An Coimisiún um Rialáil Fóntais
Commission for Regulation of Utilities

LONG DURATION ENERGY STORAGE (LDES) PROCUREMENT MECHANISM

Decision Paper

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CRU Strategic Plan 2025-27

Vision, Purpose, and Values



OUR VISION:

Resilient, efficient, sustainable, and safe energy and water services for Ireland.



OUR PURPOSE:

We actively serve the public interest by regulating the provision of energy and water to Irish homes and businesses, while supporting the transformation to net zero.



OUR VALUES:

- Integrity
- Professionalism
- Openness
- Accountability

Executive Summary

This Decision Paper sets out the Commission for Regulation of Utilities' (CRU) decision on the procurement arrangements for the initial procurement of Long Duration Energy Storage (LDES) in Ireland, following EirGrid's consultation, which closed on 25th November 2025, and its submission of the recommendation paper to the CRU on 1st July 2026. It should be read in conjunction with EirGrid's recommendation paper and the accompanying Levelised Cost of Storage (LCOS) methodology paper.

The CRU welcomes EirGrid's recommendations paper and notes the level of constructive engagement with the CRU during the development of the recommendation paper. This represents an important milestone in the LDES project, and we expect it to provide benefits to consumers.

This proposed LDES procurement is a priority action (Action 6) under the Department of Climate, Energy and the Environment's (DCEE) Electricity Storage Policy Framework (ESPF), which calls for an immediate procurement of up to 500 MW of storage with a minimum four-hour import and export capability on to the transmission system. The procurement will complement emerging EU flexibility requirements, address the growing variability of wind and solar generation, and reduce renewable dispatch-down and network constraints as Ireland moves towards its 80% renewable electricity target by 2030. EirGrid, as the Transmission System Operator, published its consultation on procurement arrangements in October 2025 and submitted its recommendation Paper to the CRU in July 2026, setting out its proposed procurement arrangements for a CRU Decision.

On the overall procurement framework, the CRU aligns with EirGrid's recommendation to carry out an LDES procurement process, subject to the conditions set out in this Decision Paper. The procurement shall be a technology-neutral, service-based procurement of up to 500 MW of LDES with a minimum four-hour duration for import and export, progressed through the normal ECP connection process.

The CRU is broadly supportive of the framework EirGrid has proposed comprising a technology-neutral procurement, a two-stage qualification and tender process, operation under a Trading Envelope, and a competitively bid revenue floor with upside sharing. Pass/fail qualification criteria shall be applied against company-specific and project-specific technical requirements.

Eligible LDES service providers must:

- meet a minimum four-hour duration for import and export,
- have a 1:1 ratio of maximum export capacity (MEC) to maximum import capacity (MIC),
- have a minimum capacity of 20 MW for hybrid or 75 MW for a standalone,
- have a maximum capacity of 100 MW,
- and have a Round-Trip Efficiency (RTE) of at least 75%.

They must also:

- hold a connection offer at qualification,
- hold a connection agreement at tender stage,
- hold a final grant of planning consents and evidence of land rights.

Projects that satisfy the qualification requirements will be assessed against three weighted criteria: Cost, Impact and Connection Method. These criteria are weighted as 50% Cost, 30% Impact and 20% Connection Method for this initial procurement. The CRU requested further analysis on the justification for the proposed weightings beyond what was provided in the recommendations Paper, to ensure that the weightings produce an optimal project mix in relation to the objectives of the scheme. In addition to the justification given in the recommendation paper, additional analysis provided by EirGrid demonstrates that the proposed weightings are based on evidence-informed judgement and provides a reasonable basis for their approval at this stage.

Under this procurement, LDES assets shall operate under a Trading Envelope (TE) which will be a dynamic import/export restriction issued by the TSO at 10:00 D-1 and shall be in place for a full trading day. A revenue floor shall apply, capped by a Levelised Cost of Storage (LCOS). Performance against the revenue floor shall be assessed against gross eligible market revenues, under which charging costs are netted against market revenues but the asset's other operating and commercial costs are not deducted. For revenues above the floor, the revenue-sharing ratio shall be 70:30, under which the asset retains 70% of the upside revenue and 30% is returned to consumers.

The LDES service duration for this initial procurement round shall be ten years.

Contracted LDES assets shall retain full access to all SEM markets, subject to compliance with their Trading Envelope.

Co-located hybrid LDES sites must have at least 30 MW of TSO connected renewable generation, and the impact assessment to be used in tender scoring shall examine the capability of the proposed asset to reduce dispatch down based on its location and informed by ECP hourly dispatch down analysis.

Matters to be progressed through the contractual-arrangements consultation

Certain design elements proposed in EirGrid's recommendation paper require consultation before full approval may be granted by the CRU. Therefore, EirGrid is required to include these design elements in the next consultation. These will include the following:

- Trading Non-Activity Scalar methodology.
- How the Trading Non-Activity Scalar, Trading envelope, Revenue floor and annual reconciliation process work together as a package to incentivise the desired operational trading behaviour of LDES assets.
- The Trading Envelope methodology and calibration.

- The Deliverability Assessment methodology for projects progressing to the Best and Final Offer (BAFO) stage.
- The governance and change-control arrangements applying to material operational provisions
- Consideration of publication and appropriate stakeholder engagement on the LCOS methodology

Upon publication of this Decision Paper, EirGrid will consult on the contractual arrangements. The CRU will issue a subsequent decision following the consultation and EirGrid's recommendation paper.

The table below shows a summary of the CRU Decision and the next steps where applicable.

Topic	EirGrid's Recommendation	CRU Decision/Next Steps
Procurement design	Phased, technology-neutral procurement of up to 500 MW of LDES via a qualification system and tender.	The CRU is supportive of the recommendation of a technology-neutral procurement of up to 500 MW of LDES via a qualification system and tender and therefore approves this recommendation. The approved volume shall be treated as a ceiling rather than a target. Before contracts are awarded, EirGrid shall notify the CRU of the projects it proposes to contract, the aggregate volume, the expected cost to consumers and its assessment of the value offered by the selected portfolio.
Eligibility criteria	Retain ≥4-hour duration for import and export, 1:1 MEC/MIC ratio, minimum/maximum capacity thresholds, Connection Offer at qualification and Connection Agreement at tender.	The CRU aligns with EirGrid on the eligibility criteria set out in the recommendations paper and therefore approves this recommendation.
Benefits of co-location	Recognise and incentivise co-location, qualified by ≥30 MW of	The CRU has assessed the benefits of co-location and aligns with EirGrid's recommendation, and therefore approves the

	transmission-connected renewable generation.	recommendation to incentivise co-location and require co-located hybrid LDES sites to have at least 30 MW of TSO connected renewable generation
Connection location.	Nodal approach using ECP dispatch-down and constraint data to assess locational value.	The CRU approves the recommendation that the connection locational assessment to be used in tender scoring shall examine the capability of the proposed asset to reduce dispatch down based on its location and be informed by ECP hourly dispatch down analysis.
Trading Envelope model	Proceed with the Trading Envelope (TE) model, in preference to Unfettered Market Access or Full TSO Control.	The CRU supports the Trading Envelope model in principle. Approval of the detailed operational arrangements remains subject to EirGrid demonstrating, through the contractual-arrangements consultation, that the Trading Envelope, Revenue Floor, Trading Non-Activity Scalar and annual reconciliation mechanism operate together as a coherent and financeable package that provides effective incentives for contracted assets to operate and deliver system value.
Trading Envelope definition	Issue TEs daily at 10:00 D-1 as dynamic import/export limits.	The CRU approves the recommendation for EirGrid to issue TEs at 10:00 D-1.EirGrid shall develop and publish the Trading Envelope methodology before tender. The methodology and issuance timing shall be subject to the change-control arrangements set out in Section 2.14.

Revenue floor & sharing	LCOS-based revenue floor set by competitive bidding; 70:30 upside sharing; annual ex-post reconciliation.	The CRU approves the Revenue Floor in principle as the support instrument, including competitive bidding, assessment on a gross-revenue basis (charging costs netted; other operating costs not deducted), an LCOS-informed bid limit and the 70:30 upside-sharing ratio. Implementation and full approval of the Revenue Floor framework (including the annual reconciliation) remains subject to EirGrid demonstrating that it operates effectively alongside the Trading Envelope and Trading Non-Activity Scalar. EirGrid shall consider publishing and engaging stakeholders on the LCOS methodology.
Non-compliance charges & Trading Non-Activity Scalar	Apply non-compliance charges for TE breaches; scalar reduces the revenue floor for under-cycled assets.	The CRU supports the introduction of non-compliance charges and a Trading Non-Activity Scalar in principle. EirGrid shall develop, publish and consult on the detailed methodologies through the contractual-arrangements consultation and demonstrate that the Trading Non-Activity Scalar provides an effective incentive for asset operation without undermining the financeability of the framework. EirGrid shall also demonstrate how the Scalar interacts with the Trading Envelope, Revenue Floor and annual reconciliation process.
Contract length	10-year scheme duration.	The CRU is supportive of EirGrid's recommendation regarding the LDES service contract length and therefore approves that the service duration shall be 10 years.

