

## **SEM Committee Meeting**

### **Minutes Meeting No. 164**

**Location:** Video-conference

**Date:** Thursday 25<sup>th</sup> March 2021

**Time:** 09.00 – 12.10

#### **Member attendees:**

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

Utility Regulator (UR): Bill Emery, Jon Carlton, John French

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

#### **In attendance:**

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

For items 3 and 4: Paul Bell (UR), Kevin Lenaghan (UR), Kevin Baron (UR), Billy Walker (UR), Andrew Chattrabhuti (ESP consulting), Stuart Foulkes (ESP Consulting)

For item 5: Robert O'Rourke (CRU), Dylan Ashe (CRU), Brian Mulhern (UR)

For item 6: Barry Hussey (CRU), Gina Kelly (CRU), Jean Pierre Miura (UR), Gary McCullough (UR)

For item 8: Brian Mulhern (UR)

**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 163, Thursday 25<sup>th</sup> February 2021**

The minutes from SEM Committee 163 were approved subject to a minor amendment.

### **3. T-1 CY2022/23 Parameters Decision**

Kevin Baron provided an overview and background to the T-1 CY2022/23 parameters decision with responses to the consultation on the proposed parameter values detailed.

The Committee suggested some editorial clarifications and approved the T-1 CY2022/23 parameters decision as presented with delegated authority to the oversight committee to finalise for publication.

### **4. Initial Auction Information Pack for T-1 2022/23 capacity auction**

Paul Bell detailed the decisions requested by the Committee and links to previous auctions.

Andrew Chattrabhuti detailed the de-rating factors proposed including information from the TSOs relevant to individual technology types. The Committee discussed in detail the options available as presented.

Generator performance and interconnector reliability was detailed and discussed. The Committee provided direction in relation to editorial additions to the paper

The Committee approved the derating factors for the different technology classes for the 2022/23 T-1 auction as used in the last capacity auction (T-4 2024/25) and presented as option 1 in the paper.

The Committee approved the external market derating factor for both the SEM-GB interconnectors of 60%.

The Committee approved all other elements of the IAIP as presented for publication. The Committee further requested the development of an information note to supplement the publication of the IAIP to provide additional information to industry relating to the settings within the IAIP. Delegated authority was given to the oversight committee for final approval of the IAIP following editorial amendments to reflect SEMC decisions and publication by the TSOs. Delegated authority was also given to the oversight committee for the development and publication of the supplementary information note.

### **5. System Services Future Arrangements – Decision Paper 1**

Robert O'Rourke provided an overview of the decision paper in respect of system services future arrangements as presented to the Committee. This included detail of



the project approach, assessment criteria, extension to the regulated arrangements and fixed contract framework.

The Committee discussed further the responses to the scoping paper and highlighted the importance of ongoing effective engagement with industry. Opportunities from all technology types were highlighted and best practice in other energy markets was discussed.

The Committee approved the proposals as outlined and publication of the system services future arrangements decision paper 1.

## **6. Non-market based redispatch consultation**

Barry Hussey provided a summary of previous Committee discussions on the definition of non-market based redispatch and compensation under Article 13(7) of the Clean Energy Package. A summary of the papers submitted to the Committee was outlined.

Gina Kelly provided further detail of the decisions requested from the Committee and detail of the proposals as included in the proposed consultation paper. Detail of necessary updates required to TSO systems were outlined including indicative timelines. Further editorial amendments that need to be made to the paper were discussed and direction provided by the SEM Committee.

The Committee approved the proposals in relation to the Definition of Non-Market Based Redispatch and Compensation under Article 13(7) as outlined in the paper. Following final editorial amendments, the consultation paper is to be circulated to the Committee for final approval via correspondence before publication.

## **7. Directed contracts and market power and liquidity update**

John Melvin provided an overview of the DC modelling process, prices and volumes in DC round 14. Comparisons between DC rounds 13 and 14 were summarised. Next steps in relation to plexos validation and backcast, market power and liquidity and DC round 15 were outlined.

## **8. MMU update**

The Committee noted the market monitoring update as circulated.

Brian Mulhern provided a further overview of market performance, system demand, fuel prices, carbon prices, spark spreads, fuel mix and average market prices.

The Committee discussed further assetless units and interconnector flows.

## **9. Covid update**

Ongoing engagement by the RAs with EAI and the TSOs was summarised. John Melvin provided an update on restrictions as a result of covid-19 in RoI. Colin Broomfield provided the update in respect of NI.

## **10. FWP update**

Progress on the delivery of the 2020-2021 FWP was noted.

## **11. Updates**

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

Barbara Stevenson updated the Committee on recent communication activities and governance matters.

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

Aoife MacEville noted the publication of the Climate Action and Low Carbon Development Bill and publication of a draft determination on the Cap and Floor regulatory framework for the Greenlink electricity interconnector. Recent energy tariff increases, security of supply and the north south interconnector were also discussed.

John French noted the publication of the NI Climate Change Bill and Department for the Economy Energy Strategy. He also provided a short summary of the PAC inquiry in relation to generating electricity from renewables and noted the recent gas tariff increases in NI.

John French also provided an update on the SONI governance options consultation currently being progressed by the UR. The options, as included in the upcoming consultation, were detailed. The Committee discussed the scope of the consultation. Next steps in terms of publication were noted.

David Newbery noted the upcoming International Association for Energy Economics webinar on the Clean Energy Package and Wind Curtailment.

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

No legal issues to discuss.

**(d) Brexit update**

Colin Broomfield provided an update on the ongoing work of the RAs following Brexit, including an update in relation to the Trading and Cooperation Agreement.

**12. Review of actions from meeting 163 Thursday 25<sup>th</sup> February 2021**

An overview of closed actions was provided. No open actions to note.

**13. SEMC correspondence**

None

**14. AOB**

The rotation of the SEM Committee Chair was noted. Bill Emery will take on the role from the May meeting.

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

**Jim Gannon, SEM Committee Chair**