Single Electricity Market

(SEM)

Capacity Remuneration Mechanism

T-1 2027/28 Capacity Auction Exception Application and

Opt-out Notification Process

Briefing Note

SEM-26-75

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2. INTRODUCTION

2.1.1 The SEM CRM detailed design and auction process has been developed through a series of consultation and decision papers; these are all 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)[1] and the Capacity Market Code (CMC). An updated version of the CMC (15.0)[2] was published on 10 June 2026 and the most recent version of the TSC (32.0) was published on 02 October 2026.

2.1.2 The CMC describes the process which market participants must follow in relation to participation in a CRM auction. This includes detail in relation to the requirement for market participants to apply for Regulatory Authority (RA) approval for opt-out notification determination (section E.3 of the CMC) and certain exception applications (section E.5 of the CMC).

2.1.3 An auction for capacity under the Capacity Remuneration Mechanism (CRM) is planned for 24 June 2027. The auction will procure capacity for Capacity Year 2027/28 (T-1) with delivery of capacity beginning 01 October 2027.

2.1.4 This document sets out the Regulatory Authorities approach to the handling of the Exceptions and Opt-out processes (as described below) for this T-1 auction.

2.1.5 The key processes outlined in this note relate to:

i. The Exception Application process outlined in section E.5 of the CMC. This is for New Capacity to seek approval for a minimum capacity duration of more than 1 and up to 10 years for their RO, and for all or part of Existing Capacity to be subject to a Unit Specific Price Cap (USPC) in a capacity auction.

ii. Opt-out Notification applications for which the RAs are required to make a determination. This specifically relates to a capacity provider's unit which will be undertaking a Planned Outage of more than three months or will be Mothballed[3] during the relevant capacity year to which the auction relates. The circumstances in which an Opt-out Notification may be submitted are set out in section E.3 of the CMC. The deadline for applying for an RA opt-out determination is 21 December 2026.

iii. The Intermediate Length Contract process (SEM-24-035[4]) to allow Existing Capacity and New Capacity investing more than €100,000/MWd (the Intermediate Contract Investment Rate Threshold (ICIRT)) to bid for an Intermediate Length Contract (ILC) of up to five years.

[1] Trading and Settlement Code v.31
[2] Capacity Market Code v.15
[3] As per CMC "in relation to a Generator Unit or Interconnector, means that the Generator Unit or Interconnector has been placed on 'care and maintenance' so that, while it has not been permanently Closed, it is not available to generate, consume or transmit electricity and the plant is being managed to ensure that it remains in a safe and stable condition."
[4] SEM-24-035 Intermediate Length Contract Decision Paper

2.1.6 It should be noted that all other Opt-out Notifications must be submitted to the System Operator by the date specified within the Capacity Auction Timetable.

3. EXCEPTION APPLICATION AND OPT-OUT NOTIFICATION PROCESS

3.1 Overview

3.1.1 Section E.5 of the Capacity Market Code (CMC) describes the process for market participants applying for RA approval for exception applications. The process and approach for USPC applications shall remain the same as previous auctions.

3.1.2 The CMC in section E.3 describes the concept of market participants applying for RA approval for an opt-out notification with regard to a unit that will be undertaking a planned outage that results in it not being available for more than three months; or a unit that will be mothballed.

3.1.3 A more detailed timeline and communication procedure for the exception application and opt-out notification process is outlined below.

3.2 Communication with Applicants

3.2.1 All Participants wishing to apply for RA approval for an exception application or an opt-out notification, or to communicate with the RAs during the process shall (unless otherwise notified) only contact the RAs through the use of the email addresses given below: Submissions must be made to both email addresses below:

- **CRMsubmissions@uregni.gov.uk**
- **CRMsubmissions@cru.ie**

3.2.2 As described in section E.5 in the CMC, an exception application shall contain the information required by the RAs and set out in the templates provided in Appendix A, B and D of this note.

This information and any further information, or clarification in respect of the exception applications are to be provided under the electricity licence condition relating to the provision of information to the Commission (CRU) or the Utility Regulator (UR).

