

## **SEM Committee Meeting**

### **Minutes Meeting No. 165**

**Location:** Video-conference

**Date:** Thursday 29<sup>th</sup> April 2021

**Time:** 09.00 – 11.45am

#### **Member attendees:**

Commission for Regulation of Utilities (CRU): Jim Gannon (SEM Committee Chair), Paul McGowan

Utility Regulator (UR): Bill Emery, Jon Carlton, John French

Independent members: Odd Håkon Hoelsæter, Professor David Newbery (Deputy)

#### **In attendance:**

For all items: Colin Broomfield (UR), John Melvin (CRU), Alan Rainey (Economic Adviser to UR)

For item 3: Rachel Strong (CRU), Karen Kavanagh (CRU), Andrew Waghorn (Deloitte), Jamie Schmidt (Deloitte)

For item 4: Paul Bell (UR), Kevin Lenaghan (UR), Kevin Baron (UR), Billy Walker (UR), Stuart Foulkes (ESP Consulting)

For items 5 and 6: Brian Mulhern (UR)

For items 7 and 10(d): Grainne Black (CRU), Gina Kelly (CRU)

**Apologies:** Aoife MacEvilly (CRU)

**Minutes:** Barbara Stevenson (SEMC Secretariat)

**Declarations of interest:** No declarations were made

#### **1. Approval and adoption of the agenda**

The agenda was approved and adopted.

#### **2. Review and approval of minutes from meeting 164, Thursday 25<sup>th</sup> March 2021**

The minutes from SEM Committee 164 were approved subject to a minor amendment.

#### **3. 2020 TSC market audit**

Rachel Strong provided an overview and background to the 2020 Trading and Settlement Code market audit.



Andrew Waghorn provided detail of the audit findings including engagement with the market operator.

The Committee noted the qualified outcome of the audit and discussed the materiality of issues identified. The Committee discussed further the importance of addressing known issues and ongoing engagement with the Market Operator.

The Committee approved the publication of the 2020 TSC Market Audit Final Report as presented.

#### **4. CRM Extension requests for substantial financial completion for CY2022/23**

Paul Bell detailed the circulated extension requests to the substantial financial completion dates for the delivery of capacity in 2022-23.

The Committee discussed in detail the relevant applications including impact of Covid-19 and upcoming T-1 auction for CY2022/23 year. Stuart Foulkes provided detail of the requirements of the Capacity Market Code and options in respect of the level of termination rates. The views of the TSO were also discussed.

The Committee approved the extension requests in line with option 2 as recommended in the paper. Delegated authority was provided to the Oversight Committee to issue relevant correspondence with the inclusion of relevant termination rates as agreed by the Committee.

#### **5. Senior Staff Group membership approval**

The Committee approved the appointment of Colin Broomfield and John Melvin as members of the Senior Staff group as detailed in the MMU Inquiry Procedure Manual.

#### **6. MMU update**

The Committee noted the market monitoring update as circulated.

Brian Mulhern provided a further overview of market prices, spark spreads, constraints and generator outages. A summary of an initial regression analysis was provided including comparisons with other markets.

## **7. Scarcity signals and demand side response**

Grainne Black provided an overview of market performance including amber alerts over winter 2020/21. Impact of generator outages, demand, supplier behaviour, scarcity prices and role of demand side units were discussed. Projections for winter 2021/22 were provided alongside feedback from the TSOs.

The Committee delegated authority to the Oversight Committee to draft and publish a consultation paper on demand side response in the market.

## **8. Covid update**

Ongoing engagement by the RAs with EAI and the TSOs was noted. John Melvin provided an update on restrictions as a result of Covid-19 in RoI. Colin Broomfield provided the update in respect of NI.

## **9. FWP update**

Progress on the delivery of key 2020-2021 FWP projects was outlined including the CRM auctions, forwards and liquidity workstream and tariff timetable. An update on procurement arrangements was also provided.

## **10. Updates**

### **(a) SEMC communications and governance update**

Barbara Stevenson updated the Committee on recent communication activities and governance matters.

### **(b) CRU/UR/Independent Members**

Paul McGowan provided an update on security of supply, North South Interconnector and post-covid working arrangements.

John French noted the recent publication of the SONI governance options consultation and DfE energy strategy. The UR appearance at the Economy Committee and the electricity tariff review were noted.

David Newbery discussed his research paper on security of gas supply to the SEM.

### **(c) Legal update**

No legal issues to discuss.

Grainne Black provided background detail of the Trading and Cooperation Agreement in relation to loose volume coupling. An overview of ongoing dialogue with other NRAs and ACER was provided.

Details of the published cost benefit analysis was outlined. Next steps available in terms of loose volume coupling were discussed.

**11. Review of actions from meeting 164 Thursday 25<sup>th</sup> March 2021**

No open actions to note.

**12. SEMC correspondence**

The Committee discussed recently received correspondence. Oversight Committee are to draft a response for discussion at the next SEMC meeting.

**13. AOB**

The Committee thanked Jim Gannon for his role as Chair over the past year.



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

**Jim Gannon, SEM Committee Chair**