

**SEM Committee Meeting**  
**Minutes Meeting No. 177 - part one**  
**Location:** Video-conference  
**Date:** Thursday 24<sup>th</sup> February 2022  
**Time:** 9.00am – 2.00pm

**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: John Melvin (CRU), Colin Broomfield (UR),  
For items 1 – 12: Alan Rainey (Economic Adviser to UR)  
For items 3 - 4: Paul Bell (UR), Ian McClelland (UR), Kevin Baron (UR), Damhnait Gleeson (CRU), Grainne Black (CRU)  
For item 4 – Kevin Lenaghan (UR), Andrew Chattrabhuti (ESP consulting)  
For item 5 – Ian McClelland (UR)  
For item 6: Barry Hussey (CRU), Gary McCullough (UR), Jean Pierre Miura (UR), Brian Mulhern (UR),  
For item 7 – Robert O'Rourke (CRU), Dylan Ashe (CRU), Brian Mulhern (UR), Bronagh McKeown (UR), Owen Kearns (UR), Alistair Green (ESP Consulting), Andrew Chattrabhuti (ESP consulting)  
For item 8 – Brian Mulhern (UR)  
For item 13: Elaine Cassidy (UR), Roisin McLaughlin (UR)

**Apologies:** None

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

**Declarations of interest:** None

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

The agenda was approved and adopted.

**2. Review and approval of minutes from meeting 176, Thursday 27<sup>th</sup> January 2022**

The minutes from SEM Committee meeting 176, Thursday 27<sup>th</sup> January 2022 were approved.

### **3. T-3 CY2024/25 capacity auction results**

Ian McClelland summarised the circulated papers and noted the decisions requested from the Committee. The auction results were detailed alongside the auction clearing price and auction cost, unconstrained and constrained solutions, a breakdown of successful new capacity, detail of multi-year ROs and fuel mix of successful capacity. A comparison with previous auctions was detailed.

Detail of the Capacity Auction Monitor report was outlined including identified issues and reasonable assurance given. The Committee also noted the circulated capacity auction technical assessment as provided by the TSOs.

The impact of annual run hours limits was discussed and a request from a participant to alter the awarded term of their RO detailed. The Committee agreed with the proposal as presented by the RAs not to amend the term for the market participant.

The Committee approved the T-3 CY2024/25 capacity auction results and approval letter to the System Operators. The capacity auction monitor report was accepted.

### **4. T-4 CY2025/26 capacity auction**

Paul Bell noted that the relevant information was not provided by the TSOs in time to allow for final decisions to be made in relation to the T-4 CY2025/26 capacity auction at the Committee meeting today. A second session of the meeting was therefore scheduled for Monday 28<sup>th</sup> February.

Paul Bell provided detail of the USPC process including applications received, modelling methodology updates and evaluation carried out by the RAs. Engagement with relevant parties following the issuing of provisional results was detailed.

The Committee sought further clarification on the RA analysis of USPCs and requested further information be provided to the Committee before decisions are reached.

Detail of the final qualification results as circulated to the Committee were discussed. The TSO recommendations were outlined alongside RA recommendations. The Committee expressed their concerns in relation to some of the TSO recommendations and emphasised the need for solutions to be brought forward to address known issues.



An overview of the TSO process was summarised when formulating their volume recommendations. Considerations in terms of volumes for the auction were discussed alongside market outcomes, including cost.

The Committee discussed further the impact of the north south interconnector and Greenlink interconnector.

### **5. Substantial financial completion extension request**

Ian McClelland presented a request to extend a substantial financial completion milestone for a market participant for the T-4 2023-2024 auction. Detail of the reason for the request was outlined alongside feedback from the TSO and relevant termination fees. The Committee approved the extension request as proposed as option 1 in the paper.

### **6. Articles 12 and 13 update**

Barry Hussey provided a recap of previous SEMC discussions and overview of circulated materials. Detail of recent annual curtailment costs and forecast costs based on current proposals were outlined. Market participant feedback was summarised including links with upcoming auctions.

The Committee agreed that following discussion, the relevant final decisions were to be sought via correspondence to allow for the timely publication of the decision paper on dispatch, redispatch and compensation pursuant to regulation (EU) 2019/943.

### **7. System Services Future Arrangements high level design update**

Robert O'Rourke provided an overview of the process and discussions to date on system services future arrangements. The high level design building blocks were detailed including governance, fixed contracts, layered procurement, auctions, market design and transition.

Current thinking in relation to the qualification trial process, system services code and funding arrangements proposals were detailed. The Committee noted their support for the proposal to establish a system services panel and ongoing engagement with industry.

Relevant correspondence was discussed and next steps noted.

