

SEM Committee Meeting

Minutes Meeting No. 179

Location: Video-conference

Date: Thursday 28th April 2022

Time: 9.00am – 2.15pm

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), Alan Rainey (Economic Adviser to UR)

For item 3 - 8: Paul Bell (UR), Kevin Lenaghan (UR), Donna Maye (UR), Kevin Baron (UR), Gráinne Black (CRU), Damhnait Gleeson (CRU)

For item 4 (part only): Diarmaid Gillespie (EirGrid), Aodhagan Downey (EirGrid), Shane Maher (EirGrid)

For item 9 Leigh Greer (UR)

For item 10: Grainne Black (CRU)

For item 11: Bronagh McKeown (UR), Brian Mulhern (UR), Robert O'Rourke (CRU)

For items 12 and 13: Brian Mulhern (UR), Owen Kearns (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 178, Thursday 31st March 2022

The minutes from SEM Committee meeting 178, Thursday 31st March 2022 were approved subject to a minor amendment.

3. T-4 CY2025/26 capacity auction – market participant issue

Donna Maye provided background detail in relation to an issue with a market participant who had been awarded capacity in previous auctions and had qualified for capacity as part of the 2025/26 capacity auction.

Engagement with the market participant was summarised. Detail of the need for the generation to cease trading was explained and requirements of the capacity market code outlined.

An overview of potential options to address the issue were outlined including the ability to secondary trade awarded capacity.

The Committee agreed to proceed with option four as outlined in the paper recommending the secondary trading of awarded capacity.

4. T-4 CY2025/26 capacity auction results

Kevin Lenaghan provided an overview of the T-4 capacity auction results including awarded capacity, auction cost and auction clearing price. Detail of unconstrained and constrained solutions were provided and links with awarded capacity from previous auctions presented.

Information relating to displaced capacity and relevant correspondence received was provided. The Committee sought further advice on this matter. An outline of qualified capacity that did not participate in the auction was detailed and reasons for non-participation discussed.

A summary of successful new investment was presented including generation obtaining a multi-year RO. The fuel mix of successful capacity and comparison with previous T-4 auctions was detailed. Further information on one generator was sought and is to be provided to the Committee.

The findings of the auction monitor report were detailed including identified issues noting the reasonable assurance given.

The Committee discussed the reasons why some capacity was not secured through the auction and the need to ensure further steps are taken to encourage new investment to come forward in future auctions.

The TSOs joined the meeting and provided a summary of the auction results and submitted technical assessment. Concerns in relation to the outstanding capacity gap and capacity delivery were highlighted.



The Committee stressed the need for innovative solutions to network constraints and criticality of progressing at the earliest opportunity to encourage new investment.

The capacity auction results are to be approved by the Committee via correspondence following the receipt and consideration of the additional information requested.

5. T-4 CY2026/27 capacity auction timetable

Donna Maye provided an overview of the auction timetable process and information submitted to the Committee. Feedback from market participants and the capacity auction monitor in relation to previous auctions was discussed.

The Committee approved the capacity auction timetable as presented and delegated authority to the Oversight Committee to issue relevant correspondence to the TSOs.

6. T-4 CY2026/27 exceptions applications

Kevin Lenaghan provided an overview of the exceptions application process including relevant timelines. A proposal to modify the multi-year application process was detailed. Proposed timetables for the USPC applications, new capacity applications and opt out notifications were provided. The publication of a note to industry and relevant templates were presented for approval.

The Committee approved the timetables and briefing note for the T-4 CY2026/27 capacity auction as presented.

7. T-4 CY2026/27 parameters

Kevin Baron presented the consultation on the T-4 CY2026/27 parameters as circulated to the Committee. Changes in relation to the existing performance security charges and substantial financial completion milestones were highlighted.

The Committee discussed the ability to amend the parameters between the IAIP and FAIP in light of ongoing relevant workstreams looking at various aspects of the auction parameters.

The Committee approved the publication of the T-4 CY2026/27 capacity auction parameters consultation and delegated authority to the Oversight Committee for final amendments and issue.

8. SFC extension request

Donna Maye provided a verbal update on an SFC extension request from a market participant including relevant financial penalties for non-delivery.

The Committee approved the extension request and delegated authority to the Oversight Committee to issue relevant correspondence to the market participant approving the extension and relevant terms.

9. TSO activities – RA issues

Leigh Greer provided an overview of feedback from the RAs in relation to the performance of the TSOs.

The Committee discussed areas of under-performance and critical issues effecting market outcomes that need progressed by the TSOs. Proposed engagement with the TSOs on prioritised issues was discussed.

Oversight Committee to develop a proposal further identifying known issues, areas for development and monitoring and bring back to the Committee for further discussion.

10. Review of supplier collateral requirements

Grainne Black provided an overview of work examining collateral requirements for suppliers in the market. Feedback from market participants including received correspondence was summarised.

Ongoing work in relation to the potential reduction of the undefined exposure period and the time it takes SEMO to approve letters of credit as collateral was outlined. The need for further feedback from industry was noted including potential impact of revised collateral arrangements.

Timelines and proposed next steps were outlined.

11. System Services Future Arrangements – upcoming work items

Bronagh McKeown provided a summary of planned work to be undertaken as part of the detailed design phase of the system services future arrangements following the approval of the high level design.

Consideration of cost controls was discussed, the need to protect consumers stressed and engagement with the TSOs summarised. An overview of previous work looking at the value of system services was provided and the Committee discussed the need for further work in this area. Links with the delivery of government policy were noted.

12. Response to high prices

Brian Mulhern provided an overview of the market impacts of the recent increases in international wholesale costs and ongoing work by the RAs in this area. The Committee discussed factors in price formation across the market and explored potential areas of work to drive efficiencies. Next steps were agreed.

13. MMU update

The Committee noted the MMU update as circulated.

Brian Mulhern provided more detail on key events during March including the delivery of a new IT support contract and the development of new monthly and weekly MMU reports. Further detail of key metrics during March were provided including DAM prices and reasons for their increase, clean and dark spark spreads, generation outages and system alerts.

14. FWP update

Barbara Stevenson presented the mid-term review of the 2021-2022 FWP as circulated to the Committee. The identification of new projects was detailed alongside projects that will likely not be progressed within the original published timeframes.

The Committee approved the publication of an update note to industry with final editorial amendments delegated to the Oversight Committee prior to publication.

15. Updates

(a) SEMC communications and governance update

Barbara Stevenson updated the Committee on recent communication and governance activities. A response to recently received legal correspondence is to be approved via email.

(b) CRU/UR/Independent Members

Aoife MacEvilly provided an update on the Energy Security Emergency Group and publication of the National Energy Security Framework document. Measures to address the cost impact of recent price increases were outlined including consumer protection measures. A review of the CRU workplan, resources and ongoing work in relation to security of supply were highlighted.

John French provided an update on the 5th May Assembly elections and focus on energy and fuel poverty by all political parties. Recent tariff increases, commencement of further tariff reviews and ongoing discussions in relation to fuel security of supply were noted.

David Newbery provided an update on ongoing work with BEIS and the Committee on Climate Change in relation to market reform to meet 2035 climate change targets.

(c) Legal update

No update to note

16. Review of actions from meeting 178, Thursday 31st March 2022

The Committee noted the update on actions.

17. SEMC correspondence

The Committee discussed relevant correspondence with Oversight to progress responses.

18. AOB

Bill Emery noted that from May, the SEMC Chair role would move to CRU and the Committee thanked him for his role as Chair over the past year.



Signed: _____

Bill Emery, SEM Committee Chair