



## **SEM Committee Meeting**

### **Minutes Meeting No. 172**

**Location:** Video-conference

**Date:** Thursday 28<sup>th</sup> October 2021

**Time:** 09.00 – 1.30pm

#### **Member attendees:**

Commission for Regulation of Utilities (CRU): Aoife MacEvilly, Jim Gannon, Paul McGowan

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

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

#### **In attendance:**

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

For item 3: Loretta Joyce (CRU), Andy Walker (CRU)

For item 4: Robert O'Rourke (CRU), Cathal Murphy (CRU), Brian Mulhern (UR)

For item 5: Grainne Black (CRU), Gina Kelly (CRU)

For item 6: Grainne Black (CRU), Damhnait Gleeson (CRU)

For items 7 and 8: Brian Mulhern (UR), Kevin Lenaghan (UR)

For item 9: Gavin Miller (CRU)

For item 10: Jean Pierre Miura (UR)

**Apologies:** John Melvin (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 171, Thursday 30 September 2021**

The minutes from SEM Committee 171 were approved subject to minor amendments.



committee

### **3. 2021 TSC market audit**

Andy Walker provided relevant background to the Trading and Settlement Code 2021 market audit terms of reference.

An overview of consultation responses was provided.

The Committee approved the publication of the 2021 TSC market audit terms of reference as presented.

### **4. System services tariff review**

Robert O'Rourke outlined the background to the system services tariff review including detail of responses received to the options consultation. Engagement with the TSOs was presented including concerns over the quality of information received.

The Committee discussed the lack of detailed information forthcoming from the TSOs to justify any change to the tariff price cap. The necessity to engage further with the TSO on the provision of detailed information was stressed.

The Committee approved the proposal to reduce the systems services tariffs by 10% as presented. Further communication with the TSOs is to be progressed by Oversight.

### **5. Scarcity pricing and demand response**

Background to the discussion paper and call for evidence on scarcity pricing and demand response was presented. Gina Kelly provided detail of responses to the paper including feedback on the trigger for RSP Reserve Scarcity Pricing and the RSP Reserve Scarcity Pricing curve, incentives for implicit and explicit demand response and information provision from the TSOs.

The Committee discussed recent movement in the scarcity strike price caused by the recent increases in wholesale gas prices. Interactions with the CRM and need for early engagement with demand side response were discussed.

The Committee approved the publication of the information paper on scarcity pricing and demand response in the SEM as presented.

### **6. Survey to determine VoLL in the SEM**

Damhnait Gleeson provided an overview of a proposed consumer survey to help determine the value of lost load (VoLL) in the SEM. Detail of ACER requirements were outlined.



The Committee discussed further methods to gather meaningful information from consumers.

The Committee approved the survey approach as presented.

### **7. T-1 CY2022-23 auction update**

The Committee noted the approval by correspondence of the updated final qualification results on 12th and 19<sup>th</sup> October 2021 for the T-1 2022-23 auction following the identification of errors by the TSO. Further errors identified as part of the T-3 process were also outlined. Brian Mulhern provided an overview of discussion with and responses from the TSOs

Kevin Lenaghan updated the Committee on the T-1 auction.

### **8. T-3 CY2024-25 exceptions applications update**

Kevin Lenaghan provided background to the T-3 CY2024-25 exception application process and applications received. Detail of applications by constraint area were detailed including successful and unsuccessful generation.

The Committee sought further detail on the reasons for the rejection of capacity by the TSOs, the volume qualified and the TSO's Generation Capacity Statement. Interaction with the T-4 auction was also discussed. The TSOs are to be invited to the next Committee meeting to discuss further the findings of the GCS and the capacity auctions. Penalties for non-delivery of awarded capacity were outlined to the Committee

Next steps were noted including key auction dates.

### **9. Amendment to allocation of DCs**

Gavin Miller outlined the background to the information and consultation paper on amendment to the allocation of directed contracts. A summary of consultation responses was provided including views from both small and large suppliers. Relevant correspondence received and other relevant market participant feedback was also discussed.

The Committee approved the enduring change of the allocation of directed contracts as set out in the information paper and delegated authority to Oversight for publication of the decision paper.

## **10. SEM – GB trading**

Jean Pierre Miura provided an update on SEM-GB trading following the end of the transition period. Likely delays in the introduction of loose volume coupling were highlighted.

RA analysis of the market impacts as a result of the changes to GB-SEM trading were presented. This included detail of volumes traded across the energy markets, prices, demand and comparisons with GB.

Next steps were noted.

## **11. MMU update**

The Committee noted the MMU update as circulated. Jean Pierre Miura provided further detail of key market outcomes during September including prices, gas prices, wind generation, demand and spark spreads.

The Committee discussed market participant behaviour and MMU monitoring activities.

## **12. Covid update**

No substantive updates to note.

## **13. FWP update**

Barbara Stevenson provided an overview of the final position in the delivery of 2020-2021 FWP projects. The Committee approved the final position as presented.

Progress in the development of the 2021-2022 FWP was noted.

## **14. Updates**

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

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

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



Aoife MacEvilly provided an update on energy retail prices, Government budget, appearance at the Joint Oireachtas Committee and Climate Action Plan.

Jim Gannon provided an update on security of supply.

John French provided an update on gas tariffs, discussions with Department for Communities on consumer affordability and Department for the Economy energy strategy.

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

No update to note

### **(d) TCA update**

No further update discussed

## **15. Review of actions from meetings 172, 30 September 2021**

The Committee noted the update on actions.

## **16. SEMC correspondence**

The Committee discussed relevant correspondence.

## **17. AOB**

None

A handwritten signature in blue ink that reads 'Bill Emery'.

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

**Bill Emery, SEM Committee Chair**