

SEM Committee Meeting

Minutes Meeting No. 209

Location: Online/ CRU Offices, Tallaght

**Date: Thursday 31 October/ Monday 4 November/ Wednesday 6 November
2024**

(i) 31 October 2024 at 12.00 p.m. (Online meeting)

SEM Committee:

Commission for Regulation of Utilities (CRU): Dr Tanya Harrington (Chair), Jim Gannon, Fergal Mulligan

Utility Regulator (UR): Rosamund Blomfield-Smith, Jon Carlton, John French

Independent members: Jonathan Hodgkin, Chris Harris (Deputy)

In attendance:

All items: John Melvin (CRU), Colin Broomfield (UR), Kevin Shiels (UR), Michael Barrett (CRU), Gordon Downie (Shepherd and Wedderburn), Emer Gerrard (CRU), Charlene Little (CRU), Elvis Sebastian (CRU), Lorcan Kennedy (CRU), Andrew Chattrabhuti (ESP Consulting), Jean-Pierre Miura (UR), Valeria Arenas Montano (CRU), Lorcan Kennedy (CRU), Timothy Steele (UR), Ross McFaul (UR), Nicolas Postigo Passano (CRU), Ciaran Breen (UR), Kevin Baron (UR).

Apologies: None

Minutes: Greg Irwin (SEMC Secretariat)

Declarations of interest: None

1. Approval and adoption of the agenda

The Chair welcomed Rosamund Blomfield-Smith as a member of the Committee and the agenda was approved and adopted.

2. T-4 2028/2029 capacity auction

(a) Final Qualification results and auction monitor report

The Committee noted that the CRM Team Memo described at section 5 a number of matters disputed by Participants and enclosed Notices of Dissatisfaction (**NODs**) and the other material.

The Chair invited Shepherd and Wedderburn to respond to members of the Committee in relation to the legal advice (in respect of which privilege is not waived) which had been provided in relation to this section of the CRM Team Memo. Following discussion it was agreed, by the SEMC, and then proposed by the Chair, as follows:

- OSC should review the notes of its meeting with the SOs on 18 October 2024 (at which matters relating to the NODs were discussed).

- Based on this review, the SEM Oversight Committee (OSC) would identify whether the notes reveal any new information. If new information is identified, OSC would make a judgement as to whether the new information is 'material' and, if yes, to provide a right of reply on this information to generators and an associated timetable for this process.
- If no new information is identified, or new information is identified but is not judged to be 'material', OSC would make a recommendation to the SEMC continuation meeting scheduled for 4 November.

(b) USPC/ILC

Jean-Pierre Miura introduced this item which sought the Committee's approval for final decision for the Unit Specific Price Caps (USPCs) and the Intermediate Length Contracts (ILCs) for the T-4 2028/29 Capacity Auction.

The Committee noted the number of applications received. There was a discussion on the information provided by applicants to inform decisions and the analysis of this information. The guidance provided on ILCs was discussed, and the potential to review this was endorsed.

The Committee approved the results outlined in the paper and approved the delegation of authority to the SEM Oversight Committee to issue final determination letters by correspondence.

(c) Exception Application for New Capacity

Jean-Pierre Miura introduced this item which also sought the Committee's approval of the proposed new capacity multi-year exception recommendations. Ciaran Breen provided further detail on the proposals.

Committee members discussed the process, including engagement with developers, and the quantum of the proposed new capacity exception applications being proposed.

The Committee approved the SEM Oversight Committee's new capacity multi-year exception recommendations and delegated the final approval and the issuing of the final new capacity multi-year reliability option letters to the SEM Oversight Committee.

(d) Volumes Discussion/Decision

Andrew Chattrabhuti introduced this item which provided an overview of proposals from the System Operators (SOs) and proposed scenarios around the T-4 2028/2029 auction volumes.

In an initial discussion, the Committee explored the reliability standards, non-delivery risks and the cost of capacity and the amount of capacity secured under the different scenarios.

Given time constraints, it was agreed that a further discussion on auction volumes would take place to enable the Committee to decide.

The meeting was adjourned at 3.10 p.m.

