

SEM Committee Meeting

Agreed Minutes Meeting No. 71

Location: Utility Regulator Offices, Belfast
Date: Thursday 25th July 2013
Time: 10.30am – 3.30pm

Attendees: Odd Håkon Hoelsæter (OHH) (Independent Member) (SEMC Chairman) Alan Rainey (AR) (Utility Regulator) (UR), Shane Lynch (SL) (UR), Paul McGowan (PMcG) (CER), Bill Emery (BE) (UR), Professor David Newbery (DNew) (Deputy Independent Member)

Apologies: Dermot Nolan (DN) (CER), Garrett Blaney (GB) (CER)

In attendance:

For all Items: Denis Cagney (DC) (CER), Eugene Coughlan (EC) (CER), Jo Aston (JA) (UR), Tanya Hedley (TH) (UR), Jean Pierre Miura (JPM) (UR), Colin Broomfield (CBr) (UR)

For Item 3: Paul Brandon (PB) (CER), Robert O'Rourke (RO'R) (CER), Andrew McCorriston (AMcC) (UR)

For Item 4: Karen Shiels (KS) (UR), Leigh Greer (LG) (UR)

For Item 5: Colin Broomfield (CBr) (UR), Joe Craig (JC) (UR)

For Item 8b: Clive Bowers (CB) (CER), Philip Newsome (PN)

For Item 8c: Elaine Gallagher (EG) (CER)

For Item 12a: Andrew Ebrill (AE) (CER)

Minute Taker: Mignonne Smith (MS) (SEMC Secretariat)

1. Approval and Adoption of the Agenda

The Agenda approved and adopted.

2. Approval of Minutes from Meeting 70 on 25th June 2013

The minutes were approved and subject to minor amendments.

Decision Items

3. DS3

PB provided an overview of work to date in relation to DS3 and requested approvals from the SEM Committee as follows:

- Approval to publish a SEM Committee Information Note
- Approval and opinion of the SEM Committee in respect of the Term of Reference (ToR) for a Cost Benefit Analysis (CBA)

- Approval of proposed phased approach to the DS3 Project.

The Committee further advised the Project Team to prepare a draft consultation paper containing proposals on progressing DS3 for consideration by the Committee at their meeting in August. Advice was also provided in relation to organising a workshop; inviting key industry stakeholders and relevant experts. Following the workshop the Project Team will finalise the CBA and prepare a Proposals Paper for consideration by the SEM Committee at their meeting in October.

Actions: Project Board to finalise and approve for publication as soon as possible, of the SEM Committee's Information Note which will advise Industry Stakeholders of the SEM Committee's thoughts on progressing the DS3 project.

Project Team to prepare a draft consultation paper containing proposals on progressing DS3 for consideration by the SEM Committee at their meeting in August.

Project Team to organise a workshop inviting key industry stakeholders and relevant experts. Following the workshop the Project Team will finalise the CBA and prepare a Proposals Paper for consideration by the SEM Committee at their meeting in October.

4. SEMO Price Control 2013-16

CBr provided an overview and background information in relation to the SEMO Price Control 2013-2016 decision and sought approval from the SEM Committee to publish the decision and to submit it to SEMO 24hrs in advance of publication for information and to check it for factual accuracy.

CBr also requested that the SEM Committee delegated authority to the Oversight Committee to prepare and approve consultation on licence modifications required to implement the SEMO Price Control decision.

The SEM Committee advised the project team of suggested amendments to the decision paper and granted approvals as requested subject to these amendments being made.

5. MMU Process Manual

CBr provided an update on progress of work on the MMU Process Manual noting that it was currently being reviewed by the SEM Legal Advisors. The SEM Committee were requested to delegate authority to the Oversight Committee to finalise the Manual, following the legal review and publish it for a period of consultation.

The SEM Committee noted the update and approved the delegated authority to the Oversight Committee as requested.

Action: UR team to finalise MMU Process Manual following review by SEM legal advisors and submit to the Oversight Committee for their consideration and approval to publish for a period of consultation. Following the consultation a final version of the process manual will be submitted to the SEM Committee for their consideration and approval to publish.

Discussion Items

6. Improving Competitiveness

JA provided an update following a meeting on 24 July, attended by the Oversight Committee, RA teams and consultants to discuss options in relations to improving competitiveness in the SEM.

Following a discussion the SEM Committee requested that the project team explore the options provided more fully and provide a robust proposals paper which quantifies benefits and risks of each option for consideration by the SEM Committee by no later than their meeting in October.

Action: Project Team to explore the options provided more fully and provide a robust proposals paper which quantifies benefits and risks of each option for consideration by the SEM Committee by no later than their meeting in October.

7. Gas Transportation Capacity Costs Consultation

CBr provided an update on progress of work in relation to the treatment of gas transportation capacity costs. (GTCC). A SEM Committee guidance note on this topic was published on 20 June, the RAs have since held a number of meetings with industry stakeholders and are currently progressing with work on a consultation paper which will be published on 31 July for a period of 8 weeks. Following the consultation the RAs will commence work on preparing a decision paper. It is expected that this subject will be considered further by the SEM Committee at their meeting in October.

The SEM Committee noted the report.

Standing Items

8. Updates

a. Market Monitoring Update

CBr provided an overview of the Market Monitoring Update Report for July 2013. The SEM Committee noted the update.

b. Market Integration Project Update

CB provided an overview of the Market Integration Update Report for July 2013. Report highlight included an update on progress with procurement of consultancy support.

The SEM Committee noted the update.

c. Trading and Settlement Code Update

CB provided an overview of the Trading and Settlement Code (TSC) Update Report which has been reformatted following a request from the SEM Committee at their meeting in June. The update included a note of two modifications recently approved by the TSC Modifications Committee and of two modifications that are currently awaiting approval by the SEM Committee.

The SEM Committee noted the update.

d. CER/ NIAUR/ Independent Members Updates

CER

PMcG noted that the CER were currently undertaking a review of gas transmission tariffs in Ireland. He also noted the appointment by the Minister for Communications, Pat Rabbitte, T.D. of Mr. Mark Griffin to the post of Secretary General of the Department of Communications Energy & Natural Resources with effect from 1st September 2013 on the retirement of Mr. Aidan Dunning.

Utility Regulator

SL noted that the Utility Regulator were currently progressing work on the price controls of two gas distribution companies in Northern Ireland.

9. Review of Actions from Meeting 70 on 25th June 2013

Actions 255, 259, 262, 273, 274 and 275 were completed all other actions were updated. The SEM Committee also requested that an update report on all live work streams that are not already scheduled for discussion by the SEM Committee at their meetings is provided for all future meeting as a regular standing item update.

Action: SEM Secretariat to liaise with the Oversight Committee in formatting an update report to the SEM Committee that provides a brief update on current status of all live SEM workstreams to be included as a regular update under the 'Standing Items' sections of all future SEM Committee meeting agendas.

10. Reporting of Decisions made by Oversight Committee to SEM Committee

The update was noted.

11. SEM Correspondence

The SEM Committee noted recently received correspondence and proposed draft responses in relation to DS3. The project team were requested to review and amend response letters for approval and signature by the Chair prior to issue.

12. AOB

a) SEM Logo

The SEM Committee reviewed options provided for a new SEM Committee logo for use on the forthcoming new SEM website and on SEM Committee correspondence. They provided guidance to the Project Manager on their preferred logo options. Following amendments, logos to be re-circulated to the SEM Committee for approval.

Date of Next Meeting:

SEM Committee 72, Thursday 29 August 2013, CER Offices, Dublin