjustments)
- Approximately 1,050MW$_d$ of the TSOs' proposed volumes go beyond what is necessary to ensure that the target 6.5-hour all-island Loss of Load Expectation (LOLE) standard is met. The TSOs' recommendation included an extra 700MW$_d$ to cover target operating reserve (i.e. spare capacity that the system can call on, over and above what is necessary to meet demand) and 350MW$_d$ in Ireland to cover TOPs to connect new renewable generation faster.
- If the SEM Committee agreed to the inclusion of the full 700MW$_d$ of target operating reserve, it would mean that there would be an expectation that there would be 6.5 hours where the amount of available capacity was insufficient to meet the sum of demand and target operating reserve.
- However, in some of those 6.5 hours, whilst there would be insufficient capacity to provide target levels of operating reserve, customers would not experience lost load. The 350MW$_d$ of TOPs adjustment is to support transmission outages to connect new renewables capacity at a faster rate.
- If the planned transmission outages do not coincide with scarcity periods, this additional capacity will be available to provide support at key times, and likely to reduce hours of lost load.
- Some other conservative assumptions are already built into the standard methodology (e.g. use of the Least Worst Regrets approach[16], which tends to procure capacity for a demand scenario which is between the TSOs' Median and High case forecasts)

[16] The Least Worst Regrets approach takes 10 demand scenarios ranging from the High Case scenario to the Low Case scenario, and calculates the "regret cost" on for each scenario, in each of the 10 scenarios. The regret cost which is either the amount paid for additional unused capacity in scenarios which procure too much capacity, or the additional costs of Unserved Energy in cases which procure too little capacity.

- Some proposed adjustments provide reasonably prudent estimates of the additional capacity needed to mitigate the impact of individual risks if they materialise. However, it is unlikely that all risks will materialise simultaneously. The TSOs proposed approach of adding the adjustments does not adequately capture the diversification effects between the risks, or the fact that other mitigations can apply; and
- Adjustments to address LCCA-specific issues, such as TOPs and Annual Run Hour Limits (ARHLs), should be applied at the relevant locational level rather than on an all-island basis. Applying these adjustments on an all-island basis could result in excess capacity being procured resulting in consumers paying for capacity that may not ultimately be required, increasing the annual cost for households.

4.2 Decisions at LCCA level

At LCCA level, the SEM Committee approved:

- 2,125MW$_d$ of adjustments in L1:2 Ireland, which is 80% of the 2,653MW$_d$ recommended by the TSOs, a difference of 528MW$_d$; and
- 560MW$_d$ of adjustments in Northern Ireland, which is 86% of the 652MW$_d$ recommended by the TSOs, a difference of 92MW$_d$.

As a result, the SEM Committee approved Gross Auction Requirement of:

- Ireland: 7,361MW$_d$, including a Gross Auction Requirement of 2,426MW$_d$ in Dublin, and
- Northern Ireland: 2,203MW$_d$.

It is the LCCA Gross Auction Requirements that are published in the FAIP[17], and the LCCA values of Previously Awarded Capacity published in the FAIP[18] must be deducted from the published Gross Auction Requirements to calculate the Net Auction Requirements being sought.

[17] Published in Table 4 of the 2029/30 T-4 FAIP Final Auction Information Pack for the 2029_2030 T-4 Capacity Auction.pdf

[18] Published in Table 9 of same

5. Impact of CRM to date

5.1 Impact of the 2029/30 T-4 auction

The 2029/30 T-4 auction resulted in the procurement of 206MW$_d$ of New Capacity, of which 155MW$_d$ is in Ireland and 51MW$_d$ in Northern Ireland. The SEM Committee's target volumes were met in the Ireland constraint, but there was a shortfall of around 33MW$_d$ in the Northern Ireland constraint and a shortfall of around 43MW$_d$ in the Greater Dublin constraint versus the SEM Committee's target volumes, due to qualified capacity choosing not to bid.

Of the 206MW$_d$ of New Capacity, 120MW$_d$ of this is multi-year New Capacity, which will support security of supply for a minimum of five years, and in most cases, ten years. Multi-year New Capacity can be paid for early delivery of capacity from 1 October 2028 under the Early Delivery Incentive, and some of the 120MW$_d$ of capacity (particularly battery storage capacity) may be able to provide capacity support from Winter 2028/29 and impact the Northern Ireland shortfall in capacity procured in the 2028/29 T-4 auction.

After the auction, the SEM Committee calculated the effect of its decisions on consumer bills. The consumer bill for the T-4 auction was €583m, which, added to the €829m[19] cost of the 5,669MW$_d$ of multi-year capacity procured for 2029/30 in prior auctions, brings the consumer bill to €1.412 bn, circa €111 per year for the average household. However, not all the capacity awarded in previous auctions is expected to be delivered by the start of 2029/30, which is why the SEM Committee made a significant provision for non-delivery risk in the diversified risk adjustment. If capacity is delivered late or terminates, the outturn cost to consumers will be commensurately reduced.

