

## SEM Committee Meeting

### Minutes Meeting No. 30

**Location:** Utility Regulator Northern Ireland (“UR”) offices, Belfast.  
**Date:** 27<sup>th</sup> July 2010  
**Time:** 10.00-5pm

**Attendees:** Michael Tutty (CER), Dermot Nolan (CER), Iain Osborne (UR), Dermot MacCann (UR) Alan Rainey (UR), Ignacio Perez-Arriaga (Chairman, Independent Member), Jose Sierra Lopez (Deputy Independent Member); Garrett Blaney (CER);

**In attendance:**

For all agenda items: Eugene Coughlan (CER), Shane Lynch (“SL”) (UR)  
For agenda items 4b and 6-9 – Tanya Wishart (UR) (“TW”)  
For agenda items 1-4c - Cathy Mannion (CER) (“CM”)  
For agenda item 4a-d - Aoife Crowe (CER) (“AC”)  
For agenda item 5 - Colin Broomfield (UR) (“CB”)

**Minute Taker:** Laura Steerman (CER/ SEMC Secretariat).

**1. Approval and Adoption of the Agenda**

The agenda was approved and adopted.

**2. Approval of Minutes from Meeting on 29<sup>th</sup> June 2010**

The minutes were approved subject to minor modification.

**3. Review of Actions from Meeting on 27<sup>th</sup> May 2010.**

Action Items 125, 126, 128, 132, 133, were noted as complete  
Action Items 127 and 134 were noted as ongoing.

**4. Policy Papers/ Matters**

**a. Trading and Dispatch**

**i. Paper on Treatment of Firmness in the SEM**

AC took the meeting through the information note which provided an overview on how firmness is outlined in the SEM High Level Design and treated in the Trading and Settlement Code (“TSC”), Generator Connection Agreements and dispatch by the System Operator. The SEM Committee discussed the treatment of firm and non-firm access arrangements in connection policy and made comments to be taken into account in the proposed position paper on the Principles of Dispatch and the Design of the Market Schedule in the Trading and Settlement Code (“Proposed Position Paper”).

**Action:**

- Oversight Committee to consider Special Protection Schemes in Northern Ireland. The project team should make reference to this action in the Proposed Position Paper. It should also be noted in the Proposed Position Paper that generation has been treated

the same under the TSC regardless of its connection to the transmission or distribution network.

- Oversight Committee to progress the correction of the TSC rules in relation to the treatment of Variable Price Takers in the Market Schedule with respect to constraint payments.

## **ii. Proposed Position Paper**

AC took the meeting through the draft Proposed Position paper, highlighting key issues for further consideration and discussion. The SEM Committee discussed the proposals at length and provided comments to the project team. Taking into account submissions from consultees, the Committee decided to extend the consultation period on the Proposed Position Paper to eight weeks.

### **Action:**

- A final draft of the Proposed Position Paper is to be circulated for the Committee's approval via email by the end of next week.
- Project Team to draft letter from the Committee to the system operators on the Facilitation of Renewables Study.

## **iii. Paper on Assessment of Material Level of Harm**

SL provided an overview of the discussion note on the evaluation of the material level of harm to electricity consumers arising from the divergence of the market schedule and actual dispatch. The Committee considered its statutory objectives in relation to all island consumers, security of supply and renewables, and taking these into account, discussed the scope and nature of an assessment of the material level of harm going forward. The SEM Committee proposed that the quantitative and qualitative framework to assess whether the threshold of material level of harm is reached should be further developed and based on clearly defined key objectives. The assessment procedure is to be developed and published in a separate paper in due course. It is expected that this assessment procedure will reduce regulatory risk by indicating to industry with sufficient anticipation when the threshold may be reached and any regulatory change may be made.

**Action:** Project team to further develop quantitative and qualitative framework and provide an update at the next meeting.

## **iv. Note on Grandfathering Issue in Context of Dispatch and TSC Workstream**

AC provided an overview of the comments received from consultees in relation to constraints estimates provided to renewable generators and the delivery of renewable generation on the island. The SEM Committee discussed the submissions made and decided to highlight the issue for comment in the proposed decision paper.

## **b. Increased Demand Side Participation**

TW briefed the Committee on the regulatory background to and a summary of the consultation paper which forms a key part of the Regulatory Authorities' assessment of the merits of different demand side management options and associated development of the Demand Side Vision to 2020. The paper was considered by the Committee and the

paper was approved for publication subject to minor amendments based on the Committee's comments.

**Action:** TW to circulate copy to Joint Steering Group.

**c. Update on Loss Adjustment Factors.**

IPA gave a brief verbal summary of the responses received to date by the Committee in relation to TLAFs. SL and CM provided an overview of the views expressed and the presentations given at the consultation workshop held on Monday 26<sup>th</sup> July 2010. The Committee decided to extend the time for consultation by two weeks to the 13<sup>th</sup> August 2010.

**Action:** The Committee requested that the Oversight Committee reconsider previous evaluations of the impact of the different alternatives for TLAFs, in view of the initial feedback that has been already received from some stakeholders, in particular focusing on uniform TLAFs and compression.

**d. Carbon levy**

EC provided an update in relation to the Carbon Revenue Levy legislation which has become law in the Republic of Ireland.

**e. Update on Acquisitions**

SL provided update on the AES Premier Power acquisition of Premier Power and the ESB acquisition of NIE.

**Action:** SL to prepare a briefing note for the Committee on the acquisitions for discussion at the next meeting.

**5. MMU Update**

CB provided an overview of the trends detailed in the MMU Update and the development of a MMU Governance Manual. An update was provided to the Committee on the investigations of two generators currently being carried out by the MMU. The Committee noted the decision of the Oversight Committee in relation to one investigation.

**Action:** MMU to provide update on the development of the MMU Governance Manual next month.

**6. Update on the TSC Modifications**

The update was noted by the Committee.

**7. Reporting of decisions made by Oversight Committee**

The report was noted by the Committee.

**8. Updates from CER/ UR/ Independent Members.**

An update was provided by the CER and UR on changes in the prices of gas and electricity in each jurisdiction. DN provided an update on regulatory developments in the retail market sector.

**9. AOB**

The Imperfections Charges and Ancillary Services Charges papers are to be sent to the SEMC for approval to publish via email.

**Date of next meeting: 31 August 2010, CER Offices, Dublin**