



**Single Electricity Market
(SEM)**

**Proposed enhancements to the methodology for
determination of the CRM Capacity Requirement and
Associated De-Rating Factors**

Decision Paper

SEM-22-097

12 December 2022

1. OVERVIEW

Under the revised SEM arrangements, implemented in October 2018, capacity revenues are allocated by capacity auction for a relevant capacity year. Prior to each capacity auction, a number of capacity auction parameters must be set.

As part of the most recent Parameters consultation paper for the T-1 2023/24 auction¹ the SEM Committee requested that the TSOs consult upon enhancements to the Adequacy Calculator, as a matter of urgency so that the new approach may be deployed for the 2023/24 T-1 Auction.

This corresponding consultation paper described the TSO's proposals for enhancing the model that underpins the determination of the Capacity Requirement and the De-Rating Factors associated to each Capacity Auction. Details of this consultation can be found here².

This document gives formal approval for the adoption of the enhancements to the TSO modelling of both De-Rating Factors and Capacity Requirement for each Capacity auction. The approach taken in relation to SEM-022-075 is to implement a 'glidepath' for DSU derating factors, as set out in the TSOs Initial Auction Information Pack. Both sets of these values now feature in the Initial Auction Information (IAIP) pack for the T-1 2023/24 auction³.

¹ See [T-1 2023/24 Parameters Consultation.pdf \(semcommittee.com\)](#)

² See SEM-22-075 [\(Consultation on the proposed enhancements to the methodology for determination of the CRM Capacity Requirement and Associated De-Rating Factors | SEM Committee\)](#)

³ https://www.sem-o.com/documents/general-publications/Initial-Auction-Information-Pack_IAIP2324T-1.pdf

2. NEXT STEPS

The IAIP is published on the SEMO website, which contains the Capacity Requirement and De-rating factors associated for this auction as a result of the modelling enhancements as described in SEM-22-075.

Any questions or queries can be directed to the RA inboxes at CRMSubmissions@uregni.gov.uk and CRMsubmissions@cru.ie.