Revenue stacking	Full SEM market access for contracted assets, subject to TE compliance.	The CRU is supportive of EirGrid's proposal that contracted LDES assets shall retain full SEM market access, subject to compliance with the Trading Envelope, therefore approves this recommendation.
Qualification & tender criteria	Pass/Fail qualification; scored tender weighted Cost 50% / Impact 30% / Connection Method 20%.	The CRU is supportive of EirGrid's recommendation to apply a Pass/fail qualification criteria against company-specific and project-specific technical requirements. The CRU is also supportive of the tender weighting criteria of 50% Cost, 30% Impact, 20% Connection Method and therefore approves this recommendation.
BAFO & deliverability	Highest-ranked projects proceed to a Best and Final Offer (BAFO); deliverability assessed via a Target Energisation Date.	The CRU approves the introduction of the BAFO stage and the principle of the Deliverability Assessment. EirGrid shall develop, publish and consult on a transparent Deliverability Assessment methodology through the contractual-arrangements consultation before tenders are invited. The methodology shall include the basis for determining the Scheme Commencement Date, the maturity criteria and evidence thresholds, and appropriate governance and assurance arrangements.

Public/ Customer Impact Statement

This decision approves the framework for EirGrid to procure up to 500 MW of Long Duration Energy Storage (LDES), subject to the conditions set out in this Decision Paper.

The LDES service is expected to support the secure operation of Ireland's electricity system as renewable generation increases, including by absorbing electricity at times of high wind and solar output and returning it to the system when it is most valuable.

This can help reduce renewable dispatch-down, by storing electricity when there is surplus generation from wind and solar and then exporting that electricity when renewable output is low. This will help to make better use of available renewable energy and will also facilitate more efficient use of existing network infrastructure and support progress towards Ireland's climate and energy-security objectives.

The procurement is designed to obtain these services through a competitive, technology-neutral process, rather than through TSO ownership of storage assets which is prohibited under EU legislation.

Potential providers will be required to demonstrate that their projects are technically capable, sufficiently mature and deliverable within the required timeframe. The assessment framework is intended to balance competitive cost with system value and efficient use of network infrastructure, while the Trading Envelope framework will place limits on asset operation to prevent behaviour that would worsen forecast local or system-wide conditions.

This decision includes aspects intended to protect consumers. Revenue-floor support will be competitively tendered, capped by reference to a Levelised Cost of Storage methodology and supported by open-book accounting requirements. Asset owners will retain responsibility for their commercial and operating costs and will be expected to maximise revenues through market participation. Where revenues exceed the contracted floor, a 70:30 revenue sharing mechanism will be in place, where the asset returns 70% of the upside revenue and 30% is returned to consumers. Non-compliance and non-trading activity measures will also help ensure that supported assets provide the intended system service and are not remunerated without delivering value.

This Decision Paper is intended to ensure that the final arrangements of Long Duration Energy Storage (LDES) procurement provide value for money, maintain appropriate investor certainty and protect the interests of energy customers.

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Glossary of Abbreviations

Abbreviation	Definition
BAFO	Best and Final Offer
CAP	Climate Action Plan
CRU	Commission for Regulation of Utilities
DASSA	Day-ahead system service arrangements
DCEE	Department for Climate, Energy and the Environment
DSO	Distribution System Operator
ECP	Enduring Connection Policy
ESPF	Electricity Storage Policy Framework
LCOS	Levelised Cost of Storage
LDES	Long Duration Energy Storage
MEC	Maximum Export Capacity
MIC	Maximum Import Capacity
NZIA	Net-Zero Industry Act
QSQ	Qualification System Questionnaire
RfT	Request for Tender
RTE	Round-Trip Efficiency
SEM	Single Electricity Market
SO	System Operator
SNSP	System Non-Synchronous Penetration
TE	Trading Envelope
TSO	Transmission System Operator
TUoS	Transmission Use of System

1. Introduction

The Commission for Regulation of Utilities (CRU) is Ireland's independent energy and water regulator. The CRU has a wide range of economic, customer protection and safety responsibilities in energy and water. The work of the CRU impacts every Irish home and business by ensuring safe and sustainable energy and water supplies at a reasonable cost.

Information on the CRU's role and relevant legislation can be found on the CRU's website at www.cru.ie

1.1 Background

Ireland's Climate Action Plan 2023 (CAP23) set out the Government's decarbonisation and sustainability ambitions for the electricity sector, targeting 80% of electricity generated from renewable sources by 2030 and assigning the CRU, the System Operators and Industry joint responsibility for delivering 15-20% flexible electricity demand by 2025 and 20-30% by 2030. Climate Action Plan 2024 (CAP24) and Climate Action Plan 2025 (CAP25), published in May 2024 and April 2025 respectively, reaffirmed and refined these commitments, underlining that flexibility on both the demand and the supply side, including electricity storage, will be essential to accommodate rising volumes of variable renewable generation while maintaining a secure, affordable and decarbonised power system.

EirGrid, as the Transmission System Operator (TSO), first identified a system need for additional long duration storage capacity in its Shaping Our Electricity Future roadmap (Version 1.1, published July 2023), which highlighted the role storage could play in managing network constraints and facilitating higher levels of System Non-Synchronous Penetration (SNSP) as renewable generation increases on the system. To test market appetite and inform the design of a procurement route, EirGrid published a Call for Evidence on the Market Procurement Options for Long Duration Energy Storage (LDES) in October 2023, supported by an industry workshop in November 2023, and published a summary of responses in March 2024. Respondents pointed to a "missing money" gap -insufficient revenue certainty in existing wholesale and ancillary service markets to support investment in long duration assets -and queried the originally proposed eight-hour minimum discharge duration, with a number arguing that a four-hour threshold would still deliver significant system value while being considerably more deliverable within the timeframe required.

In July 2024, the Department of Climate, Energy and the Environment (DCEE)– published the Electricity Storage Policy Framework (ESPF), setting out national policy on electricity storage for the first time. Action 6 of the ESPF called for the immediate procurement of up to 500 MW of long duration electricity storage, defined as storage capable of delivering electricity to the transmission system for a continuous period of four hours or more, to address specific transmission network needs. The ESPF also set out a longer-term work programme (Actions 7 to 10), under which a "quantity" consultation and a "financial" consultation will, by end of 2028, determine the optimal scale of long duration storage required out to 2040 and whether

an enduring, market-based route to revenue exists or whether a dedicated support scheme will be required.

Building on the strong policy support offered by the ESPF and the findings of its Call for Evidence, EirGrid developed a proposed mechanism for the procurement of up to 500 MW of LDES capacity and consulted on this proposal between October and November 2025. The CRU retained Baringa to provide expert technical and economic support to its review of the proposal. Having considered the consultation responses, EirGrid submitted its recommendation paper to the CRU, and this Decision Paper sets out the CRU's consideration of, and decision on, that recommendation paper. This Decision Paper should be read in conjunction with EirGrid's recommendation paper.

1.2 Legal Context

Under Section 35 of the Electricity Regulation Act 1999, as amended (the 1999 Act), the CRU may give directions to the transmission system operator (TSO) and distribution system operator (DSO), collectively the "system operators" (SOs), on the terms and conditions under which they operate the transmission and distribution systems, including in relation to the procurement of flexibility and storage services.

The European Union (Internal Market in Electricity) Regulations 2022 (S.I. No. 20 of 2022), which transpose Directive (EU) 2019/944 on common rules for the internal market for electricity into Irish law, are of particular relevance to this Decision. Regulation 23 of S.I. No. 20 of 2022, which transposes Article 54 of Directive 2019/944, provides that, save in limited circumstances and subject to the CRU's approval, the TSO shall not own, develop, manage or operate energy storage facilities. This unbundling requirement is the legal basis for EirGrid's approach of procuring long duration storage as a service from the market, through a competitive procurement process open to third-party providers, rather than developing or owning storage assets itself.

In July 2021, the Irish government passed the Climate Action and Low Carbon Development (Amendment) Act 2021, which committed Ireland to a legally binding target of net-zero greenhouse gas emissions by no later than 2050, and a 51% reduction by 2030 (relative to 2018 levels). The Act requires carbon budgets and sectoral emissions ceilings, and actions for each sector to be set out in an annual Climate Action Plan. CAP23 assigned the electricity sector a target of 15-20% flexible demand by 2025 and 20-30% by 2030, and tasked the CRU and EirGrid with enabling and incentivising flexibility, including storage, on the electricity system to help deliver it.

This Decision relates to the CRU's approval of EirGrid's proposed arrangements for the procurement of Long Duration Electricity Storage. In approving these arrangements, the CRU has had regard to its statutory functions under the 1999 Act and the 2022 Regulations, and has sought to ensure that the procurement enables the flexibility of Ireland's electricity system needs while protecting the interests of energy consumers and ensuring economic efficiency.

1.3 Related Documents

Below is a list of related documents that need to be read in conjunction with this Decision paper.

- Shaping Our Electricity Future
- A Call for Evidence on Long Duration Energy Storage (LDES)
- Response to the Call for Evidence on Long Duration Energy Storage
- Electricity Storage Policy Framework (ESPF) for Ireland
- Long Duration Energy Storage Procurement Mechanism Consultation.
- Baringa Recommendation Paper

1.4 Structure of the Paper

The structure of this Decision paper is outlined below:

- Section 1 - Sets out the introduction, legal context and background of LDES as well as a list of related documents.
- Section 2 - Describes recommendations submitted by EirGrid and the CRU's review of the recommendations, while considering industry responses and Baringa's recommendation.
- Section 3 – Sets out the CRU's Decision regarding EirGrid's recommendations.
- Section 4 – Concludes and provides next steps following publication of this Decision Paper.