Whilst the primary aim of the CRM is ensuring security of supply, the most recent 2029/30 T-4 auction also supported decarbonisation goals in a number of respects, including:

[1919] The estimate of €829m takes account of terminations up to June 2026, but does not take account of the impact of the cost of indexation resulting from the SEM Committee's decision to allow indexation during the build period for the increase in capex costs of New Capacity contracted during the 2024/25 T-3 and 2025/26 T-4 auctions.

- Contracting 26MW$_d$ (Three 4-hour and one 2-hour, 99MW Nameplate) of new "other storage" (i.e. battery storage (BESS)) capacity
- The auction secured investment in refurbishing 1,371MW$_d$ of existing capacity including:
    - Over 1,371MW$_d$ of existing CCGTs, by extending unit life and/or improving the units' efficiency. CCGTs are a lower carbon alternative to building new Open Cycle Gas Turbine (OCGT) capacity, so securing such significant investment will help deliver a lower carbon transition path;

  The investment was secured at an average cost below the New Capacity Investment Rate Threshold, of €300,000/MW$_d$, and at a price well below the costs per MW$_d$/yr of new capacity.

5.2 Overall impact of CRM to date on security of supply

Following the 2029/30 T-4 auction, the CRM auctions to date have contracted a total of 4,096MW$_d$ of multi-year Capacity contracts for 2029/30, net of terminations, excluding refurbishing units. Of this capacity, 3,338MW$_d$ is in Ireland and 757MW$_d$ is in Northern Ireland. Around 3,157MW$_d$ of the 4,096MW$_d$ is multi-year gas-fired capacity, which will be critical to security of supply at times when intermittent renewables output is low.

As of June 2026, a total of just over 1,640MW$_d$ of the multi-year New Capacity contracted for 2029/30 has already achieved completion, of which around 1,003MW$_d$ is in Ireland and around 642MW$_d$ is in Northern Ireland. This includes just over 1,053MW$_d$ of new gas-fired capacity that is critical to security of supply.

In addition, the CRM has secured significant investment to refurbish and extend the life of existing capacity, with 5-year contracts, known as ILCs, awarded to refurbish 3,056MW$_d$ of existing units[20] across two auctions, T-4 2028/29 and T-4 2029/30.

[20] Note that once awarded, capacity with an ILC is deemed as New Capacity is treated as New Capacity, but for the purposes of reporting in this document, they are not included in the 4,169MWd of New Capacity, which refers to genuine new build as opposed to refurbishment of capacity that already existed.

Refurbishing capacity is expected to be a lower risk alternative to building new capacity, with lower risk of planning and permitting delays and with limited need for grid investment. The successful refurbishment projects will include a range of benefits, including extending the life of some efficient CCGT capacity, increasing efficiency and flexibility, and cutting carbon emissions. At this stage of the energy transition, refurbishing existing CCGTs is a lower cost, lower carbon alternative to building new gas turbine capacity. Building new gas-fired capacity, which is not capable of operating at net zero and which would normally be expected to have an asset life of twenty or more years, risks creating stranded assets. Life-extending existing CCGTs will provide significant cost savings for consumers and deliver a more balanced, lower carbon portfolio over the next decade[21].

The CRM has made significant progress in securing security of supply in the Greater Dublin area, which has seen the challenge of high demand growth, driven by data centres. The Greater Dublin area faces a short circuit issue, which requires reinforcement of transmission lines and limits the volumes that can be procured there, although other approaches may also assist in the nearer term.

5.3 CRM and decarbonisation

The primary objective of the CRM auctions is to ensure security of supply, including at times when the output of intermittent renewables (such as wind and solar) is low. Accordingly, the CRM rewards units in proportion to their ability to support system security at times of system stress[22], which is typically at times when the output of intermittent renewables is low. It should be noted that the CRM is not the primary mechanism by which new renewable capacity are financed. It is expected that new renewables capacity will be primarily financed by Renewable Electricity Support Schemes (RESS), which will be the key component in facilitating the achievement of the environmental targets of the Government of Ireland and the Northern Ireland

[21] Intermediate Length Contracts secure capacity on contracts for up to 5 years

[22] Through the system of de-rating factors

Executive, both of which have Renewable Energy Sources – Electricity (RES-E) targets of 80% by 2030.

The CRM supports the energy transition by continuing to finance technologies such as gas turbines, storage and demand side reduction, which can "keep the lights on" when wind and solar output is low. Gas turbines and similar technologies will remain necessary to maintain security of supply over the next few years and are likely to need increasing CRM support. Rising output from wind and solar generation, which sit lower in the merit order, will limit these technologies' generation opportunities and reduce their ability to recover costs through energy market revenue alone.

