

SEM Committee Meeting
Minutes Meeting No. 133

Location: UR offices, Belfast

Date: Thursday, 30th August 2018

Time: 09.30 – 15.30

Member attendees:

Utility Regulator (UR): Bill Emery (SEM Committee Chair), Jenny Pyper, Jon Carlton
Commission for Regulation of Utilities (CRU): Paul McGowan, Aoife MacEvilly, Garret Blaney

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

In attendance:

For all Items: Jo Aston (UR), John Melvin (CRU), Alan Rainey (Economic Adviser to UR),
For item 3: Kevin Hagan (CRU), Ken Murray (Coisrig), Tony Doherty (UR), Brian Mulhern (UR), Helen Mounsey (ESP consulting), Aidan Short (Neuda), Mark Foley (EIRGRID), Rodney Doyle (SEMO), Nick Fullerton (SONI)

For item 4: Paul Bell (UR), Kevin Lenaghan (UR), Stuart Ffoulkes (ESP Consulting)

For items 5 and 6: Brian Mulhern (UR)

For item 7: Colin Broomfield (UR), Karen Shiels (UR), Tom Quinn (CRU), Andrew Chattrabhuti (ESP consulting)

For items 8 and 9: Robert O'Rourke (CRU), Bobby Smith (CRU), Andrew McCorriston (UR)

Apologies: John Mills (UR)

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 132 on 26 July 2018

The minutes from SEM Committee 132 were approved subject to minor amendments.

3. ISEM go-live

The Committee considered the suite of materials presented by the ISEM readiness team to inform the ISEM go-live decision including:

- ISEM readiness recommendation from the RAs

- Market trial exit report from the TSOs
- Participant readiness checkpoint report
- Market readiness assessment report
- Balancing market certificate
- Modifications to support balancing market certificate
- Market regional coupling approval
- Risk assessment

The Committee also noted the ISEM Steering Group recommendation to go-live as published on 23 August and the decision on bidding controls as agreed by the Committee via correspondence on 13th August.

The ISEM readiness team provided further detail of their readiness recommendation including details of key stage gates already met, go-live decision timeline, energy trading arrangements update and feedback from the programme managers group meeting including market participant feedback. The ISEM readiness team confirmed their recommendation of a 1 October go-live date.

The Committee discussed market participant feedback and sought assurance from the TSOs on system and participant readiness, outstanding risks, communications, resources, market trials and potential issues. The Committee sought further detail from the TSO on the transition arrangements and system readiness. The TSOs confirmed their readiness for go-live on 1 October 2018.

The Committee confirmed their approval of the ISEM go-live date of 1 October 2018.

4. CMC modifications decision

The Committee considered the proposals as outlined in the Capacity Market Code modifications as presented in the paper including responses to the consultation.

The Committee approved the proposals as presented.

5. MMU readiness update

Brian Mulhern updated the Committee on the monitoring framework in preparation for ISEM go-live. The Committee discussed the extensive work that had been carried out in this area including details of the monitoring framework, market data, data storage, data analytics, reporting and market investigations/enforcement.

The Committee commended the RAs on the breadth and depth of the work carried out as well as the preparedness and capability for effective market monitoring from the start of ISEM go-live.

6. Demand Side Units

The Committee disused the operation of Demand Side Units in the SEM and ISEM markets. It was noted that further work is required in this area and delegated authority to the sub-committee to progress.

7. Emerging T-4 thinking

Colin Broomfield updated the Committee on the emerging T-4 thinking including discussion at the Expert Advisory Group. The Committee considered demand growth and forecasts across the market as well as specific jurisdictional issues. The Committee also discussed in detail:

- CRM process
- Key dates
- Key issues including constraints, multi-year pay-as-bid ROs, capacity requirements, operating standards, lessons from T-1 auction, demand curve shape
- Generation capacity statement including impact on the T-4 and T-1 auctions

The Committee delegated authority to approve the issue of consultation paper on the inclusion of reserves in future T-1 and T-4 auctions to the Oversight Committee. It was noted that the T-4 decision will come to the September Committee for approval.

8. DS3 system services fixed contract procurement arrangements

Robert O'Rourke presented a paper requesting approval for the publication of a decision on the DS3 system services fixed contracts procurement arrangements. The Committee discussed the service provider requirements, competition and procurement approach, bidder selection and remuneration, market interactions and obligations and next steps.

The Committee approved the paper as presented with final editorial changes delegated to the Project Board.

9. ISEM/DS3 project updates

Robert O'Rourke updated the committee on DS3 matters including:

- Fast Frequency Response
- Fast Post Fault Active Power Recovery and Dynamic Reactive Response services
- Capped volumes/storage contracts
- Rate of Change of Frequency

10. Updates

a. SEMC communications strategy update



committee

Barbara Stevenson updated the Committee on recent communication activities and the Committee discussed arrangements for ISEM go-live on 1 October 2018.

b. CRU/Utility Regulator/Independent members

Paul McGowan noted the upcoming Citizens Energy Forum and forthcoming publication of Transmission Use of System charges. He also advised of significant new renewable connections and re-emergence of Shannon LNG proposals.

Jenny Pyper highlighted the recent electricity tariff price announcement and upcoming gas tariff announcements. Further reviews of the SEM Committee rules and procedures and scheme of delegation were also discussed.

c. MMU quarterly report

Paul Bell presented the SEM monitoring report for Q2 2018. He provided commentary on SEM costs, System Marginal Price, demand, comparisons between the SEM and BETTA, interconnector flows as well as providing further detail on gas and carbon price trends.

11. Review of actions from meeting 132 on 26th July 2018

The action log was noted.

12. SEM correspondence

Relevant correspondence was considered.

13. AOB

The Committee were updated on a market participant issue and noted that legal advice was to be sought in relation to the matter.

Signed: _____

Bill Emery, SEM Committee Chair