(ii) **4 November 2024 at 10.30 a.m. (Online meeting)**

SEM Committee:

Commission for Regulation of Utilities (CRU): Dr Tanya Harrington (Chair), Jim Gannon, Fergal Mulligan

Utility Regulator (UR): Rosamund Blomfield-Smith, Jon Carlton, John French

Independent members: Jonathan Hodgkin, Chris Harris (Deputy)

In attendance:

All items: John Melvin (CRU), Colin Broomfield (UR), Kevin Shiels (UR), Paul Rodgers (UR), Michael Barrett (CRU), Gordon Downie (Shepherd and Wedderburn), Emer Gerrard (CRU), Charlene Little (CRU), Andrew Chatrabhuti (ESP Consulting), Marie-Therese Campbell (UR), Jean-Pierre Miura (UR), Ciaran Breen (UR), Ian McClelland (UR).

Apologies: None

Minutes: Greg Irwin (SEMC Secretariat)

Declarations of interest: None

1. Approval and adoption of the agenda

The agenda was approved and adopted.

2. T-4 2028/2029 capacity auction

(a) Final Qualification results and auction monitor report

Members were advised that, should they consider more time is required in order to reach a decision on the matters at hand than is available today, they may decide to amend the Capacity Auction Timetable so as to allow more time for deliberation (in view of the deemed approval provisions of the CMC). It was noted that OSC were on hand to explain the scope for, and implications of, any such amendment.

The Chair then invited the OSC to introduce the CRM Team memo which had been provided to the Committee for its reconvened meeting and which, among other things, contained their report on their examination of their notes of the meeting with the SOs on 18 October. Following discussion, the Chair invited GD to provide a further legal briefing to the Committee.

The Committee then proceeded with the business noted in the supplemental minute of the continuation meeting.

The Chair invited members to confirm, in light of the approvals of the FQDs noted in the supplemental minute mentioned above, that they were content to confirm approval of the balance of the FQDs and they did so unanimously.

It was agreed that OSC should take the necessary steps to communicate the Committee's decisions to the SOs and to arrange for any relevant further correspondence.

The Committee also noted and approved the auction monitor's report.

The meeting was adjourned at 12.55 p.m.

(iii) 6 November 2024 at 10.00 a.m. (CRU Offices, Tallaght)

SEM Committee:

Commission for Regulation of Utilities (CRU): Dr Tanya Harrington (Chair), Jim Gannon, Fergal Mulligan

Utility Regulator (UR): Rosamund Blomfield-Smith, Jon Carlton, John French

Independent members: Jonathan Hodgkin, Chris Harris (Deputy)

In attendance:

All items: John Melvin (CRU), Colin Broomfield (UR), Kevin Shiels (UR)

Item 4 - Emer Gerrard (CRU), Charlene Little (CRU), Andrew Chattrabhuti (ESP Consulting), Marie-Therese Campbell (UR), Jean-Pierre Miura (UR),

Item 5 - Emer Gerrard (CRU), Charlene Little (CRU)

Item 6 – Owen Kearns (UR), Arjoo Gupta (UR)

Item 7 – Lisa Tate (UR), Leigh Greer (UR), Michael Barrett (CRU), Gordon Downie (Shepherd and Wedderburn), Jamie McRorie (Shepherd and Wedderburn)

Apologies: None

Minutes: Greg Irwin (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 208, Thursday 26 September 2024

The minutes from SEM Committee meeting 208, Thursday 26 September 2024, were approved for publication, subject to an amendment.

3. T-4 2028/2029 auction – volumes and final auction information pack

Jean-Pierre Miura provided an overview of the process for issuing the Final Auction Information Pack (FAIP).

The Committee briefly considered the process, and an item of clarification was addressed.

Andrew Chattrabhuti briefed the Committee on the proposals from the TSOs and proposed scenarios around the T-4 2028/2029 auction volumes.

An extended discussion took place on the auction volumes proposals. This included consideration of specific issues including loss of load expectations assumptions, ToPs and DSU energy payments.

There was also discussion on broader issues around the cost of capacity being procured and the impact on consumer bills. The importance of the effective presentation and messaging of this impact, in terms of both engagement with stakeholders and public communications, was emphasised. The alignment of the proposed auction volumes with broader climate change policy, and future demand assumptions and system constraints, was also considered.