2. Review of EirGrid's Recommendation.

2.1 Overview

For ease of comparison with EirGrid's submission, this section follows the structure and order of the recommendations paper. However, the CRU's assessment has considered the recommendations as a coordinated package rather than a series of standalone proposals. Several recommendations are interdependent, and the appropriateness of individual elements cannot be assessed entirely in isolation. Accordingly, support for recommendations should be read in the context of the wider procurement and operational framework, with a number of approvals being contingent on evidence and assurances provided elsewhere in the package.

EirGrid recommends a technology-neutral procurement of up to 500 MW of LDES procured through a qualification system followed by a tender. Eligibility criteria admit only projects that have advanced to a certain stage and are deemed deliverable. Contracted assets then operate under the Trading Envelope, which aligns asset operational behaviour with system need through import and export limits set ahead of the day-ahead market, rather than through direct dispatch or control by the TSO, while preserving full market access. Contracted LDES assets are supported by a a competitively bid revenue floor, capped by reference to an independently assessed Levelised Cost of Storage, with an upside revenue sharing mechanism. Non-compliance charges and the proposed Trading Non-Activity Scalar are incorporated to ensure the floor supports assets which are genuinely used as intended. Selection proceeds through qualification, a scored tender, and a Best and Final Offer stage at which deliverability is tested before final bids are taken.

2.2 Procurement Arrangements

EirGrid's recommendation: *Implement a phased, technology-neutral procurement framework. Initial procurement up to a maximum of 500 MW. A qualification system approach will be used.*

EirGrid proposed implementing a technology-neutral, service-based procurement framework for Long Duration Energy Storage (LDES), with an initial procurement of up to 500 MW of LDES service provision, subject to a minimum duration of four hours and no maximum duration. The overall procurement design remains broadly unchanged from the original proposals, although the volume range has increased from 201–300 MW to a maximum of 500 MW. A qualification-system approach would be used to assess project eligibility, confirm that applicants have met the relevant initial milestones, and ensure that only viable and deliverable projects proceed to tender. The procurement would select providers based on the efficiency and effectiveness of the service they can deliver, rather than applying an investment-rate threshold, while also including robust assessment of project deliverability and allowing or encouraging revenue stacking across available markets and revenue streams, within the requirements of the applicable Terms and Conditions.

2.2.1 CRU Analysis and Recommendation

The CRU welcomes EirGrid's proposal to implement a technology-neutral procurement framework for LDES. Stakeholders broadly supported EirGrid's assessment of the initial procurement arrangements, although some raised concerns that the initial proposed volume may be insufficient to meet wider policy objectives, and others noted that the scoring framework could, in practice, produce outcomes that are not fully technology- or connection-neutral. Having considered EirGrid's proposal and the stakeholder feedback, the CRU is supportive of the proposed procurement arrangements and agrees with increasing the procurement volume from the previously indicated range of 201–300 MW to a maximum of 500 MW. The CRU considers that procuring up to 500 MW is consistent with the policy objectives set out in the Electricity Storage Policy Framework (ESPF) and, on this basis, approves EirGrid's proposed procurement arrangements. The CRU's approval relates solely to the initial procurement of up to 500 MW. The CRU considers the approved volume to be a ceiling rather than a target. The final volume contracted should depend on the outcome of the competitive process and the value offered by the projects selected.

The CRU does not consider this approval to constitute approval of any future procurement rounds. Any subsequent procurement should be supported by an assessment of the outcomes of the initial phase, including lessons learned regarding procurement design, operational performance and consumer value, and should be subject to CRU approval.

2.3 Eligibility Criteria

EirGrid's recommendation: *Retain a minimum of 4-hour duration for import and export, MEC/MIC 1:1 ratio, minimum/maximum capacity thresholds, Connection Offer at qualification, Connection Agreement at tender stage, full planning.*

EirGrid proposed retaining the core eligibility criteria proposed in the consultation, with a targeted refinement to the grid-connection requirement. Eligible projects must provide at least four hours of continuous import and export capability over the contract term, maintain a 1:1 MEC/MIC ratio, meet the applicable minimum and maximum capacity thresholds, and satisfy requirements relating to planning consent, project deliverability and asset health management. The final criteria also introduce a minimum round-trip efficiency of 75% and require assets to demonstrate annually that they can deliver their contracted power and duration. To support participation while maintaining deliverability, EirGrid proposes that projects hold a Connection Offer at qualification stage and a Connection Agreement at tender stage, rather than requiring an accepted connection offer at qualification. EirGrid does not recommend additional eligibility criteria, on the basis that these could undermine the technology-neutral, service-based nature of the procurement, unnecessarily restrict participation or introduce regulatory complexity.

2.3.1 CRU Analysis and Recommendation

The CRU welcomes EirGrid's recommendations regarding the eligibility criteria for the initial LDES procurement. In reaching its position, the CRU has carefully considered stakeholder feedback, including concerns that the initial requirement for a Connection Agreement at qualification stage could create an unnecessary barrier to participation, that deliverability should be assessed through a broader combination of factors rather than connection status alone, that the proposed minimum

and maximum capacity threshold of 75 MW and 100 MW respectively and the treatment of existing projects may limit competition.

Having considered these views, the CRU broadly supports EirGrid's proposed eligibility framework. The CRU considers that the criteria strike a reasonable and proportionate balance between encouraging meaningful competition and ensuring that only sufficiently mature and credible projects progress through the procurement process. Given the objective of delivering operational LDES capacity within the required timeframe, the CRU considers it appropriate that eligibility requirements place a strong emphasis on project readiness and deliverability.

In particular, the CRU supports EirGrid's refinement of the connection requirements, including the decision to move the requirement for a Connection Agreement from qualification stage to tender stage. The CRU considers this amendment to be a proportionate response to stakeholder feedback, reducing barriers to entry for prospective participants while maintaining confidence that projects progressing through the procurement will have a credible pathway to connection and energisation. The change should support greater participation at the early stages of the process without materially reducing the robustness of the subsequent deliverability assessment. The CRU also notes that EirGrid responded to stakeholder feedback suggesting that deliverability should be assessed more widely, with a specific assessment introduced at BAFO stage.

The CRU also accepts EirGrid's justification for retaining the 100 MW maximum project capacity threshold. The threshold is intended to limit concentration and delivery risk by reducing reliance on any individual project to achieve the overall procurement volume. EirGrid has also explained that larger projects may be more difficult to accommodate in some areas of the network. Retaining the threshold should support distribution of the contracted volume across multiple projects and reduce the effect on the procurement if an individual project does not proceed or ultimately fails to deliver. On balance, the CRU considers this a reasonable basis for retaining the threshold.

2.4 Benefits of co-location

EirGrid's recommendation: Recognise and incentivise co-location of LDES with existing connections due to benefits including improved delivery times by building on existing connections, relieving network constraints and curtailment by locating LDES closer to renewables and more efficient use of connection bays. The required minimum volume of co-located renewable generation that would enable qualification as a co-located LDES site is 30 MW of transmission connected renewable generation, in line with existing ECP processes.

EirGrid proposed to recognise and incentivise the co-location of LDES with renewable generation and existing transmission connections, on the basis that this can support faster project delivery, reduce renewable curtailment and network constraints, and make more efficient use of scarce substation bay capacity. EirGrid considers that locating LDES close to wind and solar generation can enable storage assets to absorb electricity that might otherwise be dispatched down, while using existing connection infrastructure may reduce development and connection timelines. It recommends retaining its existing ECP-aligned definition of co-location, under which a site must include at least 30 MW of transmission-connected renewable generation to qualify as co-located. EirGrid does not propose MEC sharing for this initial procurement, considering it infeasible within the required delivery timeframe.

2.4.1 CRU Analysis and Recommendation

The CRU welcomes EirGrid's recommendation to recognise and incentivise the co-location of LDES projects with existing renewable generation. Stakeholder feedback was mixed: most respondents accepted that the stated co-location benefits, particularly around delivery timelines, network constraint relief and bay utilisation, are real, while some respondents questioned how central co-location should be to the procurement design, arguing that standalone LDES can deliver comparable system value and should not be structurally disadvantaged by the scoring framework. Some respondents also called for a broader, technology-neutral hybrid definition, and raised concerns about potential double counting given the commercial and delivery advantages already available to co-located projects.

Having considered these views, the CRU supports the principle that efficient utilisation of existing network infrastructure should be recognised within the procurement framework. The CRU also notes EirGrid's view that introducing MEC-sharing arrangements as part of this initial procurement could increase implementation complexity and delay delivery of the scheme, and that developers seeking full site optimisation remain able to pursue alternative connection arrangements through the standard connections process.

The CRU considers that the case for recognising the benefits of co-location is supported primarily by qualitative rather than quantitative evidence. While the benefits identified by EirGrid are reasonable in principle, limited evidence has been provided regarding the scale of those benefits, the extent to which they differ from those delivered by standalone projects, or whether they are already captured elsewhere in the procurement framework. Notwithstanding these limitations, the CRU considers that the qualitative case for recognising the benefits of co-location is sufficient to support approval of the principle for this initial procurement. The separate question of the weight attached to Connection Method within tender scoring is addressed in Section 2.12.

