

**SEM Committee Meeting  
Minutes Meeting No. 142**

**Location:** CRU offices, Dublin

**Date:** Thursday, 30<sup>th</sup> May 2019

**Time:** 10.30 – 15.45

**Member attendees:**

Utility Regulator (UR): Bill Emery (SEM Committee Chair), Jenny Pyper, Jon Carlton  
Commission for Regulation of Utilities (CRU): Paul McGowan, Aoife MacEivilly  
Independent members: Odd Håkon Hoelsæter, Professor David Newbery (Deputy)

**In attendance:**

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

For item 3: Barry Hussey (CRU), Thomas Quinn (CRU)

For item 4: Brian Mulhern (UR), Leslie Robinson (UR)

For item 5: David Egan (CRU), Marc Curran (CRU), Rory O' Donnell (CRU)

For item 6: Karen Trant (CRU), Stuart Coleman (CRU)

For item 7: Robert O' Rourke (CRU), Bobby Smith (CRU), Harry Molloy (CRU)

For item 8: Robert O' Rourke (CRU), Bobby Smith (CRU), Harry Molloy (CRU) Robin McCormick (EirGrid), Jon O'Sullivan (Eirgrid), Bill Thompson (EirGrid)

For item 9: Aidan Short (Neueda)

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

**Minutes:** Gina Kelly (CRU)

**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 141 on 25<sup>th</sup> April 2019**

Further detail of the approval of the T-4 2022/2023 via correspondence is to be added to the minute. The minutes from SEM Committee 141 were reviewed and approved subject to minor amendments.

**3. CRM supported capacity mandatory participation**

A presentation was provided by Barry Hussey and Thomas Quinn in relation to a decision paper on CRM supported capacity mandatory status, with an outline of the consultation



## committee

process and responses received. This paper considers the interaction between the REFIT rules and generation capacity's mandatory participation status in the CRM.

The rationale for the decision outlined in the paper to make no change to the mandatory participation requirements for REFIT 3 supported capacity in the CRM was presented to the Committee and the effect of each option as presented in the consultation paper was discussed. The Committee also discussed the effect of any changes on incentives and different types of generators.

The Committee requested some editorial changes to the paper and it was approved for publication subject to final edits.

### **4. MMU update**

Brian Mulhern provided the Committee with a summary of the key points of the SEM Monthly Monitoring Report which covers 15 April 2019 to 12 May 2019 and outlines the trends in market data from October 2018 to April 2019 compared to the same period in 17/18. An overview of the MMU's key findings in relation to each of the areas covered in the report was provided including day-ahead and intraday prices and trading activity, trends in demand, wind, fuel prices and trading across the interconnectors with GB. The presentation also noted the report's findings in terms of prices in the balancing market

The Committee noted the MMU update as submitted. The Committee discussed the market overview provided and the lower price spread between imports and exports across the interconnectors, noting that this may be reflective of prices in the SEM and GB becoming more coupled.

The Committee also noted its broader concerns in relation to ongoing resettlement and repricing issues and agreed to call the TSO to the next SEMC meeting to provide further detail on the plan to resolve these issues with minimal impact on participants.

### **5. Directed contracts update**

The Market Modelling Group provided an overview of the DC modelling process and DC results from the last number of rounds. It was noted that inputs to the DC model mirror the market quite closely with some divergence in 2018 due to the outturn price of gas being different to the forecast price.

An update was also provided on the process for Plexos Validation from 2019 to 2025, with a backcast of the existing SEM PLEXOS Model due to be carried out to assess the accuracy of current modelling assumptions and improve forecasting quality. An update on DC difference payments was also provided based on settlement of CfDs.

NERA were engaged to review the results of the eligibility and concentration models and audit the results three previous DC rounds and an overview of their findings and proposals for improvements was provided to the Committee.



## committee

It was noted by the team that following this operational update, there are a number of policy issues that need to be considered and these will be brought back to the SEMC at a later date. Further planning in relation to these issues is being carried out by the MMG. The Committee noted the update provided by the MMG.

### **6. Interconnectors update**

An update was provided by Karen Trant on the Greenlink interconnector and Celtic interconnector projects. EirGrid and RTE are the project promoters of the Celtic interconnector which is due to be commissioned in 2026 and will have a capacity of 700MW. The technical specifications and parameters for the cable were provided and discussed by the Committee. An overview of the expected timing and project costs for the Celtic interconnector was also provided.

