

SEM Committee Meeting

Draft Minutes Meeting No. 7

Location: NIAUR Offices, Belfast

Date: 24th June 2008

Time: 10.00 – 3.00 pm

Attendees: Tom Reeves (CER), Michael Tutty (CER), Iain Osborne (NIAUR), Dermot MacCann (NIAUR), Alan Rainey (NIAUR), Ignacio Perez-Arriaga, José Sierra.

In attendance: For Agenda Item 4a, and 5, Stephen Powell (CER), James Curtin (CER),
For Agenda Item 5, Tadhg O’Brian (NIAUR)

Minute Taker: Paul O Neill (CER)

1. Adoption of agenda

Agenda adopted without comment.

2. Approval of Minutes.

Minutes of the meeting of 27th May 2008 were approved subject to minor edits.

3. Review of Action List.

The following actions have been closed, 53, 54.
Item 38 remains open standing action.

4. a SEM Non-Directed Contracts 2008/9 SP, JC.

Presentation highlighted the significant increase in fuel prices over the last 12 months and the knock on impact on Non-DC prices. The process completed successfully.

A report is to be prepared by the Oversight Committee on the diversity of the contract positions, eg cross border, new entrants etc.

4. b Retail electricity/gas prices.

The Committee discussed the effect of increasing fuel prices and the inclusion of carbon costs on retail tariffs. The Committee expressed its concerns with the effect on customers, especially the fuel poor.

The Committee discussed a number of mitigation strategies. The RAs agreed to keep the SEM Committee aware of any proposed developments in this area, and noted that some potential mitigation strategies could be SEM matters.

5. Market Monitoring Unit Update, TOB

TOB updated the meeting on market prices over the last two months. The SMP is clearly shown to be following the increasing gas prices. The Committee required further analysis on Inframarginal rents to include fixed costs and capacity payments.

There has been a positive reaction from industry to the report on complaints on the BCOP. Industry participants have modified their bidding behaviour in line with the recommendations.

Coolkeeragh's request for an extension of time to implement the requirements of the BCOP report was discussed and rejected by the SEM Committee since it was not considered that the plant should have to recalculate costs, and has already had over two weeks since seeing our final report in draft.

Comments received from Viridian will be dealt with at the next Oversight Committee meeting.

6. Update on TSC Modifications,

Update was noted by the meeting.

7. Reporting of the decisions of the Oversight Committee.

Decisions were noted by the Committee.

8. Discussion on the Objectives for the Strategy Day.

The strategy day will be broadly divided as follows,

Morning Session; Long term view of market issues 5 to 10 years.

Afternoon Session; Short to medium term review of the design and operation of the current market.

Intended outcome is to identify key topics for further work over the next 1-2 years.

The Oversight Committee will prepare a proposed agenda for the next meeting.

9. Updates CER/NIAUR/Independent members

Discussion and updates noted.

10. AOB

No item was tabled.

Date of next meeting: 29th July, CER Offices, Dublin.