3.2.3 As described in section E.3 in the CMC an opt-out notification submission shall contain the information required by the RAs and set out in the template form given in Appendix C of this note.

3.2.4 If an applicant attempts to contact the RAs for the purposes of an exception application or opt-out notification process through another avenue the applicant will be directed to contact the RAs through the above email addresses.

3.2.5 The RAs will use the email address given in the participant's submitted template form to acknowledge receipt and for correspondence during the rest of the exception application process. Applicants may include more than one email address in the contact email address field in the template application form.

3.2.6 The RAs shall, upon receipt of an exception application or opt-out notification, assign a unique application file number. This will be included in the RAs acknowledgement to the applicant. Participants are required to quote this application file number in all future communication with the RAs in relation to the specific application.

3.2.7 If an applicant does not receive a unique application file number following the submission of an exception application, it is the responsibility of the applicant to contact the RAs to ensure safe receipt of their submission.

3.2.8 During the exception application process the RAs will, following the issuing of the draft determinations, offer the applicant the opportunity to meet the RAs to discuss the draft determination.

If an applicant does not receive a draft determination, as per the timetable set out in the below tables, it is the responsibility of the applicant to contact the RAs to query this.

3.2.9 As part of the Exceptions Application and Opt-out Notification RA determination process the RAs may request a meeting(s) with the applicant.

3.3 PROCESS FOR MULTI-YEAR EXCEPTION APPLICATIONS

3.3.1 Following the publication of the T-4 2030/2031 Capacity Auction Exception Application Updated Unit Specific Price Cap and Intermediate Length Contract Application Template Guidance Note (SEM-26-32) and the previous Briefing Note for the T-4 CY2026/27 Capacity Auction (SEM-22-014[5]), and the notified changes to the Exception Application and Opt-Out Notification process detailed within, these will be applied to the approvals process for Multi-year Exception Applications for this T-1 2027/28 Capacity Auction.

- Where an application is submitted to the RAs and all of the following requirements are fulfilled:
  - The New Capacity Investment Rate Threshold (NCIRT) is surpassed;

[5] SEM-22-014 CRM Exception Application and Opt-out Notification Process for the T-4 2026 /27 Capacity Auction | SEM Committee

- The Intermediate Length Contract (ILC) criteria and thresholds are met as set out in SEM-24-035[6]
- Any and all requests for further information from the RAs are actioned within the correct timeframes set out by the RAs; and
- The SEM Committee have granted approval.

then the application will be deemed as "Final and Approved".

The applicant will receive a confirmation letter from the SEM Committee stating they are approved to submit a multi-year RO bid into the T-1 CY2027/28 Capacity Auction, up to the amount stipulated within the Final New Net De-Rated Capacity (MW)[7] as set out in the approved Final Qualification Results (FQRs).

- If an application is submitted to the RAs and is rejected for any reason, this rejection will be deemed "draft", and the standing previous process will be followed.

  This will allow Applicants the opportunity to engage with the RAs ahead of the production of a Final Determination.