The Committee approved the recommendations on auction volumes as presented. Approval was also provided by the Committee for a formal letter to the TSOs adopting the content of the FAIP, the auction demand curve, the final Annual Capacity Payment Exchange Rate for inclusion in the FAIP under F.5 of the CMC and the proposed Locational Capacity Constraint (LCC). Under section F.4.1.8A of the CMC, the RAs can set the LCC Required Quantity for one or more specified LCCs to a value other than that proposed by the SOs.

4. CRM alignment with Guidelines on State Aid for Climate, Environmental Protection and Energy 2022

Emer Gerrard introduced this item, which provided an update on the Guidelines on State Aid for Climate Environmental Protection and Energy 2022 (the CEEAG) and to seek the Committee's views on proposed actions to advance decarbonisation of the capacity remuneration mechanism. Charlene Little presented further detail on this item.

A key aspect of the Committee's discussion was on alignment with CEEAG – in terms of meeting the guidelines and engagement with the EU and policy departments.

Presentational aspects of alignment with CEEAG were also touched on. Specifically, the need to articulate SEM carbon reduction initiatives, such as low carbon inertia services, was encouraged.

In welcoming the update, the Committee supported the engagement of additional support to support departmental renegotiation and CEEAG alignment.

5. Market Monitoring Unit (MMU) update

Owen Kearns introduced this overview on key market outcomes during September. Arjoo Gupta provided a presentation on key metrics including market prices, demand, wind availability, gas prices, carbon prices, assetless traders and interconnector flows.

The focus of the Committee commentary on the report was around price differentials and the reason for any divergence between the SEM and other markets.

There was agreement that further analysis was required to enhance broader communications/engagement. The various dimensions of this analysis were around SEM prices/costs compared to the EU, the GB-SEM comparison and interconnector flows, and within the SEM. It was also agreed that an expert should be commissioned to look at profits as per the Generator Financial Performance.

6. Updates

(a) All Island Programme (AIP) update

- All-Island Programme update

Lisa Tate provided an overview of the All-Island Programme update and sought the Committee's views on the interim terms of reference for the EirGrid/SONI Joint Programme Board. It was agreed that a letter should be issued to the TSOs providing some feedback on the current draft of the terms of reference, to include a reference to considering appointing an external auditor to review programme arrangements.

(b) SEMC communications and governance update

It was noted that the next meeting would be in Belfast and that work was underway in respect of the Forward Work Programme and Annual Report. Finally, the Committee was apprised of the intention to update member interests' declarations.

(c) CRU/UR/Independent Members

Given time constraints, there were no significant update from CRU.

John French briefly commented on recent engagement with the Department for the Economy, and the Democratic Consent mechanism and the Northern Ireland Assembly.

Chris Harris noted ongoing climate change policy related developments in Great Britain, and the future of gas.

(d) Legal update

Michael Barrett provided an update on legal issues.

It was noted that there was a risk of legal proceedings being initiated against the Regulatory Authorities in relation to the decisions on FQDs which had been taken by the Committee earlier in the meeting.

Considering that risk, the Committee conducted an extensive discussion on delegation arrangements in relation to the defence of any such legal proceedings.

It was agreed to make the following delegation:

- Authority be delegated (a) to John Melvin (in relation to Ireland) and (b) to Colin Broomfield (in relation to Northern Ireland) to take decisions and give instructions on behalf of the Committee in relation to the defence of any such proceedings.
- Each of John Melvin and Colin Broomfield, in exercising the authority delegated to him above, should keep the other (along with Shepherd and Wedderburn) informed and also consult with the other before (a) taking key litigation steps or (b) adopting a position in court on matters of wider importance to the governance or regulation of the SEM.

- If either John Melvin or Colin Broomfield advises the other that the taking of a litigation step or the adopting of a position in court (in respect of proceedings in relation to which he exercises delegated authority and/or those in relation to which the other does so) should in his opinion be taken by the Oversight Committee (OSC) then instructions may only be given as to such matter by the OSC (or at its request by the Committee).

7. Review of actions from SEMC meeting 208, Thursday 26 September 2024.

The Committee discussed open actions.

8. SEMC correspondence

There was no correspondence under this item.

9. AOB

The meeting concluded at 1.50 p.m.

A handwritten signature in cursive script, reading 'Tanya Harrington'.

Signed: _____

Dr Tanya Harrington, SEM Committee Chairperson