

SEM Committee Meeting

Minutes Meeting No. 195

Location: Video-conference

Date: Thursday 29th June 2023

Time: 9.00am – 2.30pm

Member attendees:

Commission for Regulation of Utilities (CRU): Aoife MacEvilly

Utility Regulator (UR): Bill Emery (SEM Committee Chair), Jon Carlton, John French (for items 1-7)

Independent members: Jonathan Hodgkin, Chris Harris (Deputy)

In attendance:

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

For item 3: Grainne Black (CRU), Andrew Chattrabhuti (ESP Consulting)

For items 4: Grainne Black (CRU), Emer Gerard (CRU)

For item 5: Michael Behan (EirGrid), Michael Mahon (EirGrid), Errol Close (EirGrid), Alan Campbell (SONI), Kevin O'Neill (SONI), David Dwyer (ESB Networks), Brian Brady (ESB Networks), Derek Hynes (NIE Networks)

For item 6: Gavin Miller (CRU)

For items 7 and 8: Marie Therese Campbell (UR), Ian McClelland (UR), Andrew Chattrabhuti (ESP Consulting), Donna Maye (UR)

For item 9: Yongkang An (CRU)

For item 10: Barry Hussey (CRU), Merin Joseph (CRU)

For item 11: Jean Pierre Miura (UR)

Apologies: Jim Gannon (CRU)

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 194, Thursday 25th May 2023

The minutes from SEM Committee meeting 194, Thursday 25th May were approved subject to a minor amendment.

3. Indexation detailed decision paper

Grainne Black provided a summary of previous Committee discussions and decisions in relation to indexation for multi-year capacity awarded in the 2024/25 T-3 and 2025/26 T-4 capacity auctions. Noting the publication of the high-level decision, a more detailed paper summarising consultation responses and further detail of the decision was presented for consideration.

The Committee discussed consultation feedback including proposals as suggested by individual market participants. The potential approach to an enduring solution was discussed. Next steps were outlined.

The Committee approved the publication of the detailed decision paper subject to editorial amendments.

4. Administered scarcity pricing review

The purpose and operation of administered scarcity pricing (ASP) was summarised. Emer Gerard provided relevant detail of how the ASP is triggered, its objective and consumer impact. Options for potential amendments to the ASP mechanism were presented.

The Committee discussed the market impact of the ASP mechanism, system operator analysis and options for consultation.

The Committee approved the ASP pricing consultation as presented.

5. North South Interconnector update

Representatives from the two TSOs, EirGrid and SONI, and the two DNOs, ESB Networks and NIE Networks, joined the meeting to provide an update on delivery progress of the North South Interconnector.

Project need, benefits, progress to date, procurement update, project challenges and next steps were presented.

The Committee welcomed the progress made on delivery to date stressing the importance of this critical piece of energy infrastructure.

The guests left the meeting and the Committee agreed to publish an update on the presentation on the SEM Committee website.

6. Constraints charge 2023/24

Gavin Miller presented the 2023/24 constraints (imperfections) charge for consultation. Detail of the TSO modelling was summarised and a comparison with the 2022/23 tariff provided. Timeline for the consultation and tariff decision process were outlined.

The Committee discussed the trend in the constraints charge and need for further engagement with the TSOs to help drive down costs.

The Committee approved the consultation for publication.

7. T-1 2023/2024 capacity auction

Andrew Chattrabhuti presented an overview of the proposed volumes adjustments for the T-1 2023/2024 capacity auction. The TSO proposals were outlined alongside the RA analysis and comparison with the 2026/2027 T-4 auction.

The Committee discussed the high number of adjustments proposed by the TSOs and RA proposals.

The Committee approved the volumes adjustments proposal as presented.

The Committee approved the Final Auction Information Pack, long-stop date and approval letter for issue to the TSOs.

Donna Maye presented the Capacity Auction Monitor Report including detail of issues identified. The Committee noted the reasonable assurance provided by the Auction Monitor.

8. Capacity market code modifications status update

Ian McClelland provided an overview of current capacity market code modification proposals. A summary of the proposals and current status were provided.

9. Trading and Settlement code market audit 2022 terms of reference

Yongkang An presented the Trading and Settlement Code market audit 2022 terms of reference decision paper. A summary of consultation responses was provided and increase in materiality level highlighted.

The Committee approved the decision paper as presented.

10. Generator financial performance report update

Barry Hussey provided a summary on progress of the 2021 generator financial performance report. Initial summary findings were presented and ongoing work by



the RAs summarised. The Committee discussed comparison with previous reports and long-term investment context for electricity generation. The Committee requested further analysis and next steps were noted.

11. MMU update

The Committee noted the MMU update as circulated. Jean Pierre Miura provided further detail of prices, comparison with GB, interconnector flows, demand, fuel mix and constraint charges during May. Details of a recent amber alert were discussed.

12. FWP update

An update on a small number of FWP projects was provided including the DSU energy payment workstream.

13. 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 the Commissioner appointment process, engagement with the Minister for the Department of Environment, Climate and Communications, consultation on Ireland's current long-term strategy for greenhouse gas emission reductions, Offshore Renewable Energy Support Scheme auction provisional results, electricity demand reduction measures, network tariff setting process, PSO levy, implementation of market price cap legislation and prices.

John French provided an update on the Joint Steering Group, security of supply in Northern Ireland, development of the new Utility Regulator Corporate Strategy, energy prices and NI political context.

(c) Legal update

A verbal update on legal matters was provided.

14. Review of actions from SEMC meeting 194, Thursday 25th May 2023

The Committee discussed open actions.

15. SEMC correspondence

No additional correspondence to discuss.



16.AOB

None.

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

Signed: _____

Bill Emery, SEM Committee Chair