



## **SEM Committee Meeting**

### **Minutes Meeting No. 196**

**Location:** CRU offices, Dublin

**Date:** Wednesday 30<sup>th</sup> and Thursday 31<sup>st</sup> August 2023

#### **Member attendees:**

Commission for Regulation of Utilities (CRU): Aoife MacEvilly, Jim Gannon  
Utility Regulator (UR): Bill Emery (SEM Committee Chair), Jon Carlton, John French  
Independent members: Jonathan Hodgkin, Chris Harris (Deputy)

#### **In attendance:**

For all items: John Melvin (CRU), Colin Broomfield (UR), Alan Rainey (Economic Advisor to UR)

For item 6: Gavin Miller (CRU)

For item 7: Robert O'Rourke (CRU) Bronagh McKeown (UR)

For items 8-11: Marie Therese Campbell (UR), Timothy Steele (UR), Ian McClelland (UR), Kevin Baron (UR), Ciaran Breen (UR), Donna Maye (UR), Lisa Tate (UR), Damhnait Gleeson (CRU), Elvis Sebastian (CRU), Emer Gerrard (CRU)

For item 9 (part only): Michael Behan (EirGrid), Diarmaid Gillespie (EirGrid), Errol Close (EirGrid), Kevin O'Neill (SONI)

For item 13: Guneet Kaur (CRU), Mary Farrelly (UR)

For item 14: Jean Pierre Miura (UR)

**Apologies:** None

**Minutes:** Barbara Stevenson (SEMC Secretariat)

**Declarations of interest:** None

#### **1. Approval and adoption of the agenda**

The agenda was approved and adopted.

#### **2. Review and approval of minutes from meeting 195, Thursday 29<sup>th</sup> June 2023**

The minutes from SEM Committee meeting 194, Thursday 29<sup>th</sup> June were approved.

#### **3. SEMC 2022/2023 FWP update**

The Committee considered a comprehensive update on progress of 2022/2023 FWP projects. The impact of unplanned projects across the year was highlighted and discussed.

#### **4. SEMC 2023/2024 FWP – discussion re: priorities**

The Committee provided direction for the approach in developing the 2023/2024 Forward Work Programme. Resource limitations were discussed alongside prioritisation principles for the identification of projects.

#### **5. SEMC risk register and risk appetite**

The Committee discussed the current risk register and overall approach to the recording and managing of risks. Risk mitigation, risk appetite and ongoing risk management were considered.

The Committee requested further development of the risk register to be brought back to a future meeting for consideration.

#### **6. Constraints charge 2023/2024**

Gavin Miller presented the 2023/2024 constraints (imperfections) charge for decision. Changes from the consultation proposals were highlighted alongside the corresponding analysis undertaken by the Regulatory Authorities. This included the recalculation of supplementary modelling costs and demand side unit costs.

The Committee highlighted the legal requirement for transparent reporting by the TSOs in relation to constraint charges.

The Committee approved the constraints charge for 2023/2024 as presented.

#### **7. LCIS contractual arrangements decision**

Bronagh McKeown provided an overview of the contractual arrangements for low carbon inertia services (LCIS) workstream. Detail of the TSO consultation on contractual arrangements for the procurement of LCIS was outlined.

Proposals for decision including the target go-live date/longstop date and price cap were outlined and discussed. A summary of the market competitiveness review carried out by the TSOs was provided and arrangements for participation in other system services and planning was discussed. Overall LCIS funding arrangements and decisions requested by the Committee were presented.

The Committee discussed further the overall consumer cost, price cap and next steps.

The Committee approved the decisions for LCIS contractual arrangements as presented.

## **8. T-4 2027/2028 capacity auction update**

The approval by correspondence by the SEM Committee of a delay to the T-4 2027/28 capacity auction was noted. It was highlighted this delay would also result in a delay to the T-1 2024/2025 auction.

