

SEM Committee Meeting
Minutes Meeting No. 213
Location: Online/ UR Offices, Belfast
Date: Thursday 27 February 2025
at 10.00 a.m.

SEM Committee:

Commission for Regulation of Utilities (CRU): Dr Tanya Harrington (Chairperson), 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: Marie-Therese Campbell (UR), Emer Gerrard (CRU), Barry Hussey (CRU), Kevin Baron (UR), Charlene Little (CRU), Elvis Sebastian (CRU), Valeria Arenas Montano (CRU), Lorcan Kennedy (CRU), Ross McFaul (UR), Nicolas Postigo Passano (CRU), Jean-Pierre Miura (UR)

Item 5: John Mills (UR), Tony Doherty (UR), Akshant Gupta (UR)

Item 6: Robert O'Rourke (CRU), Dylan Ashe (CRU), Clodagh Goodman (UR),

Item 7: Robert O'Rourke (CRU), Dylan Ashe (CRU), Bronagh McKeown (UR)

Item 9 and 10: Owen Kearns (UR), Arjoo Gupta (UR)

Item 11: Leigh Greer (UR), Naomi Lusty (UR), Valeria Arenas Montano (CRU) Koyinsola Openibo (CRU), Ajeet Pratap Singh (CRU)

Item 12: Marie-Therese Campbell (UR), Ian McClelland (UR)

Item 13: Sheena Byrne (CRU), Lisa Murray (CRU) Willis Geffert and William Taft (NERA)

Item 14 (a): Leigh Greer (UR), Lisa Tate (UR), David Carroll (Eirgrid), Michael Kelly (Eirgrid), Gerard Carlin (SONI), Liam Ryan (Eirgrid), Edel Leddin (Eirgrid).

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 212, Tuesday 14 January 2025/ 30 January 2025

The minutes from SEM Committee meeting 212 were approved for publication, subject to one minor amendment.

3. SEMC Strategy development

The Committee discussed the development of a SEMC Strategy.

Committee members commented on a draft term of reference for external support to oversee the development of the draft strategy.

It was agreed that a further version of the draft terms of reference be developed to take account of Committee members comments, and this then would be circulated to the Committee for approval.

4. T-4 capacity auction timetable

Kevin Baron introduced this item which was a presentation on the T-4 capacity auction timetable. The presentation set out options for a T-4 capacity auction timetable and the rationale for these options.

The Committee discussed the timetable options and the associated risks and consequences. There was also a discussion on lessons learned from the recent T-4 capacity auction for the future auction timetable.

The picture on new generation coming forward for future auctions, the future capacity requirement and the impact of early delivery incentives were also considered.

There was also a discussion on the views of Transmission System Operators (TSOs) on the auction timetable.

The Committee agreed to the running of a T-4 auction in March 2026 and delegated the approval of the TSOs' auction timetable to the SEM Oversight Committee (SEMOC).

5. SEMO Price Control

John Mills introduced this item which provided a draft determination for the SEMO 2024/2029 price control for consideration by the Committee prior to the document being published for consultation.

Committee members clarified items in respect of SEMO governance, capital expenditure arrangements and key performance indicators. There was also a discussion about financeability aspects of the draft determination around the weighted average cost of capital (and the level of this given the risks faced by SEMO), the margin and the parent company guarantee.

The Committee endorsed the publication of the SEMO price control draft determination, subject to consideration of the Committee members' comments.

6. DASSA volumes forecasting methodology

Robert O'Rourke briefed the Committee on the volumes forecasting methodology for the Day Ahead System Services Auction (DASSA).

The Committee discussed the approach proposed by the TSOs in the DASSA Forecasting Methodology recommendations paper and considered the issues of further discussion with the Regulatory Authorities. Committee members also identified some drafting changes in the Future Arrangements for System Services DASSA Volumes Forecasting Methodology decision paper.

The Committee noted the update on the status of the DASSA work and endorsed the publication of the System Services DASSA Volume Forecasting Methodology decision paper.

7. FASS System services supplier charge

Robert O'Rourke introduced this item which sought approval for a Future Arrangements for System Services (FASS) decision paper on System Services Supplier Charge.

The Committee noted responses to the consultation on the system services supplier charge. There was a discussion around implementing the service charge and potential cashflow risks for service providers, including the operation of the k-factor mechanism. Engagement with the TSOs and key issues were also touched on.