2.5 Connection location

EirGrid's recommendation: Evaluate and incentivise LDES capability based on pre-existing ECP nodal constraint and dispatch down assessments, whereby tendering LDES assets will be assessed based on their proposed MW and MWh capability on their proposed location within ECP analysed nodes and projected levels of wind and solar re-dispatch.

EirGrid proposed to assess and incentivise the locational value of LDES projects through a nodal approach to tender evaluation. Projects will be assessed on the basis of their proposed MW and MWh capability at ECP-assessed network nodes, using projected wind and solar dispatch-down and constraint data to estimate their potential to reduce redispatch. EirGrid recommends retaining this nodal approach, supported by enhanced modelling using ECP 2.5 hourly dispatch-down forecasts, as it considers a zonal assessment insufficiently granular to identify the system value of LDES at specific locations.

2.5.1 CRU Analysis and Recommendation

The CRU welcomes EirGrid's proposal to incentivise the deployment of LDES assets at locations where they have the greatest potential to reduce renewable dispatch-down and improve utilisation of renewable generation. In responding to the consultation, stakeholders broadly supported the principle of recognising dispatch-down within the procurement framework but raised a number of concerns regarding the proposed methodology. In particular, respondents argued that annual dispatch-down volumes were an insufficient proxy for value, that the approach did not adequately reflect the duration and distribution of constraint events, and that a more granular assessment based on hourly network conditions should be adopted. Some stakeholders also questioned whether a nodal methodology would appropriately capture system value, advocating instead for a broader zonal approach. A smaller number of respondents challenged the use of dispatch-down as a procurement metric more fundamentally, noting that historic or forecast constraint patterns may not accurately represent the future value of long-lived storage assets.

The CRU notes that EirGrid has materially revised its approach in response to this feedback. In particular, the move towards an hourly ECP-based assessment of avoided dispatch-down and the introduction of a separate measure reflecting asset availability during constraint events represent a significant improvement on the original proposal. The revised methodology more directly reflects the relationship between asset characteristics, network constraints and the potential contribution of LDES to reducing renewable curtailment. The CRU therefore supports the use of a dispatch-down-based impact assessment and agrees that procurement should seek to incentivise deployment at locations where LDES can provide the greatest potential system benefit, in line with the stated objectives of the procurement.

2.6 The Trading Envelope Model

EirGrid's recommendation: *Proceed with a TE design as it offers the greatest value to consumers in a market led system with a single unconstrained market price, while also maintaining market access and revenue stacking opportunities for LDES contracted assets.*

EirGrid proposed to retain the Trading Envelope (TE) model as the core operational framework for contracted LDES assets. Having considered three potential operational models -Unfettered Market Access, Full TSO Control, and the TE (Operational Envelope) Model - EirGrid recommends proceeding with the TE approach, on the basis that it delivers the greatest value to consumers within a market-led system with a single unconstrained market price, while preserving market access and revenue-stacking opportunities for LDES contracted assets. Under this model, the TSO issues dynamic, time-based import and export limits for each LDES asset to manage congestion and reduce dispatch-down, and assets are required to trade within those limits, with non-compliance charges applied where breaches occur. LDES assets would operate under a service contract that includes a revenue floor and a revenue-sharing mechanism for revenues earned above that floor. EirGrid considers the TE justified as it enables the management of ex-ante, constraint-driven behaviour, minimises redispatch and ensures measurable system value in return for the revenue-floor support provided.

2.6.1 CRU Analysis and Recommendation

The CRU welcomes EirGrid's proposal to utilise the Trading Envelope (TE) as the core operational mechanism governing the participation of contracted LDES assets. The CRU acknowledges that consultation responses identified a range of views on the proposed approach. While a number of stakeholders considered the TE to be an appropriate mechanism for aligning asset operation with system needs, others raised concerns regarding revenue certainty, financeability and the level of discretion retained by the TSO in determining and amending operational restrictions.

The CRU recognises the rationale for the Trading Envelope and broadly supports the objective of ensuring that consumer-supported LDES assets operate in a manner that supports, or at a minimum does not undermine, secure and efficient system operation. In principle, the TE provides a mechanism through which EirGrid can prevent contracted LDES assets from taking positions that would worsen forecast system conditions. It does not, however, require an asset to charge or discharge when this would benefit the system. The TE therefore operates primarily as a constraint on potentially adverse behaviour, rather than as a mechanism that in itself ensures assets actively deliver beneficial system outcomes. This places greater importance on the wider service framework providing appropriate incentives for assets to operate and create system value. The CRU further notes that the Trading Envelope forms part of a wider operational framework that also includes the Revenue Floor, Trading Non-Activity Scalar, non-compliance arrangements and reconciliation methodology. The effectiveness of the proposed service design will therefore depend not only on the individual operation of each mechanism, but also on how those mechanisms interact in practice to drive asset operational behaviour and therefore the realisation of system and consumer value.

While the CRU supports the Trading Envelope framework in principle, it considers that further clarity and evidence is required regarding the operation of the wider package of operational arrangements. In particular, there remains a risk that the interaction of the proposed mechanisms could weaken, rather than reinforce, the incentives intended to drive operational behaviour. For example, the Revenue Floor is designed to reduce downside revenue risk and support investment, but in doing so also reduces the commercial incentive for assets to maximise market revenues. At the same time, the Trading Envelope may constrain an asset's ability to charge or discharge during periods when market participation would otherwise be attractive, whilst the Trading Non-Activity Scalar seeks to encourage activity through reductions in support payments. If these mechanisms are not appropriately aligned, there is a risk that asset operators could face conflicting incentives, uncertainty regarding expected revenues, or reduced incentives to actively participate in markets and deliver the operational benefits that underpin the procurement.

More broadly, the CRU considers that EirGrid has not yet demonstrated how the operational framework as a whole will ensure that consumer-funded support is linked to the delivery of operational outcomes. Whilst the Trading Envelope provides a mechanism to prevent undesirable behaviours and the Revenue Floor addresses the investment challenge, it is less clear how the package collectively ensures that contracted assets will consistently operate in a manner that maximises dispatch-down reduction and wider system value over the life of the contract. This is particularly important given that procurement scoring is intended to identify projects with the greatest potential system benefit, while the operational arrangements must ensure that this potential is ultimately realised in practice. Accordingly, the CRU supports the

introduction of the Trading Envelope in principle. However, approval of the detailed operational arrangements remains contingent upon EirGrid demonstrating that the Trading Envelope and wider service framework operate together as a coherent package, maintain appropriate incentives for participation, provide a sufficiently investable proposition for market participants, and are capable of delivering the operational and consumer benefits which justify the provision of consumer-funded support.

2.7 Trading Envelope Definition

EirGrid's recommendation: *Define TEs as dynamic, time-based import/export limits set at D-1 to align LDES operation with system need and minimise redispatch. The TSO will set individual TEs for each LDES asset at 10 am D-1 covering a 24-hour horizon of the Trading Day, D, allowing LDES service providers to trade in day-ahead markets to align with the time-specific LDES energy import/export limits. The TSO expects to set TEs that, for example, ensure LDES assets do not discharge during periods in which wind is being curtailed, or charge during periods of peak demand or system scarcity.*

EirGrid proposes to define Trading Envelopes (TEs) as dynamic, time-based import and export limits, set on a day-ahead basis to align LDES operation with system need and minimise redispatch. Under this approach, the TSO will set an individual TE for each contracted LDES asset at 10:00 D-1, covering a 24-hour horizon for the following Trading Day, D. Issuing the TE ahead of Day-Ahead Market closure enables LDES service providers to structure their day-ahead trading positions to remain consistent with the time-specific import and export limits applicable to their asset. The TSO expects to use the TE to prevent operational behaviours that would undermine system value - for example, discharging during periods when wind is being curtailed, or charging during periods of peak demand or system scarcity.

2.7.1 CRU Analysis and Recommendation

The CRU broadly welcomes EirGrid's proposal on the definition of the Trading Envelope (TE). We note, however that stakeholders raised two distinct issues in response. A number of respondents disagreed with the proposed 10:00 D-1 issuance time, with a large majority considering that issuing the TE one hour before Day-Ahead gate closure is insufficient to allow participants to reflect it in their trading positions. 09:00 D-1 was the most common counter-proposal, with some respondents advocating a full 25-hour lead time. Other respondents questioned whether a TE set at 10:00 D-1 could accurately reflect prevailing system conditions and expressed the converse concern that an earlier issuance time would increase the risk of forecast conditions changing materially before delivery. Separately, a substantial number of respondents raised the absence of a defined methodology for how Envelopes will be determined, seeking a transparent, rules-based framework setting out the inputs to Envelope development, how asset-specific technical characteristics will be reflected, the circumstances in which Envelopes may change, and the protections available to participants.

Having considered the views expressed on issuance timing, the CRU notes that stakeholders held differing views and there was no clear consensus on the direction of change. Those arguing for an earlier issuance time and those concerned about the accuracy of an earlier

forecast are identifying genuine trade-offs between the notice participants receive and the quality of the system information on which the Envelope is based. The CRU does not consider that the evidence currently available is sufficient to direct a change to the proposed timing. The CRU also notes EirGrid's position that a move to an earlier issuance time may be possible but is currently dependent on other internal operational developments, and that the 10:00 D-1 issuance time is proposed to remain for the initial implementation of the service, with the potential to issue an earlier envelope to be determined ahead of LDES operational go-live. On this basis, the CRU approves the proposed TE definition and issuance timing for initial implementation, and requests that EirGrid provide an update on the status of the relevant internal operational developments in advance of LDES go-live.

