

SEM Committee Meeting

Minutes Meeting No. 42

Location: CER Offices, Dublin
Date: 26th July 2011
Time: 10.30am – 3.45pm

Attendees: Alan Rainey (AR) (Utility Regulator) (UR) (SEMC Chairman), Dermot Nolan (DN) (CER), Garrett Blaney (CER), Ignacio Perez-Arriaga (IP-A) (Independent Member), Jose Sierra Lopez (JS-L) (Deputy Independent Member).

Apologies: Shane Lynch (SL) (UR)

In attendance:

For all items: Tanya Wishart (TW) (UR), Eugene Coughlan (EC) (CER), Denis Cagney (DC) (CER)

For item: 4 Jody O'Boyle (JO'B) (UR), Colin Broomfield (CBr) (UR)

For item: 5 Colin Broomfield (CBr) (UR), Andrew Ebrill (AE) (CER)

For Item 6: Colin Broomfield (CBr) (UR)

For Item 7: Robert O'Rourke (RO'R) (CER)

For Item 8: Colin Broomfield (CBr) (UR)

For Item 9: Paul Brandon (PB) (CER)

For item 10: Priti Dave-Stack (PD-S) (CER)

For Item 11: Andrew McCorriston (AMcC) (UR)

For Items 12 & 13: Sheenagh Rooney (SR) (CER),

Minute Taker: Mignonne Smith (UR) (SEMC Secretariat).

1. Approval and Adoption of the Agenda

The Agenda was adopted.

2. Approval of Minutes from Meeting 41 on 28th June 2011.

The Minutes were adopted.

3. Review of Actions from Meeting 41 on 28th June 2011.

The Actions were reviewed and updated as follow:

- Action 128: has now been superseded by Action176 and has as such been marked as complete.
- Action 170: the SEM Committee reviewed the correspondence received and the further paper on Scheduling and Dispatch issues. Following discussion the SEM Committee confirmed its relevant decisions in principle made at the meeting on 28th June 2011. Authority was delegated to the Oversight Committee to approve final decision paper for

publication and to draft appropriate responses to correspondence received on this matter.

- Actions 173,177 and 180 are ongoing
- Actions 176, 178 and 184: Tabled for discussion at this meeting, Action to be updated
- Actions 182 and 183 are complete

4. CPM Capacity Pot

JO'B provided a summary of draft decision paper on Annual Capacity Payment Sum for 2012. Following the consultation process, issues for consideration included the use of indicative generator TUoS and ancillary services rates, and the appropriate WACC.

On generator TUoS and ancillary services rates the SEM Committee reviewed proposals for using indicative rates as opposed to current approved rates which has been the practice thus far. Following discussion at length the SEM Committee agreed that current approved rates should continue to be used in the interests of providing consistency.

On the appropriate WACC the SEM Committee discussed alternative options including NI specific WACC not based on generic UK fundamentals and a blended SEM BNE WACC along with associated effects on the Capacity Pot. The SEM Committee agreed that methodology currently in use would continue to be applied

Approval for publication of decision paper was granted.

Action: JO'B to draft response to relevant correspondence based on SEM Committee's decision. Decision paper to be published.

5. Market Power and Liquidity, ESB Integration Proposal

AE provided the SEM Committee with a brief update on the SEM Market Power and Liquidity project. The project team requested approval from the Committee to allow for a review of recent additional proposals received from ESB regarding the re-integration of its business.

Following a brief discussion the SEM Committee approved a review of additional ESB proposals which will then be discussed more fully at SEM Committee in September.

Action: Oversight Committee to commission review of recent proposals and alternative options.

6. Market Monitoring Unit Update

CBr provided a summary of Marketing Monitoring Report for July 2011. The SEM Committee noted the Report and requested some minor amendments to the report layout.

Action: CBr to amend report layout as requested.

7. Fuel Mix Disclosure

RO'R provided an overview of draft consultation paper on Fuel Mix Disclosure in the SEM – Calculation Methodology. Following a brief discussion noting necessity of complex nature of the paper due to the subject matter, the SEM Committee approved publication.

8. TLAFs – Overview of Decision Paper

CBr presented overview of content of TLAFs decision paper. The studies to date had not provided sufficient evidence that either splitting or a move away from compressed TLAFs would benefit consumers. The SEM Committee discussed at length the issues and the correspondence received and concluded that the interim solution of compressed factors without splitting should continue to be applied for a further year. The SEM Committee approved publication of decision paper based on these conclusions, together with a further consultation on the study results and the enduring solution.

Action: JC to circulate TLAF Decision paper along with proposed scope for consultation paper to SEM Committee for approval by email by week ending Friday 29th July.

9. All Island Tariffs

PB provided overview of the Regulatory Authorities (RAs') review of the Transmission System Operators (TSOs') recommendations regarding Ancillary Services Rates and Other Systems Charges for 2011-12. The SEM Committee discussed RAs' review and approved publication of TSOs' Recommendations Papers and RAs' decision paper [pending suggested amendments to relating to transparency of dealings with Systems Operators].

The SEM Committee also delegated authority to the Oversight Committee to approve Dispatch Balancing Charges.

10. SEM Annual Report 2010

The SEM Committee reviewed draft SEM Annual Report for 2010 and delegated authority to the Oversight Committee to approve publication of the revised report subject to agreed amendments.

Action: SEM Annual Report to be amended as discussed at SEM Committee and submitted to the Oversight Committee on 4th August for approval to publish.

11. TSO Certification in Northern Ireland

The SEM Committee reviewed legal advice sought in respect of draft Information Note. Following discussion at length the Committee agreed further clarification from the European Commission should be sought.

AMcC provided an overview of draft Information Note. Following discussion, the SEM Committee suggested amendments. Further changes may be required following consultation with the European Commission.

Action: AMcC to seek an early meeting with the European Commission and amend Information Note as directed by the SEM Committee and further as may be necessary.

12. European Update

12a) Framework Guidelines

The SEM Committee noted update on the ACER Framework Guidelines for Capacity Allocation and Congestion Management (CACM).

12b) Regional Integration Action Plan

SR provided an overview of SEM Market Integration – Project Initiation Document (PID), drawing attention in particular to key project dates for both transitional and enduring market arrangements.

The SEM Committee acknowledged project team's good work and discussed issues at length regarding project deadlines and required resources. The SEM Committee delegated authority to the Project Board to publish PID upon approval of amendments to the Framework Guidelines.

Action: SR to publish PID upon approval of amendments to the Framework Guidelines.

12c) Interconnector Access Rules

The SEM Committee noted the update.

13. Trading and Settlement Code Update

The SEM Committee noted the update.

14. SEMO Regulation Update

The SEM Committee noted the update.

15. Update on Judicial Review

EC provided update on Judicial Review costs and appeals process. The SEM Committee noted the update.

16. Reporting of Decisions Made by Oversight Committee to SEM

The SEM Committee noted decisions.

17. Updates CER/NIAUR/Independent Members

CER Update:

DN provided update on changes to retail prices in ROI due to be announced within the next few days.

Utility Regulator Update:

TW provided update on customer switching statistics for Northern Ireland.

Independent Members Update:

The Independent members had nothing to report.

18. AOB

SEM Committee Correspondence:

The Chairman noted that advice on responses to correspondence received had been addressed along with the related agenda items. The Oversight Committee are to draft responses for the Chairman's approval.

Action: Relevant teams to draft responses to SEM Correspondence for signature by Chairman.

Date of next meeting: Tuesday 30th August 2011, Utility Regulator Offices, Belfast