Marie Therese Campbell provided an overview of the provisional estimates and adjustments from the TSOs in relation to volumes for the T-4 2027/28 capacity auction. An initial comparison with the 2026/27 capacity auction volumes was outlined. Ongoing analysis by the RAs was summarised.

The Committee discussed assumptions in relation to interconnection, non-delivery adjustment, the value of loss load and the qualifications process.

Kevin Baron provided an overview of the USPC application process and ongoing work by the RAs for the T-4 2027/28 capacity auction. The current position on provisional USPC results was outlined. Timothy Steele presented a summary of ongoing RA analysis in relation to inflation as it relates to the USPC process.

Ian McClelland presented detail of the new capacity exception application process. Detail of applications by local constraint area, applications by technology type, draft determinations and rejections overview were presented.

## **9. T-1 2023/2024 capacity auction approval**

Ciaran Breen presented the T-1 2023/24 capacity auction results for approval.

Detail of the auction results including awarded capacity, local constraint area volume analysis, new capacity and the auction price were presented. A comparison with previous T-1 auctions was outlined.

The Committee noted the TSO technical assessment and Donna Maye presented the Capacity Auction Monitor Report for consideration by the Committee.

The TSOs joined the meeting and presented an overview of their Technical Assessment of the auction. The auction results alongside technical assessment messages were detailed.

The Committee sought assurances on the auction qualification process and requested further information on connection issues in the Greater Dublin area.

The Committee approved the T-1 capacity auction results as presented.

## **10. Capacity market code modifications update**

Ian McClelland provided an overview of current capacity market code modifications.

### **11. Capacity terminations and substantial financial completion – update**

Donna Maye presented an update on the T-3 2024/25 capacity auction awarded capacity, substantial financial completion extension requests and terminated capacity.

### **12. Generator financial performance report update**

John Melvin provided a summary on progress of the 2021 generator financial performance report.

### **13. Trading and Settlement Code Mod\_02-23 re. DSU energy payments**

Guneet Kaur provided background to the DSU energy payment workstream and relevant trading and settlement code modification proposal. Detail of the modification impact assessment and subsequent analysis by the RAs was discussed.

The Committee reaffirmed its position that energy payments for DSUs were facilitated to ensure they were able to respond in times of system scarcity. DSU market behaviour and performance were discussed.

Proposals for next steps were outlined.

### **14. MMU update**

The Committee noted the MMU update as circulated. Jean Pierre Miura provided further detail of prices, comparison with GB, demand, carbon price, interconnector flows, fuel mix and constraint charges during July. A recent amber alert was discussed.

### **15. Updates**

#### **(a) SEMC communications and governance update**

Barbara Stevenson updated the Committee on recent communication and governance activities.

#### **(b) CRU/UR/Independent Members**

Jim Gannon provided an update on Department for the Environment, Climate and Communications (DECC) energy security package, emergency security of supply programme, CRU staffing, retail prices, IMR cap, DECC hydrogen strategy and CRU winter consumer protection measures.



John French provided an update on security of supply, NI political context, UK government legislation relating to heat regulation, regulated energy tariffs, SONI governance and progress on a new UR Corporate Strategy.

**(c) Legal update**

A verbal update on legal matters was provided.

**16. Review of actions from SEMC meeting 195, Thursday 29<sup>th</sup> June 2023**

The Committee discussed open actions.

**17. SEMC correspondence**

Recently received correspondence was discussed and direction provided to Oversight to issue a response.

**18.AOB**

The Committee extended its thanks to Alan Rainey for his invaluable contributions over many years as he steps down from his advisory role at the UR.

The SEM Committee noted ongoing short circuit and constraint issues which are impacting on CRM qualifications on an ongoing and likely enduring basis, and industry concerns around same. The SEM Committee is considering a way forward to further investigate and address this issue.

A handwritten signature in blue ink that reads 'Bill Emery'.

Signed: \_\_\_\_\_

**Bill Emery, SEM Committee Chair**