The CRU further recognises that the appropriate issuance time may change as operational experience develops and as EirGrid's internal systems evolve. The issuance time should therefore be treated as an operational provision capable of future amendment rather than a fixed feature of the service, and the CRU expects it to be held within the 'Protocol Document' described at Section 2.14, such that any future change is developed transparently, consulted upon publicly and submitted to the CRU for approval before taking effect.

On the second issue raised by respondents, the CRU agrees that a defined and published methodology is necessary. The Trading Envelope is the mechanism through which EirGrid will manage the operation of consumer-supported assets, and the limits it imposes will directly affect the revenues those assets can earn and therefore the level of Revenue Floor support they require. Participants cannot reasonably price a bid against an operational constraint whose basis and bounds are not known to them, and any uncertainty carried at the bidding stage is likely to be reflected in higher Revenue Floor bids, which are ultimately funded by consumers. A published methodology is therefore in the interests of both participants and consumers.

Accordingly, the CRU expects EirGrid to develop this methodology through the consultation on contractual arrangements, and that it will address areas such as the inputs and data sources, how asset-specific technical characteristics will be taken into account, expected degrees of restriction under different system conditions, how compliance will be assessed and breaches measured, and the circumstances in which the methodology itself may be changed. On the latter, we would expect that this is contained in the 'Protocol Document' described at Section 2.14, and subject to a change control approach which includes public consultation and approval by the CRU.

Accordingly, the CRU supports the Trading Envelope definition and the proposed issuance timing for initial implementation, subject to two conditions:

- EirGrid is to develop and publish a Trading Envelope methodology in advance of the tender, addressing the matters set out above.
- Both the Envelope methodology and the issuance timing are to be held within the protocol document described at Section 2.14, such that any subsequent material

change is subject to public consultation and CRU approval rather than implemented unilaterally.

2.8 Service/Payment Compensation: Revenue Floor and Revenue Sharing

EirGrid's recommendation: *Implement a revenue floor determined through competitive bidding, capped by a Levelised Cost of Storage (LCOS)-based limit with annual ex-post assessment and true up.*

Revenue floor: Defined through pay-as-bid submissions during bidder selection. There will be a bid limit placed on all bids informed by an LCOS assessment, undertaken by independent consultants. It is proposed that duration specific bid caps will apply to tendering assets, with bidding limit placed below LCOS.

Ex-post true up: The revenue floor will be assessed on an annual basis. A revenue sharing ratio will be applied to revenues that exceed the revenue floor level set at 70:30 where 70% is returned by the asset and 30% is returned to the consumer.

EirGrid proposes to implement a revenue floor for contracted LDES assets which will be determined through competitive bidding. Each bidder would submit their preferred revenue floor on a pay-as-bid basis. To protect consumers from excessive bids, all bids would be subject to a maximum limit informed by an independent Levelised Cost of Storage (LCOS) assessment. Different bid caps would apply to assets with different storage durations, with the maximum bid set below the relevant LCOS value. The agreed revenue floor would be set at tender stage and remain fixed for the duration of the contract, subject only to indexation. Performance against the revenue floor would be assessed annually using asset's gross market revenues. Where revenues fall below the agreed floor, a true-up payment would apply. Quarterly payments may be made through the year to support project cash flow, with final reconciliation carried out annually. Where revenues exceed the revenue floor, the additional revenue would be shared using a ratio of 70:30, with the asset retaining 70% of the upside revenue while 30% is returned to consumers through TUoS. Asset owners would remain responsible for their operating and commercial costs, and open-book accounting would be required to provide transparency over revenues and prevent over-compensation.

2.8.1 CRU Analysis and Recommendation

The CRU welcomes EirGrid's proposal on the revenue floor and revenue-sharing mechanism for contracted LDES assets. Stakeholder feedback broadly welcomed the 70:30 floor-and-share concept in principle and expressed general support for the use of an LCOS-based approach as the basis for cost-reflective consumer protection. However, respondents raised a number of concerns, the most common concern being whether the revenue floor should be assessed on a gross or net-of-costs basis. A significant proportion of respondents strongly opposed assessment against gross revenues, arguing that this approach fails to reflect operating costs, losses, network charges, degradation, warranties and efficiency impacts, and

could leave a contractually "made whole" asset in a loss-making position. A second widely shared concern was that the undisclosed LCOS methodology could set the revenue floor ceiling too low to resolve the underlying "missing money" problem, particularly given uncertainty around future utilisation and cycling frequencies. A number of respondents were also sceptical of the administrative complexity of the mechanism and its fairness to private capital, while others raised the risk that floor-backed LDES could distort ancillary-service pricing for storage assets that do not benefit from floor protection. Having considered these views, the CRU supports the use of an LCOS-based approach as the basis for setting the revenue floor. The CRU agrees that a cap on the revenue floor is necessary, on the basis that consumers should not pay a revenue floor that exceeds the efficient cost of providing the service, and considers that this approach also provides a standardised and consistent basis for a technology-neutral procurement. The CRU further agrees that bidders should take their own project costs into account when formulating their revenue floor bids.

On the question of whether the revenue floor should be assessed on a gross or net basis, the CRU first notes that ‘gross’ in this context does not mean revenues before any deduction. As set out in section 5.2.10 of EirGrid’s Recommendations Paper, the eligible revenue calculation captures both buy and sell positions from market participation. The cost of electricity bought for charging, and therefore the round-trip efficiency losses, is netted against market revenues before eligible revenue is compared with the revenue floor. The asset’s other operating, maintenance, network charges, commercial and financing costs are not deducted from eligible revenues, and remain the asset owner’s responsibility. The CRU considers it important that developers understand this distinction, as bidders will be expected to take their own project costs into account when formulating their revenue floor bids.

The CRU has considered how those remaining costs are addressed through the LCOS methodology submitted alongside EirGrid’s recommendations. The methodology builds up the efficient cost of providing the service from its components, including capital costs, financing costs, routine operation and maintenance, monitoring, inspection and servicing, insurance and land costs. It excludes the cost of buying energy for charging, given that cost is captured through the revenue assessment. It also treats asset degradation explicitly, with degradation arising from ageing reflected through replacement and augmentation allowances within fixed operating costs, and degradation arising from cycling is identified as a variable cost that scales with asset use. The revenue floor bid limit derived from that methodology is therefore intended to reflect the efficient lifecycle cost of providing the LDES service, including the categories of cost that a number of respondents were concerned would be omitted.

On that basis, the CRU is satisfied that the concern raised in respect of asset-related operating costs and degradation is addressed through the construction of the bid limit rather than through the settlement basis. Bidders remain responsible for reflecting their own project costs and risk profile within the floor they bid, and the LCOS-based limit establishes the ceiling against which those bids are assessed. The CRU notes that the LCOS methodology has not yet been shared with developers. EirGrid shall consider publication of the LCOS methodology engagement with prospective participants on the assumptions applied before the final bid limit is determined.

The CRU is supportive of the proposed 70:30 upside-sharing arrangement, which it considers appropriately balances investor incentives with consumer protection. The split ensures that contracted assets retain sufficient exposure to upside revenues to encourage efficient operation, innovation and active market participation, while also allowing consumers to share in the benefits of revenues earned above the contracted floor level.

On the proposed settlement arrangements, the CRU notes stakeholder concerns regarding the frequency of payment and reconciliation. EirGrid has clarified that quarterly payments are intended to operate as interim settlements, with an annual reconciliation providing a final true-up against the contracted Revenue Floor. The CRU considers that this approach can provide an appropriate balance between cash-flow predictability for contracted assets and settlement accuracy. The appropriateness of annual reconciliation nevertheless depends on its interaction with the Trading Non-Activity Scalar.

The CRU therefore considers that the annual reconciliation arrangements cannot be assessed separately from the design and calibration of the Trading Non-Activity Scalar. EirGrid shall demonstrate through the contractual-arrangements consultation how the Scalar will be applied through quarterly settlement and carried through into annual reconciliation, so that the incentive for contracted assets to remain active is maintained throughout the year. The CRU therefore approves the Revenue Floor in principle as the proposed support instrument, including competitive bidding, assessment on a gross-revenue basis, an LCOS-informed bid limit and the 70:30 upside-sharing ratio. EirGrid shall consider publishing the LCOS methodology, and undertaking appropriate stakeholder engagement on its assumptions before the final bid limit is determined. Implementation and full approval of the Revenue Floor framework remain subject to EirGrid demonstrating that it operates effectively alongside the Trading Envelope, Trading Non-Activity Scalar and associated arrangements as part of a coherent and financeable operational package.

2.9 Service/Payment Compensation: Non-compliance charges & Trading Non-Activity Scalar

EirGrid's Recommendation: *Contracted LDES service providers will be subject to non-compliance charges for breaching TE dynamic export/import limits.*

A Trading Non-Activity Scalar will be applied and reduce the revenue floor where asset cycling falls materially below expected levels.

EirGrid proposes that contracted LDES service providers will be subject to non-compliance charges where they breach the dynamic import and export limits set out in their Trading Envelope (TE). A non-compliance charge will apply where an asset takes ex-ante positions outside its defined TE, including deviations from DASSA orders. Breaches will be measured against the applicable TE limits and will incur charges proportionate to the extent of the deviation and linked to prevailing market conditions, with a minimum charge applicable and an escalation factor applied to increase the charge in the case of repeated breaches.

