



Capacity Remuneration Mechanism (CRM)

Information Note regarding CRM auctions in 2024

SEM-24-017

4 March 2024

The SEM Committee has listened to and reflected on industry feedback in relation to the holding of capacity auctions in 2024, including views expressed at the Senior Stakeholder Forum, held on 26 January 2024, and reinforced through the responses received to the T-3 27/28 parameters consultation paper (SEM-24-012).

Industry has clearly stated that it is not in favour of a T-3 auction, citing in particular the external, third-party delays that are evident in regard to the delivery of new capacity already contracted in the CRM. In place of a T-3 auction, industry proposed that the T-4 auction for 2028/29 should be brought forward with incentives for the early delivery of successful projects, stating that such incentives should address the T-3 auction objective while in parallel securing necessary volumes of participation.

In regard to factors delaying existing CRM projects, industry noted a need for an appreciable change in the speed and process for grid connection delivery, necessary consents and planning approval in particular, which are enduring factors that impact project delivery. Similarly, industry noted that participation in the auction would be enhanced by governmental and regulatory supports to remove planning delays for viable projects and increased delivery focus of timely connections to new projects.

After careful consideration, the SEM Committee has therefore decided to hold the T-4 2028/29 auction targeted for 12 December 2024, with incentives for early delivery of new capacity in the capacity year 2027/28, in place of the proposed T-3 2027/28 auction.

The details of the early delivery incentives will be developed and communicated in the coming weeks. The incentives will reward investors who deliver capacity from 1 October 2027, as well as those who can deliver capacity for part, but not all, of the 2027/2028 capacity year.

In parallel, the SEM Committee and Regulatory Authorities will engage with the relevant organisations to work to mitigate the ongoing delays related to the delivery of new capacity such that the early delivery incentives can be effective. The SEM Committee is currently liaising with the TSOs regarding the Capacity Auction Timetable for the T-4 2028/29 auction and a timetable will be published shortly.

The SEM Committee also notes the feedback received on the price signal being provided in the auctions, both at the Forum and through the consultation on parameters, and reiterates its commitment to increase the Auction Price Cap, by applying a higher multiplier to Net CONE, and considering an INCTOL greater than zero, in the upcoming T-4 auction.

The non-confidential responses to the T-3 parameters consultation paper are published alongside this information note.