

## **SEM Committee Meeting**

### **Minutes Meeting No. 167**

**Location:** Video-conference

**Date:** Thursday 24<sup>th</sup> June 2021

**Time:** 09.00 – 1.30pm

#### **Member attendees:**

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

Utility Regulator (UR): Bill Emery (SEM Committee Chair), 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 - 5: Kevin Lenaghan (UR), Kevin Baron (UR), Billy Walker (UR), Andrew Chattrabhuti (ESP Consulting), Stuart Foulkes (ESP Consulting)

For item 6: Leigh Greer (UR), Karen Shiels (UR), Amber Raut (CRU)

For item 7: Harry Molloy (CRU), Brian Mulhern (UR)

For item 8: Gary McCullough (UR), Barry Hussey (CRU), Jean Pierre Miura (UR)

For item 9: Patrick Harney (CRU), David Egan (CRU)

For item 10: Mark Foley (EirGrid), Aidan Skelly (EirGrid), Bill Thompson (EirGrid), Alan Campbell (SONI)

For item 11: Rory O'Donnell (CRU), David Egan (CRU)

For item 12: 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 166, Thursday 27<sup>th</sup> May 2021**

The minutes from SEM Committee 166 were approved.

### **3. CRM annual run hours limitations**

The CRM team provided an overview of the circulated papers and decisions requested from the Committee. An overview of successful new capacity in previous auctions was presented alongside requirements for the upcoming T-3 2024/25 auction. Andrew Chattrabhuti provided detail of discussions with the TSOs including detail of recently received information relating to run hour limitations.

The current market requirements for generators in relation to annual run hours limitations were detailed. The potential consultation on annual run hours limited de-rating factor for the T-3 2024/25 capacity auction was presented.

The Committee discussed in detail implications for the auction timelines, new investment, security of supply, future auctions and potential longer term remedies for annual run hours limitations.

The Committee agreed to proceed with a consultation on annual run hours limited de-rating factor for the T-3 2024/25 capacity auction and approved its publication.

### **4. CRM T-3 2024/25 parameters decision**

This item was deferred in light of decision under agenda item 3.

### **5. CRM T-4 2025/26 parameters consultation**

This item was deferred in light of decision under agenda item 3.

### **6. Generation Capacity Statement**

Leigh Greer provided an update on recent discussions with the TSOs and detail currently available in relation to the Generation Capacity Statement (GCS)

An all island demand comparison between the GCS 20 and 21 was provided as well as forecast demand and adequacy results for Northern Ireland, Ireland and all-island.

The Committee discussed further the importance of the North South Interconnector and potential impact of the final energy strategy in NI.

### **7. System Services future arrangements**

Brian Mulhern provided a high level overview of the system services future arrangements high level design consultation. Detail of current thinking in terms of

options for consultation was outlined alongside relevant timelines and how options will interact with the market. The key differences to proposed options were outlined alongside other key considerations including volumes, scalars, potential penalties and secondary auctions. Governance proposals were also detailed.

## **8. Treatment of constraints for new renewable units**

Gary McCullough provided a summary of decisions already made by the Committee in relation to the treatment of constraints for new renewable units and issues currently out for consultation.

An overview of the issues raised in recently received correspondence from Renewables NI and Wind Energy Ireland were discussed and the role of relevant renewable support schemes. The Committee provided direction for a response by the Oversight Committee to the correspondence.

The Committee directed the relevant correspondence and reply to be published on the SEM Committee website.

## **9. Imperfections tariff consultation**

Patrick Harney provided an overview of the 2021/22 imperfections charge consultation due for publication. Detail of key drivers of change relative to 2020/21 were detailed alongside the TSO submission and other costs of note. The Committee further considered feedback from market participants and noted the next steps.

## **10. Quarterly update with the TSOs**

The Committee discussed a range of strategic issues for discussion with the TSOs.

Bill Emery provided an overview of the ongoing SONI governance consultation being conducted by the UR. He reiterated the content and scope of the consultation as outlined at previous Committee meetings and the Committee noted the view that the matters out for consultation were not SEMC matters.

The TSOs subsequently joined the meeting and provided a brief update on a number of issues including the clean energy package implementation, energy strategy for Northern Ireland, Climate Action Plan in Ireland, EirGrid and SONI strategy, capacity market, future system services, financability and security of supply.



The Committee raised incentives on performance which the TSOs are to consider. The Committee discussed further the need for renewable integration and volume of system services required that the system can facilitate. Market coupling and an update on the north south interconnector were also discussed.

### **11. Forward liquidity/DC volumes**

Rory O'Donnell provided an overview of forward liquidity in the SEM and detail of feedback provided from market participants through relevant correspondence. Current proposals being considered by the RAs were outlined.

The impact of directed contracts, financial transmission rights and role of small suppliers in the market were discussed.

The Committee provided direction for response to relevant correspondence and noted the next steps.

### **12. MMU update**

The Committee noted the MMU update as circulated. Brian Mulhern provided further detail of market prices during May, carbon prices, demand, fuel prices and unit outages. Further detailed analysis of market behaviour during specific periods of the month were outlined.

The Committee discussed further wind availability, comparison with GB and price movements.

### **13. Covid update**

John Melvin provided an update on restrictions as a result of Covid-19 in Rol. Colin Broomfield provided the update in respect of NI.

### **14. FWP update**

Progress on the delivery of key 2020-2021 FWP projects was discussed including the addition of new projects. Issues relating to delays to procurement arrangements was also provided.

### **15. Updates**

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

Barbara Stevenson updated the Committee on recent communication and stakeholder activities.

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

Aoife MacEvelly provided an update on security of supply in Ireland, prices, PSO levy draft determination, Climate Action Plan and consultation on the future Interconnectors regulatory framework.

John French provided an update on the SONI governance consultation, appointment of Paul Frew as Economy Minister, DfE Energy Strategy, PAC inquiry and the climate action agenda.

David Newbery noted recent discussions with oversight Committee in relation to interconnector ramping.

**(c) Legal update**

No legal issues to discuss.

**(d) TCA update**

A short update on the Trading and Cooperation Agreement was provided.

**16. Review of actions from meeting 166 Thursday 27<sup>th</sup> May 2021**

No open actions to discuss

**17. SEMC correspondence**

No further circulated correspondence to discuss

**18. AOB**

None



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

**Bill Emery, SEM Committee Chair**