



**Single Electricity Market
(SEM)**

**Information Note regarding the
Application of Annual Run Hour Limits**

SEM-21-107

07 December 2021

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The SEM Committee published a Consultation Paper, [SEM-21-054](#), in June 2021, in relation to the potential application in the CRM of an additional derating factor to reflect Annual Run Hour Limitations (ARHLs).

The Consultation set out a possible interim approach for the T-3 2024/25 and T-4 2025/26, given the time constraints for these upcoming auctions. In the subsequent Decisions on the auction parameters ([SEM-21-058](#) and [SEM-21-079](#)) however, it was decided not to adopt this interim approach or apply any additional derating associated with ARHLs.

The Consultation also considered the longer-term approach to ARHLs and stated the SEM Committee's intention to include the review of the treatment of ARHLs in the wider review announced in [SEM-21-025](#) – the SEM Committee having decided in SEM-21-025 to instigate a review into the broader derating factor (DRF) methodology and assumptions.

Throughout this process, the RAs have engaged with the Environmental Protection Agency (EPA) in Ireland and the Northern Ireland Environment Agency (NIEA) in NI and will continue to do so.

In the context of upcoming capacity auctions, which will seek to secure significant volumes of new capacity, in particular in Ireland, this note seeks to clarify an issue relating to the interpretation of the efficiency requirements for large combustion plant (LCP) as set out in the Best Available Techniques (BAT) Conclusions for LCP¹.

The efficiency requirements of the BAT Conclusions for LCP, as they apply to the combustion of natural gas, are described in BAT 12 and BAT 40.

- BAT 12 lists a series of techniques to be used to increase the energy efficiency of combustion units operated $\geq 1,500$ h/yr.
- BAT 40 states that in order to increase the energy efficiency of natural gas combustion, BAT is to use an appropriate combination of the techniques given in BAT 12, and the Combined Cycle technique. The Combined Cycle technique being generally applicable to new gas turbines and engines except when operated $< 1,500$ h/yr.

The SEM Committee wish to clarify that the EPA have confirmed that with regards to licencing processes in Ireland, technologies other than a Combined Cycle Gas Turbine (CCGT) can be compliant with the BAT Conclusions for LCP without being subject to an ARHL of 1,500 hours.

The RAs will continue to engage with the EPA and NIEA, however, it is recommended that prospective developers contact the relevant Environmental Agency in the applicable jurisdiction for any further information in relation to this matter.

¹ Commission Implementing Decision (EU) 2017/1442 of 31 July 2017 establishing best available techniques (BAT) conclusions, under Directive 2010/75/EU of the European Parliament and of the Council, for large combustion plants.