6. Reliability Standard

The all-island initial Capacity Requirement and those for the Northern Ireland and the Ireland Level 1 LCCAs[23] were calculated based on the 6.5-hour LOLE Reliability Standard. The 6.5-hour LOLE all-island standard was set based on the results of recent VoLL and Net CONE studies based on the European Union Agency for the Cooperation of Energy Regulators (ACER) methodology[24].

However, in Ireland, the Department of Climate, Energy and the Environment (DCEE), working with the Commission for Regulation of Utilities (CRU), decided to set a 3-hour LOLE Reliability Standard for Ireland. Moving from a 6.5-hour to a 3-hour standard resulted in an increment of 125MW_d to the Capacity Requirement in Ireland.

7. Capacity delivery and challenges

The electricity and gas systems in Ireland and Northern Ireland continue to undergo unprecedented change as they replace high-emissions plant, connect new renewables and storage, meet rising demand, and deliver wider decarbonisation measures. The CRM is an important part of this transition, supporting storage delivery and helping to maintain security of supply on the path to net zero. While the CRM cannot deliver net zero on its own, in the near term it plays a key role in reducing emissions while

[23] The requirements for Level 2 LCCAs are calculated based upon a different approach as set out in SEM-17-040a

[24] Calculation of a single Value of Lost Load within the SEM Information Paper SEM-23-072.pdf

maintaining security of supply by replacing older high-emissions coal, oil and peat units with storage, DSUs and lower-emissions gas-fired units.

Previously, the SEM Committee noted the publication of SEM-24-035, the aim of which was to consider further CRM measures to support decarbonisation in line with the Climate Environment and Energy Aid Guidelines (CEEAG), as set out in the SEM Committee Forward Work Plan 2024-25.[25]

Further to this, the SEM Committee published a consultation on these proposals[26] in December 2025 and subsequently published the industry submission to that consultation in July 2026[27].

Building and connecting all the new CRM capacity to electricity and gas networks in contracted timeframes is a large and unprecedented challenge to the electricity and gas industry in Ireland and Northern Ireland. The magnitude of the challenge is heightened by the fact that the industry is also required to deliver almost 1 GW of onshore and offshore renewables capacity in Ireland across the RESS 1 to RESS 5 onshore schemes, and the Offshore Renewable Electricity Support Scheme (ORESS) 1 and Tonn Nua offshore programmes.

Based on the assumptions used in the All-Island Resource Adequacy Assessment 2026-35,[28] which uses forecasts the Sustainable Energy Authority of Ireland has developed, EirGrid expects to connect around 13.8GW of renewables in Ireland between 2026 and 2035. During this period, based on the assumptions made in the AIRAA 2024, SONI expects 2.3GW of new renewables to be connected in Northern Ireland.

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[25] https://www.semcommittee.com/files/semcommittee/2025-03/SEMC%20-%20Forward%20Work%20Programme%20Oct24%20-%20Sept%2025.pdf

[26] See SEM-25-070_Consultation_Decarbonisation_of_Existing_CRM_v300_For Publication_0.pdf

[27] Summary of Consultation Responses to Options for Decarbonisation of the existing CRM design (SEM-25-070) | The Single Electricity Market Committee

[28] All-Island Resource Adequacy Assessment 2026-2035

The SEM Committee recognises that delivering on these challenges will place strain on scarce resources, including appropriately skilled engineers and building contractors, which may be a finite resource that constrains the rate at which new thermal and renewables capacity can be connected. Whilst these challenges and risks may be hard to quantify, the SEM Committee notes the risk and factored this consideration qualitatively into its volume decisions. Contracting more capacity will not necessarily improve security of supply, if the capacity is competing for scarce resources, and if it makes existing contracted capacity more difficult to deliver.

8. CRM Development Programme

On 2 March 2026, the SEM Committee published its intention to inform Capacity Market participants and other interested parties of the next phase in the development of the CRM[29].

The driving force behind this information paper was the new State Aid approval process; the current arrangements are due to expire in 2028.

The new process will focus on providing a robust and futureproof framework that is wholly underpinned by the security of supply requirements on the island of Ireland. This will be bolstered by the support of a new design that hinges on the delivery of optimal cost efficiencies, decarbonisation, compliance with legal, and new State Aid requirements.

The SEM Committee published a consultation on the new arrangements in July 2026 and expects to undertake further consultation, where appropriate, before making a decision by the end of Q4 2026.

[29] *Information Note – CRM Development Programme* *sem-26-007-info-note-on-crm-development-programme_v300.pdf*