## **8. MMU update**

The Committee noted the MMU update as circulated. Brian Mulhern provided detail of key market outcomes during January 2022 including prices in the day-ahead market, gas prices, carbon prices and coal prices. The spike in wholesale gas prices was highlighted following the invasion of Ukraine by Russia on the morning of the meeting.

A clean spark spread summary, clean versus dark spread analysis, commercial offer data analysis and balancing market imperfections summary was provided.

## **9. FWP update**

An update on the progress of projects identified in the 2021-2022 FWP was presented. The potential re-prioritisation of some projects is to form part of the mid-term review. A procurement update was also provided.

## **10. Updates**

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

Barbara Stevenson updated the Committee on recent communication and governance activities. The location of future SEM meetings was agreed.

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

Aoife MacEvelly provided an update on security of supply, publication of a decision paper on the next stage of processing for Phase 1 offshore grid connection applications and support for consumers in light of rising energy bills.

John French provided an update on the NI political landscape, energy prices and upcoming tariff announcement, support for consumers, DfE consultation on heat networks and the upcoming publication of the draft GD23 price control consultation and RP7 approach documents.

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

No update to note

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

SEM-GB trading arrangements consultation to be published shortly.

## **11. Review of actions from meeting 176, Thursday 27<sup>th</sup> January 2022**

The Committee noted the verbal update on actions.



committee

## **12. SEMC correspondence**

The Committee discussed relevant correspondence and agreed a direction for response.

## **13. SONI Governance**

Elaine Cassidy updated the Committee on the ongoing litigation against the UR SEMC by SONI. The Committee agreed to approve a reply to recently received correspondence via email. A further discussion on SONI governance will take place at second session of the Committee meeting arranged for 28 February.

## **14. AOB**

None

## **SEM Committee Meeting**

### **Minutes Meeting No. 177 - part two**

**Location:** Video-conference

**Date:** Monday 28<sup>th</sup> February 2022

**Time:** 1.30pm – 3.00pm

#### **Member attendees:**

Commission for Regulation of Utilities (CRU): Aoife MacEville, 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: John Melvin (CRU), Colin Broomfield (UR),

For item 1: Paul Bell (UR), Ian McClelland (UR), Kevin Baron (UR), Kevin Lenaghan (UR), Grainne Black (CRU), Andrew Chattrabhuti (ESP consulting), Alan Rainey (Economic Adviser to UR)

For item 3: Elaine Cassidy (UR), Roisin McLaughlin (UR), Paul Rodgers (UR), Gordon Downie (Sheppard and Wedderburn), John Larkin QC, James Turner (O'Reilly Stewart)

## **2. T-4 CY2025/26 capacity auction**

Paul Bell detailed the TSO volume settings proposals for the T-4 CY2025/26 capacity auction and proposal developed by the RAs. The Committee discussed the likelihood of generation delivery and impact on constraint areas. Further considerations including annual run hours limitations, successful capacity in previous auctions and the north south interconnector were discussed.

The Committee approved the volumes proposal as developed and recommended by the RAs.

Paul Bell outlined the updated memo on USPCs following discussions and to address queries raised at the first part of the Committee meeting on 24<sup>th</sup> February.

The Committee approved the USPC recommendations as presented by the RAs.

Kevin Lenaghan provided detail of total qualified capacity and total available capacity by constraint area and technology type. Detail of units recommended for rejection by the system operator was detailed including dispute outcomes.

The Committee discussed and approved the RA recommendation in relation to the qualification of specific units rejected by the TSOs.

Kevin Lenaghan summarised the new capacity exceptions applications as detailed in the paper circulated to the Committee. Detail of the provisional qualification results process and multi-year ROs already awarded was provided.

The Committee approved the new capacity recommendations as recommended by the RAs and to allow units with multi-year bids to be used to clear constrained areas out of merit for the T-4 CY2025/26 capacity auction. Delegated authority was provided to the Oversight Committee to finalise and issue the new capacity multi-year RO decision letters.

### **3. SONI governance**

Roisin McLaughlin confirmed to the Committee that the UR's consultation on the relevant licence modifications had been extended until 4 March. She explained that the UR would return to brief the Committee at its March meeting on the responses which had been received and that it would in due course provide a further briefing to the Committee before taking its final decision in light of those responses.

The Committee also thanked the UR for its responses to questions on the modification proposals which had been raised by Committee members. Roisin McLaughlin provided further explanations on those points to the meeting.

On the basis of the information currently before it, the Committee agreed that it would not 'call in' the modification proposals as a SEM matter. The Committee noted that it would be able to review matters before any adoption of modified conditions by the UR.



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

**Bill Emery, SEM Committee Chair**