



**Single Electricity Market
(SEM)**

Capacity Market Code

**Terms of Reference for the Year 6 Market Audit -
Consultation Paper**

SEM-25-005

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2. BACKGROUND

Paragraph B.11.2.1 of the Capacity Market Code (CMC), requires the Market Auditor to conduct an audit of the CMC, its operation and implementation of the arrangements, procedures and processes under the CMC at least once a year.

Paragraph B.11.2.3 of the Code requires the Regulatory Authorities (RAs) to consult with Parties on the Terms of Reference (TOR) for the audit. The last Audit Report was published on the 04 March 2025 and paragraph B.11.2.3 indicates Parties shall be consulted on the terms of reference for the next audit following the publication of the Audit Report. Paragraph B.11.2.4 requires the RAs to annually specify the precise Terms of Reference for the audit following a consultation process.

The purpose of this paper is to set out the RAs proposed approach for the scope of the Year 6 audit together with the reporting arrangements.

The first Capacity Market audit for Year 1 was conducted in 2019/20. The second Capacity Market audit for Year 2 was conducted in 2020/21. The RAs are cognisant of the delay to the Year 3 Capacity Market audit with both Year 3 and Year 4 audit reports published on 06 March 2024¹. The Year 5 Capacity Market Audit Report was published on 04 March 2025².

The RAs revisited the original TOR set out in SEM-17-023³ alongside the Year 5 TOR Decision Paper and considered whether the scope for the Year 6 Audit report should be changed. This consultation is seeking views on this question.

3. PROPOSED YEAR 6 AUDIT SCOPE

The SEM Committee propose that the Year 6 audit will cover the twelve-month period of 1 May 2023 – 30 April 2024. The audit would incorporate the following Capacity Auctions:

- T-1 2023/2024 Capacity Auction – which took place on 18 July 2023
- T-4 2027/2028 Capacity Auction - which took place on 26 October 2023

¹ <https://www.sem-o.com/market-messages/message/index.xml?message=6034>

² [Capacity Market Auditor Report Year 5.pdf](#)

³ <https://www.semcommittee.com/files/semcommittee/media-files/SEM-17-023%20CRM%20Auditor%20%20Monitor%20Decision%20Paper.pdf>

- T-1 2024/2025 Capacity Auction - which took place on 25 April 2024

The SEM Committee also recommend that the Auditor's Opinion will continue to be conducted under the International Standard on Assurance Engagements (ISAE 3000) and that the Year 6 audit report will mirror the Terms of Reference set for Year 5. This includes:

- Accession and Registration.
- Default, Suspension and Termination.
- Qualification.
- Operation of the auction and award of capacity.
- Secondary trading.
- Implementation agreements.
- SO and other Charges.
- Invoicing and Payment.
- Credit Cover management.
- Disputes.
- Modifications.
- Design Authority / Code development and Systems Upgrade.

4. CONSULTATION AND NEXT STEPS

In presenting this paper for consultation, the SEM Committee seeks views on the proposed Capacity Market Audit scope for the Year 6 report.

Responses to this Consultation Paper should be sent to CRMsubmissions@uregni.gov.uk and CRMsubmissions@cru.ie by 17.00 on 21 March 2025.

Please note that the RAs intend to publish all responses unless marked confidential. While respondents may wish to identify some aspects of their responses as confidential, we request that non-confidential versions are also provided, or that the confidential information is provided in a separate annex. Please note that both Regulatory Authorities are subject to Freedom of Information legislation.

Further to their consideration of the comments received, the RAs will publish their Decision Paper confirming the TOR for the Year 6 Capacity Market Audit.