3.3.2 As per changes set out within SEM-22-014, all approvals will be worded as such that:

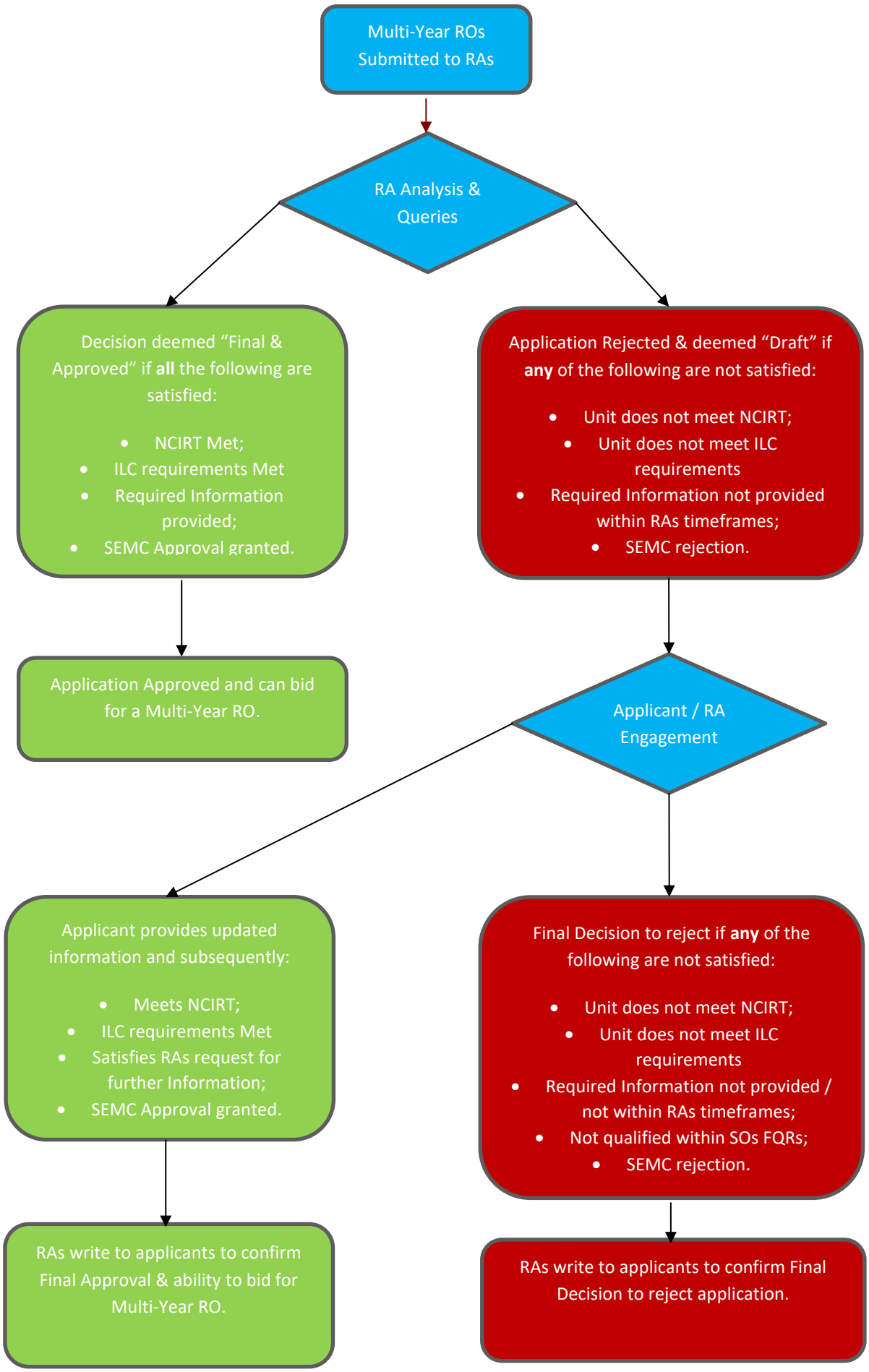
(a) the amount of capacity that may be bid multi-year is capped at the size of the ultimate FQR for the unit, or a lower value as the SEMC see fit; and

(b) will reiterate that the ability to bid for a Multi-Year RO is ultimately conditional on the Unit being deemed qualified at the FQR stage.

3.3.3 In this way, at the time the approval is given, there is not a firm value but rather a rule encoded in the decision to give effect to this. This decision does not prejudice qualification.

3.3.4 Should the RAs not have the sufficient information to issue final exception letters, draft exception letters will be issued.

[6] SEM-24-035 Intermediate Length Contract Decision Paper
[7] Final New Net De-Rated Capacity (MW) is issued later in the auction process.