The Committee approved the FASS decision paper on the System Services Supplier Charge, subject to further discussion with the TSOs, with the finalisation of the publication delegated to the SEMOC.

8. SEMC Annual Report

Greg Irwin introduced this item, which was a substantive draft of the SEMC Annual Report 2023/2024.

The Committee endorsed the Annual Report as presented, subject to some drafting suggestions, and the Committee endorsed the finalisation of the Annual Report to the SEMOC.

9. Balancing Market Principles Code of Practice (BMPCOP) implementation plan

Owen Kearns introduced this item, which provided the Committee with an overview of the Market Monitoring Unit's proposals for implementation of the Balancing Market Principles Code of Practice (BMPCOP).

Committee members noted the context, and the rationale, for the BMPCOP proposals. There was a discussion around the high-level plan for BMPCOP implementation, and particularly the options for activating BMPCOP. The Committee noted that legal advice would be provided to inform BMPCOP implementation. Several suggestions were also provided on a proposed open letter to market participants on market rules compliance and changes that may be required to

existing regulatory frameworks to account for recent and future market developments.

The Committee endorsed the high-level plan and approved the publication of the open letter to market participants (subject to consideration of Committee member comments).

10. Market Monitoring Unit (MMU) update

Owen Kearns introduced this overview on key market outcomes during January and spoke to a presentation that focused on the issue of interconnector flows.

Committee members noted that the Greenlink interconnector was now operational and discussed the potential market impact of this.

The Committee noted the update.

11. First National Resource Adequacy Assessment

Leigh Greer and Naomi Lusty provided a presentation and associated information on the National Resource Adequacy Assessment (NRAA), noting the background to the NRAA and an update on implementation.

Committee members discussed the base and secure scenarios relating to the adequacy position and the change to the loss of load expectation standard. There was also commentary on the communications about NRAA and the proposed Plain English version of the NRAA.

The Committee noted the update and proposed next steps.

12. New Capacity Exception Applications from a generator for the T-1 CY2025/26 Capacity Auction

Ian McClelland provided an overview of new Capacity Exception applications submitted by a generator for the T-1 CY2025/26 Capacity Auction.

The Committee noted the overview provided.

13. Publication of NERA's SEM PLEXOS Input Validation

Sheena Byrne introduced this item which provided an overview of the results and key findings from the SEM PLEXOS model project. Will Geffert spoke to a detailed presentation.

The Committee discussed the modelling findings, particularly in respect of market impacts on renewables and costs. Future scenarios shown by the modelling were discussed.

There was also consideration of the presentation of the modelling, the key audience for associated publications, and how to communicate key messages effectively.

14. Updates

(a) All Island Programme (AIP) update

Leigh Greer introduced this item which included an All-Island Programme (AIP) quarterly update from the TSOs. Committee members took the opportunity to clarify progress against AIP workstreams, including AIP expenditure to date, and any risks to delivery.

The Committee thanked the TSOs for their update and noted the overall position on the implementation of the AIP.

(b) SEMC communications and governance update

Greg Irwin noted the presentation of a SEMC Programme 2025.

(c) CRU/UR/Independent Members

Jim Gannon noted the Large Energy Users and data centres publication, ongoing work on the PR6 price control review, decision around offshore, a hybrids paper and Storm Eowyn learnings.

John French noted Storm Eowyn related issues in Northern Ireland, retail tariff reviews, and developments on the UR move to new office accommodation.

Chris Harris noted the noted the publication of the UK Climate Change Committee Carbon Budget 7.

(d) Legal update

Colin Broomfield provided a short update on the latest position regarding the T-4 auction litigation.

15. Review of actions from SEMC meeting 212, Thursday 30 January 2025.

The Committee discussed open actions.

16. SEMC correspondence

The Committee noted a new item of correspondence and noted that a response would be provided in consultation with legal advisors.

17. AOB

ESSL – The Committee approved a draft letter by way of response to correspondence from ESSL.

The meeting concluded at 15.25 p.m.

A handwritten signature in black ink, reading "Tanya Harrington". The script is cursive and fluid, with the first name "Tanya" and last name "Harrington" clearly legible.

Signed: _____
Dr Tanya Harrington, SEM Committee Chairperson