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Bill Thompson,  
Group Head of Regulation  
EirGrid PLC  
The Oval  
160 Shelbourne Road  
Dublin 4  
D04 FW23

1 Sept 2021

Our Ref: CRU/21/107a

**Re: Ireland Region Level 1 Locational Constraints for the 2025/26 T-4 Capacity Auction**

Dear Bill,

As you will be aware, the SEM Committee has decided to hold a T-4 Capacity Auction for the 2025/26 Capacity Year. The CRU notes the possible shortfall in required capacity in the Ireland as outlined in the Generation Capacity Statement 2020-29. The CRU also notes the recent termination of capacity contracts in Ireland.

Having considered this risk of capacity shortfall, along with the benefit of having competitive tensions in the context of a successful auction, the CRU is of the view that EirGrid should facilitate additional capacity seeking to connect in Ireland, by issuing a grid connection offer to successful participants in the 2025/26 T-4 Capacity Auction.

Accordingly, and as provided for in CRU/20/060<sup>1</sup>, the CRU directs EirGrid to issue a grid connection offer to any applicant located within the Ireland Level 1 Locational Capacity Constraint Area, that is successful in the T-4 Capacity Auction for 2025/2026, taking into account the below requirements and considerations.

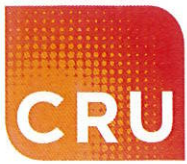
The CRU recognises the importance of projects demonstrating deliverability and commitment when being deemed eligible to receive a grid connection offer, as is also reflected for example in Section E.7.2.1 (f) of the Capacity Market Code (CMC), whereby the System Operators may reject a qualification application where:

“they consider the delivery of a part or all of any New Capacity proposed in the Application for Qualification is not feasible (either technically or in the applicable timeframe)”.

In the context of interpretation of this Direction therefore, which provides that parties successful in the T-4 2025/26 Capacity Auction be granted a grid connection offer whilst in parallel facilitating meeting the objectives of the CMC, the CRU considers it reasonable that successful Capacity Auction participants should demonstrate landowner consent in respect of any proposed facility.

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<sup>1</sup> <https://www.cru.ie/wp-content/uploads/2020/06/CRU20060-ECP-2-Decision.pdf>



Another consideration that would be beneficial for EirGrid to take into account is the de-rating of any successful unit and whether in that context the issuing of an offer to the successful unit is consistent with the objective of this Direction.

The CRU is cognisant of the fact that EirGrid in administering the CMC will take any Direction by the CRU to issue a grid connection offer into account in its assessment of whether a project meets the auction qualification requirements.

The CRU expects that EirGrid will ensure that the terms of any connection agreements processed under this Direction will align with the relevant T-4 delivery obligations.

All of these matters should in each instance be considered by EirGrid in the overall context of the objectives of the CMC.

A similar direction is being issued to ESB Networks DAC and it is expected that the system operators will engage with each other regarding the details of implementing these directions.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Karen Trant', is written over a light blue grid background.

Karen Trant  
Director  
Energy Networks and Legal – CRU

Cc Donal Crean, ESB Networks DAC