Multi-Year ROs Submitted to RAs
RA Analysis & Queries
Decision deemed "Final & Approved" if **all** the following are satisfied:
• NCIRT Met;
• ILC requirements Met
• Required Information provided;
• SEMC Approval granted.
Application Rejected & deemed "Draft" if **any** of the following are not satisfied:
• Unit does not meet NCIRT;
• Unit does not meet ILC requirements
• Required Information not provided within RAs timeframes;
• SEMC rejection.
Application Approved and can bid for a Multi-Year RO.
Applicant / RA Engagement
Applicant provides updated information and subsequently:
• Meets NCIRT;
• ILC requirements Met
• Satisfies RAs request for further Information;
• SEMC Approval granted.
Final Decision to reject if **any** of the following are not satisfied:
• Unit does not meet NCIRT;
• Unit does not meet ILC requirements
• Required Information not provided / not within RAs timeframes;
• Not qualified within SOs FQRs;
• SEMC rejection.
RAs write to applicants to confirm Final Approval & ability to bid for Multi-Year RO.
RAs write to applicants to confirm Final Decision to reject application.

3.4 Process Timeline

3.4.1 The expected timelines for the exception application and opt-out processes for this CRM T-1 auction for Capacity Year 2027/28 are set out below in Tables 1, 2 and 3 respectively.

Exceptions Applications

3.4.2 Tables 1, 2 and 3 below set out the key dates and deadlines for communications between the applicant and the RAs with regards to Multi-Year RO New Capacity Applications (Table 1), Unit Specific Price Cap (USPC) applications (Table 2) and Intermediate Length Contract (ILC) applications (Table 3). As set out in section E.5 in the CMC, there is a requirement for applicants to provide information requested by the RAs within the specified timeframe, otherwise the participant is deemed to have withdrawn the exception application.

3.4.3 As described in section E.5 in the CMC an exception application shall:

- contain the information required by the RAs. Information request templates are included in Appendix A, B and D of this note; and
- contain a certificate signed on behalf of the participant by a participant director.

3.4.4 In regard to an applicant's USPC/ILCs exception applications, the RAs request that applicants provide sufficient detailed information and calculations to support the submission of cost items within their USPC/ILC application, which may include independent third-party quotes as justification. This detailed information assists the RAs in assessing the applicants USPC/ILC application and determining a draft and final decision.

3.4.5 Utilisation of the Weighted Average Cost of Capital on Capacity Market CAPEX Returns

As part of the Exceptions Applications process, applicants will see that the pre-tax Real WACCs for all Unavoidable Future Investments and Refurbishment investments are set going forward as 5.84% in Ireland and 8.62% in Northern Ireland. This will not apply to prior approved UFIs from previous auctions, they will remain at the values approved by SEMC for the auction in question.

Opt-Out Application to the RAs

3.4.6 As described in section E.3.2 of the CMC an opt-out notification submission for RA determination shall:

- contain the information required by the RAs. The information request template is included in Appendix C of this note;
- contain a certificate signed on behalf of the participant by a participant director.

3.4.7 As set out in section E.3 in the CMC, applicants are required to submit their opt-out notification to the System Operators by the opt-out notification date. If applicable (under E.3.1.1 (b) of CMC) applicants must provide a copy of the RAs determination as part of their opt-out notification submission to the System Operators.

3.4.8 As set out in Section E.3.2.1 of the CMC states a Participant is to submit an application to the RAs not later than four weeks prior to the opt-out Notification Date specified in the Capacity Auction Timetable. The opt-out Notification Date specified in the Capacity Auction Timetable is 21 January 2027.

3.4.9 Table 2 below sets out the key dates and deadlines for communications between the applicant and the RAs for the opt-out process. The deadline for applying for an RA opt-out determination is 21 December 2026.