In addition, a Trading Non-Activity Scalar will apply where an asset fails to demonstrate sufficient market participation or where its cycling falls materially below expected levels, with proportionate reductions applied to the revenue floor. The detailed methodology for the structure of the non-compliance charge, the Trading Non-Activity Scalar and the associated expected activity levels will be developed and consulted upon as part of the forthcoming contractual arrangements consultation.

2.9.1 CRU Analysis and Recommendation

The CRU welcomes EirGrid's recommendation on non-compliance charges and the Trading Non-Activity Scalar. Stakeholder feedback generally accepted the underlying principle but expressed a strong view that the proposals were insufficiently defined. Key concerns included the risk that the scalar could effectively penalise inactivity caused by operational restrictions outside the asset's control, a lack of clarity around trigger events and penalty methodologies for both mechanisms, and uncertainty about how they would interact with the Capacity Market non-performance framework.

Having considered these views, the CRU supports the principle of applying non-compliance charges where providers fail to meet their contractual obligations, and of implementing a mechanism to ensure that assets do not receive revenue floor payments without demonstrating meaningful activity. The CRU notes that both mechanisms remain subject to further development and will be consulted upon as part of the forthcoming contractual arrangements consultation.

The CRU considers it important to distinguish between the respective functions of the two mechanisms. The non-compliance charge operates to deter behaviour that would undermine system conditions, by penalising an asset that takes positions outside its Trading Envelope. The Trading Non-Activity Scalar performs a different function, in that it is intended to provide a contracted asset with a positive reason to participate in the market and to cycle.

The CRU notes in this context that the Trading Envelope applies maximum import and export limits but does not require an asset to charge or discharge at times when doing so would deliver system benefit. Commercial incentives are therefore required to drive operating behaviour, and the CRU recognises a tension within the proposed arrangements in this respect. The revenue floor is intended to remove downside revenue risk, but in doing so it also reduces the incentive for an asset to pursue additional market revenues. The CRU considers the retained 70 per cent share of upside revenues to be a genuine commercial incentive, and supports it on that basis at Section 2.8.1, but notes that its effect depends upon an asset expecting to earn revenues above its contracted floor. The CRU further notes that cycling is not cost-free to the asset owner, as the LCOS methodology treats degradation arising from cycling as a variable cost.

Accordingly, the CRU considers that the Trading Non-Activity Scalar is expected to play a central role in ensuring that contracted assets are incentivised to cycle, and thereby to deliver the system benefits on which they were selected. The CRU considers that the framework's ability to convert procured capability into delivered system benefit depends substantially upon the effectiveness of this mechanism.

The CRU considers that the calibration of the scalar is correspondingly important. An expected activity level set too low, or reductions that are insufficiently material, would be unlikely to influence operating behaviour, with the result that consumers may fund capability that is not converted into system value. A level set too high would risk undermining the revenue certainty that the revenue floor is intended to provide.

The CRU considers that further detail is required on: the circumstances that trigger a non-compliance charge and a non-activity scalar; the benchmark of expected activity, the basis on which reductions will be calculated and an indicative calibration; how the scalar treats inactivity arising from TSO instructions or Trading Envelope constraints, including whether such periods are excluded from assessment; a demonstration that the two mechanisms do not penalise the same behaviour; whether annual reconciliation is sufficient to drive behaviour where the scalar is intended to influence operation throughout the year; and a demonstration that the magnitude of both mechanisms is proportionate to the consumer harm caused.

The CRU supports the introduction of non-compliance charges and the Trading Non-Activity Scalar in principle. However, approval of the detailed arrangements remains contingent upon EirGrid demonstrating that these mechanisms provide a sufficiently transparent and investable proposition for prospective participants, while also creating an effective incentive for contracted assets to operate in a manner that delivers the system benefits underpinning the procurement.

2.10 Contract length

EirGrid's Recommendation: *Set service duration at ten years, reflecting the immediate procurement requirement and anticipated evolution of market arrangements (e.g. EU integration post Celtic). Early service delivery can be facilitated if projects are operational before the Scheme Commencement Date, further detail will be provided in the contractual consultation.*

2.10.1 CRU Analysis and Recommendation

The CRU welcomes EirGrid's recommendation on service duration for contracted LDES assets. From stakeholder feedback, a large majority of respondents considered that the proposed 10-year service duration is too short. Respondents argued that a 10-year duration is inconsistent with the underlying economics of LDES technologies, which typically have asset lifetimes of 25–50 years or more, and that a longer contract would improve project financeability, reduce financing costs and ultimately lower consumer costs.

While the CRU acknowledges that the proposed 10-year duration is shorter than the technical lifetime of LDES technologies, it notes that this is an initial procurement round rather than an enduring framework, and that a shorter contract helps to manage consumer exposure and uncertainty while enabling learnings to be applied in future procurement rounds. The CRU further considers that the proposed revenue floor and upside-sharing mechanism should provide sufficient revenue certainty during the scheme duration to support investment. The CRU also agrees with EirGrid's view that the purpose of the LDES procurement is not simply

to support the deployment of storage assets but to procure a service that delivers measurable system benefits through reduced dispatch-down and redispatch. Having considered these views, the CRU supports a service duration of 10 years.

2.11 Provision of other services and revenue stacking opportunities

EirGrid's Recommendation: *Retain full access to all SEM markets subject to TE compliance.*

EirGrid proposes that contracted LDES assets will retain full access to all SEM markets and associated revenue-stacking opportunities, subject only to compliance with their Trading Envelope (TE). In this initial iteration, the TE will be defined by dynamic variation of import and export limits, calibrated to align asset operation with system need. The TSO will set an individual TE for each LDES service provider at 10:00 D-1, covering a 24-hour horizon for the following Trading Day, D, and issued ahead of Day-Ahead Market gate closure. This enables service providers to structure their day-ahead trading positions to remain consistent with the time-specific import and export limits applicable to their asset.

The TE will operate within, but may temporarily restrict, the MIC and MEC values defined in an asset's Connection Agreement, which govern the maximum power flow onto and from the transmission network. During periods of local constraint, the TSO may limit an asset's export capability to prevent discharge that would overload constrained network assets. During periods of tight capacity margin, the TSO may limit an asset's import capability to prevent charging behaviour that would exacerbate system tightness. Where TE limits are imposed, the asset must trade within those specified windows; outside these windows, the asset is free to trade its full MIC and MEC capacity across all available markets as it sees fit.

The TSO expects to use asset-specific TEs to prevent operational behaviour that would undermine system value - for example, ensuring that LDES assets do not discharge during periods of wind curtailment or local constraint, or charge during periods of peak demand or network outage that would exacerbate local or system-wide constraints. TEs will be aligned as far as possible with predicted constraint and curtailment events to support secure system operation and minimise redispatch, while preserving unrestricted market access at all other times.

2.11.1 CRU Analysis and Recommendation

The CRU welcomes EirGrid's recommendation on revenue-stacking opportunities for contracted LDES assets. Stakeholder feedback raised some concerns as to whether the Trading Envelope (TE), in practice, undermines the principle of retaining full market access, and questioned whether investors can forecast future revenues with sufficient confidence in circumstances where the TE has a material impact on dispatch decisions.

Having considered these views, the CRU agrees that developers should prioritise market participation as their primary source of revenue, with the revenue floor and upside-sharing

mechanism operating as a backstop. This approach helps to preserve efficient market signals, encourages operational optimisation and innovation, and enables consumers to benefit from market revenues through the revenue-sharing arrangement. On this basis, the CRU approves of EirGrid's proposal on revenue stacking.

2.12 Qualification and Tender Criteria

EirGrid's Recommendation: *Pass/Fail approach against company-specific criteria and project-specific technical requirements. Tenderers will be assessed against a series of Pass/Fail eligibility requirements and then scored against Cost (50%), Impact (30%) and Connection Method (20%) criteria. Scoring will assess revenue floor bids, the potential reductions in renewable dispatch down and availability to do energy arbitrage (based on ECP 2.5 hourly dispatch down modelling), and the efficiency of the proposed connection arrangement.*

EirGrid proposes a two-stage procurement structure: a Qualification System followed by a Tender phase. Candidates must pass a Pass/Fail assessment at both company and project level before progressing to scored evaluation.

Participation in the initial LDES Tender is routed through a Qualification System Questionnaire (QSQ), with applications due no later than 30 calendar days after publication. The same Qualification System will also support subsequent procurement phases.

At company level, candidates must demonstrate a minimum financial turnover (to be confirmed in the forthcoming contractual arrangements consultation), relevant experience in developing, delivering, owning or operating large-scale electricity or system-services projects, and compliance with cyber-security requirements, including minimum insurance provisions.

At project level, proposed LDES projects must be at an advanced stage of development. They must hold a valid grid Connection Offer at 110 kV or above; meet the minimum technical requirements, including at least four hours of both export and import duration, equivalent MEC and MIC values, and separate market registration and sub-metering for co-located assets; and demonstrate technology maturity through an established, commercially available technology deployed at multiple grid-connected sites with proven operational delivery.

The Tender phase itself proceeds in two steps. At the Request for Tender (RfT) stage, tenderers must satisfy all Pass/Fail requirements: a Connection Agreement, planning consent for both the Facility and the Grid Connection, evidence of land rights for the Grid Connection, Key Maps and AutoCAD drawings of the Grid Infrastructure, a detailed Connection Programme, and a Revenue Floor price in €/MW/year that does not exceed the defined limit.

