

SEM Committee Meeting

Meeting 210 Minutes

Location: UR Offices, Queens House and Online

Date: Thursday 28 November 2024

at 10.00 a.m.

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 3: Michael Barrett (CRU), Gordon Downie (Shepherd and Wedderburn), Natasha Durkin (Shepherd and Wedderburn), Jonathan Carey (Shepherd and Wedderburn), Emer Gerrard (CRU), Jean-Pierre Miura (UR), Elaine Cassidy (UR), Paul Rodgers (UR), Lorcan Kennedy (CRU), Elvis Sebastian (CRU).

Item 4: Michael Barrett (CRU), Aline Martellini (CRU)

Item 5: Barry Hussey (CRU), Merin Joseph (CRU)

Items 6-10: Ross McFaul (UR), Kevin Baron (UR), Ciaran Breen (UR)

Item 11: Kevin Hagan (CRU)

Item 12: Barry Hussey (CRU), Merin Joseph (CRU), John McMahon (CRU)

Item 13: Owen Kearns (UR)

Items 14-15: Sheena Byrne (CRU), Lisa Murray (CRU)

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 209, Thursday 31 October-6 November 2024

The minutes from SEM Committee meeting 209, Thursday 31 October – 6 November 2024, were approved for publication.

3. Legal update

Gordon Downie provided a briefing to the Committee on the draft judgment which had been issued by Scofield J and the relief which had been ordered.

Members agreed to discuss matters further at the meeting scheduled for Monday, 2 December 2024.

4. Trading and Settlement Code Market Audit 2024 Terms of Reference

Aline Martellini introduced this item which sought the Committee's approval for the publication of the Terms of Reference for the Trading and Settlement Code Market Audit 2024 ("the Decision Paper") on the SEM Committee website.

The Committee approved the publication of the Terms of Reference for the Trading and Settlement Code Market Audit 2024 as presented.

5. CRM/EU Coordination Team: Decision on Terms of Reference for SEM Panel of Technical Experts

Merin Joseph introduced this item which sought the Committee's approval to publish the proposed terms of reference for the SEM Panel of Technical Experts (the 'Panel') being set up to review the TSO recommendations for capacity auctions and provide recommendations to the Committee.

The Committee noted and discussed the comments received to a consultation on the proposal to establish a Panel. There was also a discussion on the scrutiny role of the Panel and its relationship with the Committee. The option to review the Panel's operation in the future was also considered.

The Committee approved the terms for reference for the Panel as presented.

6. T-1 2025/2026 parameters and IAIP

Kevin Baron introduced this paper which sought the Committee's approval for the parameters and the Initial Auction Information Pack (IAIP) for the T-1 2025/2026 auction.

The focus of the Committee's discussion on the parameters was on existing capacity price cap (ECPC) and auction price cap (APC). The Committee decided to retain the price caps at the same level as before the previous T-1 for CY 2024/2025.

Discussion on the IAIP was primarily around considering options for de-rating factors for Demand Side Units (DSUs). The Committee endorsed the option to implement a glide path approach that was used for previous auctions. There was a brief discussion on specialist resourcing support for the auction workstream.

At the conclusion of the discussion, the parameters and IAIP papers were approved by the Committee. The Committee also delegated authority to the Oversight Committee to approve a revised version of the IAIP for publication by the TSOs.

7. SFC Extension Requests under J.5.2

The Committee considered and approved this Substantial Financial Completion (SFC)

extension received by the RAs under J.5.2.2 of the Capacity Market Code.

8. Extension Request under J.5.2

The Committee considered and approved this Substantial Financial Completion (SFC) extension and Capacity Quantity End Date and Time (CQEDT) request, received by the RAs under J.5.2.2 and J.5.7.2 of the Capacity Market Code.

9. Capacity Quantity End Date and Time Extension Request under J.5.6

The SEM Committee considered and approved this Capacity Quantity End Date and Time (CQEDT) extension request received by the RAs under J.5.6 of the Capacity Market Code.

10. SFC Extension Request under J.5.2

The Committee, after clarifying the reason for the delay, decided not to accept the request for a Substantial Financial Completion (SFC) extension due to it being made after the SFC deadline.

11. Battery Trading and Settlement code modification

Kevin Hagan introduced this item which sought the Committee's approval for a proposed modification to the Trading and Settlement Code, relating to the treatment of battery storage units in the SEM.

The Committee discussed the impact of the proposed change. Engagement with industry, and the views of system operators, on the change was also explored. In understanding that the proposed change would facilitate a step in the right direction for battery storage units in the SEM, the Committee also recognised that an enduring solution was needed.

The Committee approved the proposed TSC modification as presented and the associated letter (including the wording relating to the bidding code of practice).

12. Fuel Mix Disclosure

Barry Hussey introduced this item which requested approval for the publication of "All-Island Fuel Mix Disclosure and CO2 Emissions 2023".

There was a discussion on the existing calculation methodology and assumptions used to calculate the fuel mix and CO2 emissions. The Carbon Adjustment Mechanism (CBAM) was noted as an important topic in the context of the fuel mix more generally and there was support for considering further work in this area as part of the Committee's Forward Work Programme.

The Committee approved the report for publication

13. Market Monitoring Unit (MMU) update – SEMC Report October 2024

Owen Kearns introduced this overview. He provided a presentation on changes since 2023, and an overview on areas of focus for the MMU.

Committee members commented on a range of issues, including comparative prices with other jurisdictions, market participant behaviour, dispatch down and interconnector flows.

The Committee requested that the presentation be circulated.

14. SEMC Correspondence to the TSOs: Imperfections Charges Reporting and Forecasting Processes

The Committee endorsed a proposed letter to the TSOs regarding imperfections charges reporting and forecasting, subject to consideration of one drafting point.

15. Round 29 of Quarterly Directed Contracts (Q2 2025 to Q1 2026)

Lisa Murray introduced this item relating to Round 29 of the Quarterly Directed Contracts (DC) for the period Q2 2025 to Q1 2026.

There was a brief discussion around the role of directed contracts in the SEM and the impact of zero directed contract volumes.

The Committee approved the publication of the Information Paper to industry to inform them of the outcomes from the forthcoming DC Round 29.

16. Updates

(a) All Island Programme (AIP) update

- All-Island Programme update

It was noted that, as previously advised, that the AIP programme update would be reported on a quarterly basis.

The Committee asked that steps should be taken expeditiously to procure specialist support to replace the existing provision for a range of SEM workstreams.

(b) SEMC communications and governance update

A brief update was provided on the proposed SEM managers' day.

(c) CRU/UR/Independent Members

Jim Gannon provided an update on CRU's workplan and the issue of resourcing, work on large energy users and price review six.

John French mentioned the electricity network price control review, the recent sale of an energy supplier, NI Water issues and the Democratic Consent mechanism and the Northern Ireland Assembly.

Chris Harris noted ongoing climate change policy related developments in Great Britain.

(d) Legal update

John Melvin provided a brief update on the Article 12/13 related litigation.

17. Review of actions from SEMC meeting 209, 31 October - 6 November 2024.

The Committee discussed open actions.

18. SEMC correspondence

An update was provided on outstanding correspondence.

19. AOB

There was a brief discussion around strategic issues, including CBAM, and the need to take the opportunity to have a broader discussion. It was agreed that the slides presented at the Committee's strategic workshops earlier in the year should be circulated as a first step.

It was noted that plans were in train to organise a meeting with the Director-General of the Department for Energy and Climate Change

The meeting concluded at 1.50 p.m.

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

Signed: _____

Dr Tanya Harrington, SEM Committee Chairperson