

SEM Committee Meeting

Minutes Meeting No. 154

Location: Video-conference

Date: Thursday 25th June 2020

Time: 09.00 – 12.00

Member attendees:

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

Utility Regulator (UR): Bill Emery, Jenny Pyper, Jon Carlton

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 4: Dylan Ashe (CRU), Brian Mulhern (UR), Joe Craig (UR)

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

For item 6: Kevin Lenaghan (UR), Paul Bell (UR)

For item 7: Brian Mulhern (UR), Daniel Barnes (UR)

For item 12: Gina Kelly (CRU), Barry Hussey (CRU)

Apologies: none

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 153 28th May 2020

The minutes from SEM Committee 153 were approved.

3. COVID-19 update

Colin Broomfield updated the Committee on the RA response to the ongoing COVID-19 pandemic in relation to the Single Electricity Market. This included detail of generator outages and maintenance, liquidity, demand, ongoing system operation and cost impacts. Engagement with the TSOs was discussed.

4. System Services future arrangements

Brian Mulhern provided background detail of the system services market arrangements and move from regulated to competitive arrangements.

Dylan Ashe provided further detail on the proposed scoping paper as circulated to the Committee. This included views being sought in relation to the structure of governance arrangements, auction design, fixed contract arrangements and funding.

The Committee further discussed the interaction of system services with other markets in the SEM, links with European legislation, new investment, auction design and transparency.

The Committee requested some editorial amendments and approved the publication of the scoping paper.

5. Market Power and Liquidity

Rory O'Donnell presented the proposed market power and liquidity discussion paper for consideration by the Committee. Relevant background and previous SEMC discussions were summarised. The proposed position in terms of regulatory intervention in the forwards market, harmonisation of master agreements, review of ESB's ring-fencing arrangements and review of directed contracts allocation process were outlined and discussed.

The Committee requested some editorial amendments and approved the publication of the scoping paper.

6. Capacity Market Audit

The Committee considered the capacity market audit report as presented. Kevin Lenaghan provided further background detail as well as an overview of findings. The Committee sought assurance that the TSOs had the necessary processes in place to address the audit findings and plans for a second audit were outlined.

The Committee noted the reasonable assurance audit outcome and approved it for publication.



committee

7. MMU update

The market monitoring report was noted. Brian Mulhern provided a further update on market prices, demand, gas prices and carbon prices.

Trading volumes across the energy markets were discussed with further work to be carried out in this area. Outage management by the TSOs and impacts were also discussed.

An update on progress for further enhanced reporting was noted.

8. FWP update

The Committee noted the FWP update as presented and accompanying risk log. Colin Broomfield provided further detail on the Clean Energy Package and Market Modelling workstreams. The Committee further discussed the TSO's Generation Capacity Statement and plans for publication, SEMO price control and engagement with the TSO's on other projects.

The commencement of the RoCoF trial was welcomed.

9. Updates

(a) SEMC communications and governance update

Barbara Stevenson updated the Committee on communications and governance activities.

(b) CRU/UR/Independent Members

Jenny Pyper updated the Committee on:

- The UR CEO recruitment process
- Electricity tariff reductions
- Progress on the Energy Strategy by the Department for the Economy

Aoife MacEvelly provided an update on:

- progress to form a government following the election in RoI
- RESS auctions, due to take place in July
- Price control progress
- CRU return to the office plans

David Newbery noted progress on a paper to be circulated to members looking at the national energy and climate plans of neighbouring markets and implications for the SEM.

(c) Legal update

A short verbal legal update was noted.

(d) Brexit

The Committee discussed ongoing work following Brexit on 31 January 2020 including liaison with government departments and relevant correspondence.

10. Review of actions from meeting 153 28th May 2020

No open actions to discuss

11. SEMC correspondence

The Committee considered correspondence received and provided direction in relation to responses.

12. AOB

Gina Kelly and Barry Hussey provided an update on the recently closed dispatch and redispach consultation. Extensive engagement with industry was noted including bilateral meetings and workshops. The Committee discussed further next steps and timelines.

Jenny Pyper provided an update on the ongoing SONI governance workstream in the UR including the scope of the project, timelines and link with the upcoming price control. The Committee noted that the governance review relates to the activities and licence of the TSO in Northern Ireland and will not materially impact the operation of the SEM. The Committee referenced the ongoing updates that had been provided at previous meetings and welcomed any relevant future updates.



Signed: _____

Jim Gannon, SEM Committee Chair