Tenderers meeting these requirements will then be scored against three weighted award criteria. The Cost criterion (50%) incentivises competitive Revenue Floor bids aligned with the MW-based procurement target. The Impact criterion (30%) evaluates each project's ability to reduce renewable dispatch-down and remain available to provide wider system value, using avoided dispatch-down volumes and blocked hours derived from hourly ECP 2.5 modelling (as detailed in Sections 6.2.4 and 6.2.6). The Connection Method criterion (20%) incentivises

the efficient use of grid infrastructure: projects using a hybrid connection arrangement with at least 30 MW of renewable generation, or an existing standalone connection at tender closing date, receive the maximum 20 points, while projects requiring a new standalone transmission connection receive a score of zero.

2.12.1 CRU Analysis and Recommendation

The CRU welcomes EirGrid's recommendation on the qualification and tender criteria for the initial LDES procurement. Stakeholder feedback broadly supported application of a pass/fail qualification stage and the principle that only sufficiently mature projects should participate, alongside general support for cost, system impact and connection method as the underlying evaluation principles. However, a number of concerns were raised across the qualification, scoring and weighting elements of the framework.

At the qualification stage, some respondents considered that requiring an accepted grid connection offer and full technical requirements at qualification - rather than at tender or award - effectively imposes a repetitive pre-qualification process every round and should be moved to a later stage. Some respondents called for the introduction of an Investment Rate Threshold at qualification to filter out minimally reconfigured existing assets, while others argued that distribution-connected LDES should not be excluded from a transmission-focused procurement. Concerns were also raised that financial-turnover and previous-experience requirements could act as barriers to new entrants, and that certain criteria may favour more mature projects and disadvantage developers reluctant to secure land and planning at an early stage.

On the evaluation and scoring framework, a recurring theme was that the criteria, as scored, could favour existing or incumbent connections and shorter-duration battery technologies over genuinely novel or longer-duration LDES, with several respondents proposing that an Investment Rate Threshold be built into the award scoring itself to offset this. Respondents also questioned whether the evidence base for co-location was sufficiently strong, and whether the weightings and justification underpinning the connection-method criterion were adequate. Some respondents advocated for existing consumption sites, and not only generation sites, to score well under the connection-method criterion, while others repeated earlier calls for the underlying ECP nodal-constraint data to be clarified or moved to a zonal basis.

The consulted weightings of 50% for cost, 30% for connection method and 20% for impact emerged as the single most contested aspect of the consultation, with almost every substantive respondent proposing a different numeric alternative. A number of respondents considered the aggregate 50% weighting on non-price criteria to be materially higher than EU or NZIA precedent (typically 15–30%) and advocated for a higher cost weighting, with proposals ranging up to 60–70%. The 30% connection-method weighting was widely viewed as structurally favouring existing hybrid connections over standalone or new-entrant projects, with proposals ranging from equal treatment of standalone projects through to a substantial reduction of the connection-method weighting. On the locational element, alternative scoring formulae were proposed, on the basis that the current approach could perversely reward

under-sized or short-duration bids, and the zonal-versus-nodal debate re-emerged in this context.

Having considered these views, the CRU supports the principle of a pass/fail qualification stage to ensure that only credible and sufficiently mature projects participate in the procurement process, and considers that this approach strikes an appropriate balance between deliverability and maintaining a competitive process. The CRU also supports the change to require a Connection Offer, rather than a Connection Agreement, at qualification stage, in order to enable viable projects already in the connection process to participate. The CRU is further supportive of the evaluation categories themselves, which it considers capture the key objectives of the procurement -minimising consumer costs, maximising system value and encouraging efficient use of infrastructure - and notes that the consultation demonstrates broad stakeholder support for these factors as part of the evaluation framework.

The CRU acknowledges that EirGrid provided analysis in support of the change to the Impact weighting from 20 to 30 percent following consultation, and that this analysis identified a risk under the originally consulted framework that the Connection Method criterion could exert excessive influence, potentially allowing lower-impact projects to rank ahead of projects with greater potential to reduce renewable dispatch down.

The CRU's initial review identified a need for further justification of the proposed assessment weightings. In response, EirGrid provided additional analysis testing alternative combinations of Cost, Impact and Connection Method weightings against a set of illustrative projects. This analysis demonstrates that the proposed weightings are based on evidence-informed judgement and illustrates how changes in the balance between the criteria could affect project rankings and the selected portfolio, and on that basis the CRU approves the weightings.

EirGrid's rationale for the proposed balance is that the Impact criterion differentiates projects by their expected system benefit and recognises wider system value through availability; the Connection Method criterion recognises the potential delivery and infrastructure-efficiency benefits associated with existing and co-located connections; and a substantial Cost weighting is retained in recognition of the uncertainty associated with project-specific impact estimates. The worked examples illustrate how alternative weightings could affect project selection and test whether the resulting rankings are broadly aligned with the procurement objectives.

The CRU also approves the proposed division of the Impact criterion between potential avoided dispatch-down and blocked hours. Giving greater weight to avoided dispatch-down is consistent with its identification as the central procurement objective. The CRU recognises, however, that the split remains an evidence-informed judgement rather than a modelled estimate of the relative economic value of the two characteristics. For Connection Method, EirGrid has provided a qualitative rationale for favouring projects that use existing connection infrastructure, based on expected delivery, network-integration and infrastructure-efficiency benefits. This supports the direction of the proposed ranking.

The CRU considers that EirGrid's explanation provides a reasonable and proportionate basis for approving the proposed weightings for this initial procurement. The CRU recognises, however, that the underlying analysis is illustrative.

2.13 BAFO and Deliverability Assessment

EirGrid's Recommendation: *The highest-ranked projects will proceed to BAFO stage, where EirGrid will undertake a grid connection deliverability assessment and determine a feasible Target Energisation Date for each shortlisted project. Projects that have been evaluated to have a feasible target energisation date that can meet the final Scheme Commencement Date will be invited to submit a BAFO, which will determine the final project rankings and selection outcome.*

EirGrid proposes that, following initial scoring, the highest-ranked tenders will be shortlisted and progressed to a Best and Final Offer (BAFO) stage, with the shortlist sized to meet the overall procurement volume and to include an appropriate buffer to account for variation in individual project MW sizes and the risk that some projects may not meet deliverability requirements at the next stage.

During the BAFO stage, EirGrid will review each shortlisted project's Connection Programme and determine a Target Energisation Date, representing its best estimate of the project's delivery timeline at that point. A Deliverability criterion will then apply on a Pass/Fail basis: projects will not proceed where the Target Energisation Date falls later than four months before the Scheme Commencement Date, reflecting the time required for Grid Code testing and compliance activities. The Scheme Commencement Date will be further defined in the upcoming consultation on the contractual arrangements. The Target Energisation Date will also form part of the contractual framework, providing appropriate protection where delays are attributable to the TSO.

Shortlisted tenderers that pass the Deliverability criterion may submit a BAFO incorporating a discount (in €/MW/year) to their initial Revenue Floor offer, and this final offer will be used for ranking and project selection. Where no BAFO is submitted, the initial offer will stand. Only the Cost criterion will be updated following BAFO; scores for the Impact and Connection Method criteria will remain unchanged.

Following completion of the tender evaluation, EirGrid will issue Preferred Bidder notifications to the successful tenderers. Preferred Bidders will be required to execute the LDES services contract and satisfy all conditions precedent to contract execution within 30 business days of notification -extended from 20 business days to reflect learnings from the Low Carbon Inertia Services procurement. Where a Preferred Bidder fails to do so within this period, EirGrid may withdraw Preferred Bidder status and consider the next-ranked tender.

2.13.1 CRU Analysis and Recommendation

The CRU welcomes EirGrid's recommendation to introduce a Best and Final Offer (BAFO) stage as part of the tender process, noting that this element was not included in the original consultation and that stakeholders have therefore not had an opportunity to share their views on it.

Following engagement with EirGrid, and having considered its rationale, the CRU supports the introduction of the additional BAFO stage and the principle of undertaking a deliverability assessment. The CRU agrees that it is reasonable to assess connection and project-delivery risks more thoroughly before awarding long-term contracts, in order to ensure that the intended system benefits can be realised within the required timeframe and that contracts are not awarded to potentially speculative projects or those likely to face material delays. However, the CRU notes that as the deliverability assessment and Target Energisation Date determination process was introduced following the consultation, it has not been subject to stakeholder review. The CRU therefore requests that EirGrid provide and publish further information, including the deliverability assessment methodology, maturity criteria and evidence thresholds, the standardised assumptions to be applied and the basis for determining the Target Energisation Date .

The CRU further notes that EirGrid has indicated the proportion of the procurement target that it intends to progress to the Deliverability Assessment, by way of a buffer above the overall procurement volume. The CRU accepts EirGrid's justification for the proposed size of the shortlist progressing to Deliverability Assessment. The proposed approach is intended to preserve competition through the BAFO stage, provide sufficient capacity to accommodate attrition through subsequent assessments and manage the practical and legal implications of progressing a larger number of projects. The CRU considers this a reasonable basis for the proposed shortlist size.

2.14 Governance, Change Control and Disputes

This section does not relate to any one of EirGrid's recommendations, but rather the overarching approach across provisions to managing, adapting and governing the scheme.

