



## **SEM Committee Meeting**

### **Minutes Meeting No. 189**

**Location:** Video-conference

**Date:** Thursday 22<sup>nd</sup> December 2022

**Time:** 9.00am – 2.15pm

#### **Member attendees:**

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

Utility Regulator (UR): Bill Emery, Jon Carlton

Independent members: Jonathan Hodgkin, Chris Harris (Deputy)

#### **In attendance:**

For all items: Kevin Shiels (UR), John Melvin (CRU), Colin Broomfield (UR)

For item 4: Mary Doorly (CRU), Tom Quinn (CRU), Brian Mulhern (UR)

For item 5: Paul Bell (UR), Robert O'Rourke (CRU)

For item 6: Donna Maye (UR)

For item 7: Stuart Foulkes (ESP Consulting)

For items 8 - 10: Barry Hussey (CRU), Andrew Chattrabhutti (ESP Consulting)

For item 10: Robert O'Rourke (CRU)

For item 17: Ian McClelland (UR)

**Apologies:** John French (UR)

**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 188, Thursday 24<sup>th</sup> November 2022**

The minutes from SEM Committee meeting 188, Thursday 24<sup>th</sup> November 2022 were approved subject to minor amendments.

#### **3. SEMC Risk register**

The Oversight Committee presented a work-in-progress draft of the SEMC risk register. The Committee provided feedback on a range of identified risks and the associated mitigation measures.



The Committee acknowledged the need to keep the register under ongoing review and consideration to be taken alongside the forward work programme. A further detailed discussion is to take place on risks.

#### **4. Firm access**

Tom Quinn provided a summary of responses to the consultation on firm access arrangements and overview of further considerations by the RAs. The Committee considered the proposed decisions including a jurisdictional settlement measure. Implications for new and existing capacity were discussed alongside potential costs.

The Committee approved the firm access decision subject to editorial amendments. Delegated authority was provided to oversight to approve for final publication.

#### **5. LCIS procurement**

Paul Bell provided background of the low carbon inertia services workstream including detail of the consultation undertaken by the TSOs and their subsequent recommendation.

The Committee discussed links with decarbonisation targets and experience in other jurisdictions. The need to deliver the services that the market needs was stressed. The ongoing monitoring of the benefits and need for visibility of data and modelling was highlighted. The positive engagement with the TSOs was noted.

The Committee approved the LCIS decision as presented.

#### **6. T-4 2027/28 capacity auction timetable**

Donna Maye presented the CRM T-4 2027/28 auction timetable for approval and provided a summary of engagement with the TSOs.

The Committee approved the CRM T-4 2027/28 auction timetable as presented and delegated authority to the Oversight Committee to issue the relevant correspondence to the TSOs.

#### **7. T-4 2026/27 capacity auction USPC draft determinations**

Colin Broomfield outlined relevant background detail and considerations taken in the unit specific price cap process. Detail of USPC applications, RA analysis and draft determinations communicated to the applicants were discussed.

## **8. Indexation of capacity payments**

John Melvin provided background to this workstream following a proposed modification to the Trading and Settlement code aiming to introduce indexation of capacity payments. An overview of previous Committee discussions on this workstream was provided.

The context of the best new entrant workstream was noted and the Committee considered a range of issues including foreseeability and jeopardy.

The Committee noted the next steps including intention to consult and proposal to gather further evidence to inform final decisions.

## **9. EY review of the CRM update**

Barry Hussey summarised the background to the EY review of the CRM including an overview of responses to the consultation.

The Committee discussed the next steps including the scheduling of a workshop and need for clear communication to industry.

## **10. BNE update**

Barry Hussey provided an overview of the Best New Entrant workstream. Andrew Chattrabhutti summarised responses to the consultation and feedback from the TSOs. Detail of ongoing RA analysis was outlined including plexos BNE inframarginal rent modelling and calculation of net CONE.

The Committee discussed the EU methodology, consideration of the upcoming capacity auctions and links with previous auction results. Next steps were noted.

## **11. DS3 system services tariff rate review**

Robert O'Rourke provided an overview of the DS3 system services tariff rate review including consultation conducted by the TSOs. The TSO proposal was detailed and the options developed by the RAs for discussion were outlined.

The Committee stressed the need to move to more targeted, competitive arrangements to ensure the best outcome for consumers. The need to identify and learn from experience in other markets was highlighted.

## **12. MMU update**

The Committee noted the MMU update with further information to be circulated to the Committee.

## **13. FWP update**

A short verbal update was provided on the FWP.

## **14. Updates**

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

Barbara Stevenson updated the Committee on recent communication and governance activities including the development of the SEMC annual report.

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

Aoife MacEvilly provided an update on

- Climate Action Plan 2023
- Security of supply and the McCarthy report
- Citizens Energy Forum
- European response to high prices
- Consumer and business protection measures in response to high prices
- CRU recruitment and budget

Kevin Shiels provided an update on

- the Department for the Economy energy strategy action plan
- call for evidence on consumer protection measures in light of the decarbonisation agenda
- smart meters cost benefit analysis
- security of supply
- prices and government support schemes

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

A verbal update on ongoing legal matters was provided.

## **15. Review of actions from meeting 188, Thursday 24<sup>th</sup> November 2022**

No open actions to discuss.


**16. SEMC correspondence**

The Committee noted received correspondence and provided direction to progress response.

**17. AOB**

John Melvin provided an update on the provisional qualification results for the T-4 2026/27 capacity auction. Detail of provisionally qualified capacity and provisionally rejected capacity was outlined. The Committee discussed next steps.

Ian McClelland provided an overview of urgent proposals to modify the Capacity Market Code relating to 'third party delays'. The process to date and overview of consultation responses was summarised. The Committee noted the next steps.

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

**Paul McGowan, SEM Committee Chair**