Table 1: Multi-Year RO, Unit Specific Price Cap and Intermediate Length Contract Exception application process timeline for T-1 CY2027/28 Capacity Auction

Date	Description	
07 Jan 27	Initial Auction Information Pack published	
20 Jan 27	Exception Application deadline	
21 Jan 27	RAs notify System Operators of all Exception Applications and will also issue an acknowledgement to all applicants confirming receipt of Application.	
22 Jan 27	Qualification Application deadline.	
20 Jan 27 to 28 Jan 27	RAs initial assessment/screening of applications	
28 Jan 27	RAs may send follow up questions to exception application participants	
04 Feb 27	Deadline by which exception application participant(s) respond to RA questions	
05 Mar 27	If applicant does not meet criteria in E.5.1.3 RAs issue draft exception application decision(s) to participant(s) and the steps below will follow	If applicant satisfies criteria in E.5.1.3 – RAs will issue a Final Decision and approve Application for a Multi-Year RO
08 Mar 27	RAs issue draft exception application decision(s) to System Operators	RAs issue Final exception application decision(s) to System Operators
09 Mar 27 to 16 Mar 27	RAs offer meeting with exception application participant(s)	No further Application action required
02 Apr 27	Deadline by which exception application participant(s) can provide feedback to draft decision	
31 May 27	RAs submit final exception application decision(s) to System Operators (ahead of deemed approval deadline in CMC)	
02 Jun 27	Final qualification results announced	
02 Jun 27	Final Auction Information Pack published	
24 Jun 27	T-1 2027/28 Auction date	

Table 2: Proposed Opt-Out notification RA determination process timeline for T-1 CY2027/28 Capacity Auction

Date	Description
21 Dec 26	Deadline for applying for RA opt-out determination according to the CMC.
22 Dec 26	RAs notify System Operators giving details of opt-out notification submission(s) received and will also issue an acknowledgement to all applicants confirming receipt of Application.
22 Dec 26	If required, RAs send follow up questions/requests for information to opt-out notification applicant(s). Alternatively, RAs may request a meeting.
07 Jan 27	Initial Auction Information Pack published
12 Jan 27	Date by which RAs notify applicant(s) of determination on opt-out notification
12 Jan 27	Date by which RAs notify System Operators of determination on opt-out notification submission(s)
21 Jan 27	Opt-out notification deadline to System Operators for opt-outs under CMC E.3.1.1
18 Mar 27	Provisional Qualification Results announced
02 Jun 27	Final qualification results announced
02 Jun 27	Final Auction Information Pack published
24 Jun 27	T-1 2027/28 Auction date

4. TREATMENT OF CONFIDENTIAL INFORMATION

4.1.1 The RAs will put in place procedures to protect confidential information generated by the processes outlined in this note. All reasonable precautions will be taken by both RAs to ensure that:

- any confidential information generated by the process, is kept confidential.
- confidential information is provided only to those persons to whom it is deemed necessary for the conduct and management of the process.
- confidential information is clearly labelled and securely stored.

4.1.2 Dissemination of applicant's data within the RAs will be limited, with access to storage of physical and electronic copies being protected.

4.1.3 Any persons required to assess/review sensitive information will be notified that they are being provided with confidential data (e.g. the SEM Committee members), as above this data will be clearly labelled as such.

4.1.4 It is the applicant's responsibility to clearly mark as confidential any information that it considers confidential.

5. NEXT STEPS

5.1.1 The System Operators will publish an Initial Auction Information Pack on 07 January 2027, at the start of the Qualification window. The Initial Auction Information Pack will set out a range of information (set out in section D.3 of CMC) that will help market participants to submit their qualification information, and to decide whether to submit an exception application.

5.1.2 The RA opt-out deadline is 21 December 2026.

5.1.3 The exception application deadline is 20 January 2027.

5.1.4 The qualification deadline is 22 January 2027.

5.1.5 As set out in section E.3 in the CMC, applicants are required to submit their opt-out notification to the System Operators no later than the opt-out notification deadline of 21 January 2027.

5.1.6 If applicable (under E.3.1.1 (b) of CMC) applicants must provide a copy of the RAs determination as part of their opt-out notification submission to the System Operators. The deadline for applying for RA approval for opt-out determination is 21 December 2026.

5.1.7 As set out in section 3.2 above, please note the following:

All participants wishing to apply for RA approval for an exception application and/or opt-out notification must submit applications to both Regulatory Authorities via email to both email addresses listed below:

CRMsubmissions@uregni.gov.uk
CRMsubmissions@cru.ie