The CRU notes that concerns regarding the governance of operational provisions were raised by respondents across a number of areas of the consultation. Respondents sought transparency as to how operational parameters would be determined, clarity regarding the circumstances in which those parameters might change, and assurance that changes would not be made unilaterally over the course of a ten-year service duration. Underlying these responses is a common concern that provisions materially affecting the revenues and obligations of contracted assets could be amended following contract award, and that participants would have no visibility of, or recourse in respect of, such changes. The CRU considers this to be a legitimate concern, and one that is more appropriately addressed through a single, consistent approach than through separate arrangements developed for each mechanism.

The CRU recognises that a degree of evolution in operational provisions over a ten-year term is both inevitable and desirable. Operational experience is likely to identify improvements, and a framework incapable of accommodating them would not serve consumers well. The CRU equally recognises that participants will have priced their tenders in part against the arrangements approved in this Decision, and that consumers will fund the resulting revenue floor. The CRU therefore considers that amendments made without transparency or regulatory oversight would risk undermining both investor confidence in the framework and the basis

upon which consumer-funded support has been approved. Accordingly, the CRU considers that the operational provisions of the LDES service should be set out in a Protocol Document, held separately from the service contract itself, and that any material change to the contents of that document should be subject to public consultation and to the approval of the CRU. The Protocol Document should include, as a minimum, the methodology by which Trading Envelopes are determined, the timing of their issuance and any other material operational provisions that are to be administered outside individual contracts. Material changes to those provisions should be subject to transparent consultation and CRU approval.

The CRU further considers that appropriate governance arrangements should accompany these provisions. As set out at Section 2.13.1 in respect of the Deliverability Assessment, EirGrid will make judgements that directly affect the position of individual participants, including in determining Trading Envelopes, assessing compliance and applying the Trading Non-Activity Scalar. The CRU considers that these arrangements should be supported by appropriate governance, appropriate assurance and audit arrangements, and transparent communication of the basis for material operational decisions. Nothing in these arrangements is intended to create an additional review mechanism for procurement decisions beyond the remedies available under applicable procurement law.

The CRU wishes to be clear as to the intended scope of this approach. It is intended to provide for incremental amendment of operational provisions over the life of the scheme, with appropriate visibility for participants and appropriate oversight by the Commission. It is not intended to create an expectation that the design of the LDES service approved in this Decision is open to revision, nor to provide a means by which the balance of risk between participants and consumers might be reopened following contract award. The CRU therefore requests that EirGrid develop and consult upon the proposed change control process as part of the consultation on the contractual arrangements. That process should address the basis on which materiality is to be assessed, the notice participants will receive of proposed changes, the treatment of changes required at short notice for reasons of system security, and the governance and dispute arrangements that will accompany the operational provisions.

3. CRU Decision

3.1 Key Drivers

Having considered the TSO Recommendations Paper and the industry responses, EirGrid shall carry out an LDES procurement process subject to the conditions set out below.

The procurement shall be a technology-neutral, service-based procurement of up to 500 MW of LDES with a minimum four-hour duration, progressed through the normal ECP connection process. The CRU considers that the increase in procurement volume responds appropriately to stakeholder feedback and supports the objectives of the Electricity Storage Policy Framework. The approved volume of up to 500 MW is a ceiling rather than a target. Following completion of the procurement and before contracts are awarded, EirGrid shall notify the CRU of the projects it proposes to contract, the aggregate volume, the expected cost to consumers and its assessment of the value offered by the selected portfolio. The CRU welcomes EirGrid's commitment to provide further detail on procurement timelines through the consultation on the contractual arrangements.

Providers meeting the following criteria will be eligible to participate:

- Minimum of 4-hour duration for import and export.
- MEC/MIC 1:1 symmetry.
- Minimum capacity for hybrid is 20 MW, and 75 MW for standalone.
- Maximum capacity of 100 MW
- Connection offer required at qualification, and connection agreement at tender stage.
- Final planning permission
- Evidence of landowners' consents/land rights.
- Greater than or equal to 75% RTE requirement.

On Co-location of LDES assets, co-located hybrid LDES sites must have at least 30 MW of TSO connected renewable generation, and the impact assessment to be used in tender scoring shall examine the capability of the proposed asset to reduce dispatch down based on its location and informed by ECP hourly dispatch down analysis.

On the Trading Envelope Model, EirGrid is required to demonstrate, through the contractual arrangements consultation, that the Trading Envelope, Revenue Floor, and the Trading Non-Activity Scalar, all work together as a coherent package to achieve the aims of the procurement and incentivise assets to operate efficiently. While the CRU agrees that the Trading Envelope Model strikes the balance between EU regulatory compliance and

maximising consumer benefits, the CRU notes that the effectiveness of the framework depends on how these interdependent mechanisms work in practice.

3.2 LDES Service Detailed Considerations

On the issuance of the Trading Envelope, EirGrid is required to develop and publish a Trading Envelope methodology under which the Trading Envelope is issued daily at 10:00 D-1 as dynamic import/export limits. EirGrid shall update the CRU on moving to an earlier issuance time ahead of LDES go-live. Any future change relating to the Trading Envelope issuance timings shall be subject to the wider change control approach as set out in section 2.14.

The Revenue floor shall be set through competitive bidding and assessed on a gross-revenue basis, capped by an LCOS-informed bid limit. Gross revenues are net of charging costs only; all other costs remain with the asset owner. EirGrid shall consider publishing the LCOS methodology, and undertaking appropriate stakeholder engagement on the assumptions applied before the final bid limit is determined.

The revenue-sharing mechanism shall be the 70:30 revenue-sharing mechanism, under which assets retain 70% of upside revenues and consumers retain 30%. The CRU considers this an appropriate balance, retaining incentives for efficient operation and market participation while ensuring consumers share in revenues above the floor.

On non-compliance charges and the Trading Non-Activity Scalar, EirGrid is required to develop, publish and consult on the methodologies for both mechanisms through the upcoming consultation on contractual arrangements. Prior to the implementation of the non-activity scalar, EirGrid is required to demonstrate that its interaction with the Trading Envelope and Revenue Floor both incentivises asset operation and provides a financeable proposition for developers.

The LDES service scheme duration for this procurement shall be 10 years. The CRU considers that duration limits consumer exposure and allows lessons to inform future rounds, with the revenue mechanism providing investment certainty for assets that deliver measurable system benefits.

On SEM market access, contracted LDES Assets shall retain full SEM market access, subject to compliance with the Trading Envelope. The CRU agrees that asset developers should prioritise market participation as their primary source of revenue while the revenue floor acts as a backstop.

3.3 LDES Procurement Arrangements

A Pass/Fail qualification criteria shall be applied against company-specific and project-specific technical requirements - the CRU considers this an appropriate approach to ensure that credible projects qualify, while mitigating the risk of non-delivery.

The CRU approves the tender assessment categories and weightings of 50% Cost, 30% Impact and 20% Connection Method for this initial procurement, including the proposed division of the Impact criterion and the Connection Method scoring. The CRU recognises that the calibration is based on evidence-informed judgement supported by illustrative analysis, rather than a modelled optimal outcome based on the actual tender population. The CRU approves the introduction of the BAFO stage and the principle of the Deliverability Assessment. EirGrid shall develop, publish and consult on the Deliverability Assessment and Target Energisation Date methodology before tenders are invited. The CRU also accepts EirGrid's proposed approach to determining the size of the shortlist progressing to Deliverability Assessment.

EirGrid shall report periodically to the CRU on the operation and outcomes of the initial procurement, including asset activity, renewable dispatch-down reduction, Revenue Floor payments, revenues shared with consumers, application of the Trading Non-Activity Scalar and non-compliance charges, and operation of the Trading Envelope. This evidence shall inform the CRU's consideration of any future LDES procurement.

4. Conclusion and Next Steps

The CRU welcomes EirGrid's recommendation paper and notes the level of constructive engagement with the CRU during the development of the Recommendation paper. This represents an important milestone in the LDES project, and we expect it to provide benefits to consumers.

The CRU approves the core framework for the initial procurement of up to 500 MW of LDES, including the eligibility requirements, procurement structure, assessment criteria and weightings, Revenue Floor in principle as the proposed support instrument, Revenue Sharing arrangement, ten-year service duration and retained SEM market access (subject to Trading Envelope compliance), subject to the conditions set out in this Decision Paper.

Before tenders are invited, EirGrid shall consult on and finalise the Trading Envelope methodology, Trading Non-Activity Scalar, Deliverability Assessment methodology, contractual arrangements and relevant governance and change-control provisions. EirGrid shall demonstrate that the Trading Envelope, Revenue Floor, annual reconciliation, Trading Non-Activity Scalar and associated arrangements operate together as a coherent and financeable package that provides effective incentives for contracted assets to operate and deliver system value.

Following completion of the procurement and before contracts are awarded, EirGrid shall notify the CRU of the proposed selected portfolio, aggregate volume and expected consumer cost, including an explanation of how the assessment criteria and weightings affected project selection. EirGrid shall also report on the operation and outcomes of the initial procurement to inform the CRU's consideration of any future LDES procurement.

Following publication of this Decision, the CRU will continue to engage with EirGrid on any outstanding aspects of the procurement arrangements. The CRU will also work with EirGrid on the publication of the second consultation, on the Contractual Arrangements, which will be followed by EirGrid's Recommendation Paper and a subsequent CRU Decision Paper.