



**Single Electricity Market
(SEM)**

**Capacity Remuneration Mechanism
T-1 2025/2026 Capacity Auction Parameters
Decision Paper**

**Decision Paper
SEM-24-078**

03 December 2024

1. EXECUTIVE SUMMARY

On 15 October 2024, the SEM Committee consulted on the parameters for the 2025/26 T-1 Capacity Auction.

This paper describes the SEM Committee's decision for the relevant parameters to apply in the 2025/26 T-1 capacity auction, scheduled to take place on 22 May 2025.

Two responses were received, one marked as confidential. Having considered these responses, the SEM Committee has decided to retain all the parameter values as published within the consultation paper. These are summarised in the following table:

Parameter	Proposed Value for 2025/26 T-1 capacity auction
De-Rating Curves, defining De-Rating Factors by unit Initial Capacity and by Technology Class (including for Interconnectors)	To be determined by System Operators prior to publication of Initial Auction Information Pack
Capacity Requirement	To be determined by System Operators prior to publication of Initial Auction Information Pack (IAIP)
Indicative Demand Curve	The Demand Curve will be based on the following principles: <ul style="list-style-type: none">• horizontal at the Auction Price Cap between 0MW and 100% of the Net Auction Requirement (after deduction of Previously Awarded Capacity);• vertical at 100% of the Net Auction Requirement (after the deduction of Previously Awarded Capacity) between the Auction Price Cap and Net CONE;• and thereafter, a straight-line slope with a zero-crossing point at 100% of the Net Auction Requirement (after deduction of Previously Awarded Capacity) plus 15% of the initial Capacity Requirement.

	(The parameters consultation refers to the term “adjusted Capacity Requirement” which does not align directly with the terminology used in the recent 2027/28 T-4 Auction Volumes Information Note (SEM-24-051). The SEM Committee has sought to clarify the decision by aligning the wording with terms explained in SEM-24-051)		
Auction Price Cap	€160,545 / de-rated MW / year		
Existing Capacity Price Cap	€53,515 / de-rated MW /year		
New Capacity Investment Rate Threshold	€300,000 /de-rated MW		
Intermediate Contract Investment Rate Threshold	€100,000 /de-rated MW		
Annual Stop Loss Limit Factor	1.5		
Billing Period Stop Loss Factor	0.5		
Indicative Annual Capacity Exchange Rate	To be determined by System Operators prior to publication of Initial Auction Information Pack.		
Increase Tolerance and Decrease Tolerance by Technology Class	Technology Class	Increase Tolerance (%)	Decrease Tolerance (%)
	All Except DSUs	0	0
	DSUs	0	100
Performance Security Posting Dates / Events for New Capacity	Date / Event	Performance Security Rate (€/MW)	
	From 13 months to beginning of Capacity Year	30,000	
	From beginning of Capacity Year	40,000	

Termination Charges for New Capacity	Date / Event	Termination Charge Rate (€/MW)
	From 13 months to beginning of Capacity Year	30,000
	From beginning of Capacity Year	40,000
Full Administered Scarcity Price and Reserve Scarcity Price Curve	Short Term Reserve (MW)	Administered Scarcity Price (€/MWh)
	Demand Control	25% of VOLL Max
	0	25% of VOLL Max
	500	RO Strike Price
Anticipated values to be applied in determining the Strike Price	Current values to be re-applied	
Early Delivery Incentive Start Date	01 July 2025	
Performance Security/Termination Rate for Existing Capacity seeking an Intermediate Length Contract	Termination and Performance Security rates do not apply in respect of refurbishing Existing Capacity	

These parameters will be included within the Initial Auction Information Pack for the auction, to be published on 3 December 2024. The auction is scheduled to take place in May 2025.

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3. SUMMARY OF PROPOSALS IN THE CONSULTATION PAPER

On 15 October 2024, the SEM Committee consulted on the parameters for the 2025/26 T-1 Capacity Auction. This paper describes the SEM Committee's decision for the relevant parameters to apply in the 2025/26 T-1 capacity auction, scheduled to take place on 22 May 2025. Two responses were received, one marked as confidential.

Having considered these responses, the SEM Committee has decided to retain all the parameter values as published within the consultation paper. These are summarised in the following table:

4. SUMMARY OF RESPONSES

One public response was received from the following:

1. Energia

Auction Price Cap (APC)

Energia note that the Auction Price Cap (APC) is proposed at 1.5x Net CONE for the T-1 2025/26 auction. While this is in line with the multiplier applied at the T-4 2025/26 auction, Energia believe that it is a change from the May 2024 decision paper on the T-4 2028/29 auction parameters, in which a multiple in excess of 2 was considered appropriate and applied to Net CONE to set the APC.

Energia believe that to incentivise efficient and necessary investment in Existing Capacity, it is essential that missing money and refurbishment costs (increasingly required in future as plants age and with diminishing IMR and DS3) can be recovered through USPCs and ILCs. The APC must therefore be set at a level which allows for such cost recovery. On that basis, for future capacity years Energia request that SEMC maintain the APC at least at the level that was applied for the T-4 2028/29 auction.

5. SEM COMMITTEE DECISION

Auction Price Cap (APC)

The SEM Committee note the proposal to increase the APC, however the Committee would like to note that the Decision made in the CY2028/29 T-4 Capacity Auction Parameters (SEM-24-028¹) was to increase the auction price cap, without explicit reference to the multiplier.

The SEM Committee have also considered APCs applied to recent auctions. The SEM Committee have decided to set the Auction Price Cap at €160,545/MWd/Year.

6. SEM COMMITTEE PARAMETERS DECISION

The table below is a summary of the decisions taken by the SEM Committee in light of the responses above. The following parameters will apply for the 2025/26 T-1 Capacity Auction:

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¹ CY2028/29 T-4 Capacity Auction Parameters Decision Paper [T-4 2028 29 Parameters Decision Paper.pdf](#)

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