The Committee discussed the interactions between the results of CBAs carried out for both projects, the assumptions used and the difficulty of modelling the impact of each project on the SEM.

### **7. DS3 fixed contracts update**

An update was provided by Bobby Smith on DS3 System Services Procurement and it was noted that two procurement processes are currently ongoing which are on track. An overview of DS3 programme achievements to date was provided and it was noted that the number of large frequency events has decreased in recent years even as wind has increased, indicating increasing system stability.

An update was also provided by the team regarding RoCoF trials and ongoing compliance work. The Committee noted the update provided and overview of project milestones provided.

### **8. DS3 update -TSOs**

The TSOs provided an update to the Committee on DS3 programme outcomes to date, the RoCoF update trial, SNSP and remaining and future deliverables. A review of wind generation from October 2018 to March 2019 was provided and estimated avoided wind curtailment due to DS3. An overview of forecast spend against the expenditure cap up to 2020 was also provided.

The Committee and TSOs discussed the phased approach to the RoCoF trial and risk mitigation for the move from 0.5Hz to 1Hz RoCoF and 70% SNSP. An update was provided in relation to the TSOs approach to monitoring, testing and assessment as part of any change to system policy given expected changes to the operation of the system. The TSOs outlined their aim to approach any changes in a prudent way as part of meeting the remaining DS3 deliverables. The Committee noted the training requirements and operational



## committee

aspects of changes in SNSP and RoCoF. Deliverables up to the end of 2019 including procurement, a study of 75% SNSP, an operational trial of 1 Hz/s RoCoF and new policy and control centre tools were presented.

The TSOs also provided a high-level overview of issues to be addressed up to 2030 in order to accommodate the climate change agenda and the SEM Committee noted that a detailed plan would need to be prepared in relation to this.

It was noted that the TSOs would be requested to provide an update at the next SEM Committee Meeting on resettlement and repricing and how the issue could be resolved.

### **9. DS3 and wholesale update**

Aidan Short updated the Committee on key workstream progress including the Capacity Remuneration Mechanism and upcoming T-4, T-2 and T-1 auctions, consultation on DSU policy, Forward Contracts, EU coupling, ID auctions, balancing market items, SEMO KPIs, TSO price controls, DS3 and Day 2 items.

A number of decisions made at Oversight Committee under delegation from SEMC were also noted. The Committee discussed the need for a separate meeting in the next number of months to discuss high level strategy and workstreams.

### **10. Updates**

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

The Committee noted the update on communication activities. Updated Rules of Procedure and Scheme of Delegation documents were approved by the Committee. These were adopted.

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

Paul McGowan updated the Committee on the forthcoming all of government Climate Action Plan, an upcoming Consultation paper on the PSO, the ongoing recruitment process for a CRU Commissioner, Andrew Ebrill rejoining the CRU from CEER and Kevin Hagan moving from the Energy Markets Division to the Water Division. The Committee thanked Kevin for his contributions to date and welcomed Andrew back to the CRU.

Jenny Pyper updated the Committee regarding Colin Broomfield's recent appointment as Director and recruitment for a permanent manager for the MMU. An update was also provided regarding ongoing dialogue with the Department of the Environment, scoping work on implementation of the Clean Energy Package and a consultation process through the Department on the future of renewables which may feed into strategic priorities.

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

John Melvin provided an update to the Committee on the Ministerial Appeal Panel.



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(d) Brexit

It was noted that this ongoing with a revised Brexit date of 31 October 2019.

**11. Review of actions from meeting 141, Thursday 25<sup>th</sup> April 2019**

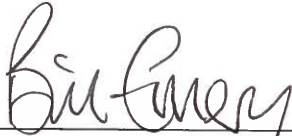
No open actions to discuss

**12. SEMC correspondence**

It was noted that a response letter to EAI was being issued in relation to recent issues in the Balancing Market including settlement. Letters were also being issued to the TSOs in relation to this and to request the TSOs' attendance at the next SEMC Meeting.

**13. AOB**

None

Signed:   
Bill Emery, SEM Committee Chair