



## SEM Committee Meeting

### Minutes Meeting No. 91

Location: Offices of the Utility Regulator, Belfast

Date: Thursday, 26 March 2015

Time: 10.30am – 14.30pm

**Attendees:** Jenny Pyper (JP) (Utility Regulator) (UR) (SEMC Chair) Paul McGowan (PMcG) (CER), Aoife Mac Evilly (AMacE) (CER), Garrett Blaney (GB) (CER), Bill Emery (BE) (UR), Odd Håkon Hoelsæter (OHH) (Independent Member), Professor David Newbery (DN) (Deputy Independent Member),

**In attendance:**

For all Items: Laura Brien (LB) (CER), Jo Aston (JA) (UR), Denis Cagney (DC) (CER); Alan Rainey (AR) (UR) (Economic Adviser to UR)

For Items 3: Walter Carlton (Deloitte & Touche) (SEM Market Auditors)

For Item 4: Paul Brandon (PBr) (CER), Robert O'Rourke (ROR), Paul Bell (PB) (UR)

For Item 5: Elaine Gallagher (EG) (CER)

For Item 6: Andrew Ebrill (AE) (CER), Jim McAllister (JMCA) (I-SEM Project Manager)

For Item 7: Greg Irwin (GI) (UR)

For Item 8a: Paul Bell (PB) (UR), Kevin Baron (KB) (UR), Brian Mulhern (BP) (UR)

**Minute Taker:** Elaine Gallagher (EG) (SEMC Secretariat)

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

The agenda was amended and adopted.

#### 2. Approval of Minutes from Meeting 90 on 26 February 2015

The minutes were approved for publication, subject to minor amendments.

### **Decision Items**

#### 3. SEM Market Audit 2014

Walter Carlton, Deloitte & Touche (Market Auditors) presented the findings of the SEM Market Audit 2014 to SEM Committee which was noted by the Committee. One significant issue was noted in the SEM Market Audit 2014 with respect to the calculation of availability profile.

**Action: WC to follow up with SEMO and provide an update to SEM Oversight Committee as to the background of how this defect was discovered. An update on testing aspects of this issue is also to be provided by SEMO to the Market Auditors.**

#### **4. DS3 System Services Detailed Design Project Plan**

##### **Project Plan and Procurement Strategy:**

ROR circulated slides and presented three documents as well as the DS3 update Memo. These were the draft update plan, the PID and TSO's procurement strategy and the Committee's approval was sought. PB also gave an update on this project.

The draft Project Plan and Procurement Strategy were discussed and approved for publication by SEMC.

##### **DS3 Project Initiation Document (PID):**

ROR provided an overview of the project governance as laid out in the PID which also sets out project governance procedures striking a balance between effective regulatory oversight and timely decision-making.

The Chair acknowledged the level of work carried out by the teams in progressing DS3 thus far and commended ROR on the presentation. The Chair underlined the importance of the interaction between CRM and DS3 workstreams to ensure energy capacity and systems services at least cost to consumers. It was also noted that market power issues within DS3 should be considered more generally.

The SEMC endorsed and approved the PID subject to editorial amendments and final sign off by Project Board/ legal teams on governance issues.

The SEMC discussed and approved the Auction plan with some editorial issues to be dealt with by project board.

##### **TSO Procurement Strategy**

The SEMC noted the need to reflect high level objectives in terms of coordination with other workstreams and also the delivery of 75% SNSP. The TSO procurement strategy was approved by SEMC subject to editorial amendments by project board.

## 5. Rules and Procedures of SEM Committee

A number of minor amendments were proposed to the updated Rules and Procedures which will be recirculated.

## Discussion/Information Items

### 6. I-SEM Project Update

Chair welcomed Jim McAllister to I-SEM project team and thanked Andrew Ebrill for his work in the project office. Key project milestones which were noted include:

- The final Energy Trading Arrangements workshops on 'Markets' were held on 18<sup>th</sup> and 19<sup>th</sup> February. The Team is now beginning to draft the 'Markets' consultation, due to issue around mid/end April.
- Establishment of ISEM Framework Agreement which entered into force on 23<sup>rd</sup> February allowing for three mini requests for tenders to be issued.
- Bi-weekly engagement with the TSOs has commenced in the CRM Workstream.
- Externally EU stakeholder forum was held on 10<sup>th</sup> March with industry in which the project teams updated stakeholders on key project developments.
- Scoping paper on market power workstream.
- The I-SEM Roles & Responsibilities' consultation paper, was published to schedule on 6<sup>th</sup> March indicating that the RAs intend to follow the NEMO designation process outlined in article 4 of CACM.
- Directors and managers from the I-SEM project joined a regular meeting with Ofgem and the Departments in London on 13 March at which I-SEM, the NEMO designation process, European Network Codes and Harmonised Allocation Rules were discussed.

It was noted that the next Joint Steering Group (JSG) Sub-Group meeting is due to take place on 27 March 2015.

**Action: EG to update SEMC on discussion at JSG Sub-Group meeting taking place on 27 March with respect to I-SEM.**

### 7. SEMC Communications Strategy

GI provided update on the SEMC Communications Strategy and focussed on the importance of transparency and access to information by market participants and stakeholders. The importance of the visibility of the Secretariat was noted in ensuring that market participants could readily contact the SEMC.

**Action: GI, AE and John Lynn (JL CER) to liaise to discuss update of [www.allislandproject.org](http://www.allislandproject.org) website, options of a new website and stakeholder mapping.**



## **Standing Items**

### **1. Updates**

#### **a. MMU Quarterly Report**

An update was provided by the Market Monitoring team and this was noted by SEMC. The SEMC requested an update on REMIT developments in the context of MMU. Project Board to liaise with MMU and AE to agree timeframe for REMIT update.

#### **b. CER/ NIAUR/ Independent Members Updates**

##### CER Update

GB recognised engagement by planning authorities on the North South Interconnector as a positive development.

GB noted that at a senior training course entitled 'Market Design Initiative' in GB, which aims to look at developments of markets across Europe, recognition was given to the work done in Ireland on implementation of the Third Package from a market design perspective.

##### Utility Regulator Update

The Chair acknowledged the contribution of Denis Cagney to SEM Committee and to DS3 during the course of his tenure as Director at CER and noted that this would be DC's final SEMC.

No further update was provided.

##### SEM Independent Members Updates:

DN informed the SEMC that the process for determining the de-rating factors for interconnectors is moving forward and that the timeline for decision on this in June 2015.

### **2. Review of Actions from Meeting 90 on 26 February 2015**

Actions were reviewed and updated.

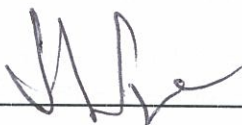
### **3. SEM Correspondence**

A number of items of correspondence were discussed.

### **4. AOB**

No further issues were raised.

Signed: \_\_\_\_\_



**Jenny Pyper, Chief Executive Officer, Utility Regulator, SEMC Chair**

**Date of Next Meeting:**

**SEM Committee 92, Thursday, 30 April 2015 at 10.30am – 3.30pm, CER Offices, Dublin**