

SEM Committee Meeting

Minutes Meeting No. 173

Location: Video-conference

Date: Thursday 25th November 2021

Time: 9.00am – 2.00pm

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

For item 3 – Roisin McLaughlin (UR), Elaine Cassidy (UR)

For items 4 - 6: Brian Mulhern (UR), Kevin Lenaghan (UR), Ian McClelland (UR), Donna Maye (UR), Paul Bell (UR), Grainne Black (CRU), Damhnait Gleeson (CRU)

For item 7: Rodney Doyle (EirGrid), Alan Campbell (SONI), Shane Maher (EirGrid), Aodhagan Downey (EirGrid), David McGowan (EirGrid)

For item 8: Grainne Black (CRU)

For item 9: Barry Hussey (CRU), Gary McCullough (UR)

For items 10 and 13d: Jean Pierre Miura (UR)

Apologies: None

Minutes: Barbara Stevenson (SEMC Secretariat)

Declarations of interest: It was noted that Alan Rainey was a member of the UR Board and SEM Committee between 2007 and 2013, the time during which some of the SEMC decisions referred to in agenda item 3 were reached. The Committee noted this and indicated that at this stage they were content for the discussion on agenda item 3 to proceed with Alan in attendance.

1. Approval and adoption of the agenda

The agenda was approved and adopted.

2. Review and approval of minutes from meeting 172, Thursday October 28th 2021

The minutes from SEM Committee 172 were approved subject to minor amendments.

3. SONI governance

The Committee noted that they had considered the papers presented to them in advance of the meeting. Roisin McLaughlin provided a detailed presentation in relation to the matter of SONI governance and the options that UR are considering. The UR stated that in light of the discussions, UR will retain jurisdiction of the matter and progress. The matter will be brought to the December SEMC for further discussion.

4. CRM: T-1 CY2022/23 capacity auction results

Kevin Lenaghan provided an overview of the decisions requested from the Committee. Detail of the T-1 CY2022/23 capacity auction results was provided including the auction clearing price, awarded capacity and auction cost. Unconstrained and constrained solutions were presented and comparison between qualified and awarded capacity detailed. Successful new investment was outlined including multi-year ROs. Fuel mix and comparisons with previous auctions was also detailed.

Donna Maye presented the Capacity Auction Monitor report and issues identified including steps to rectify. The Committee noted the reasonable assurance of the report and provided feedback for the auditors for future reports.

The Committee considered the TSOs security of supply assessment.

The Committee approved the T-1 CY2022/23 auction results and issuing of relevant approval letter to the TSOs.

5. CRM: T-3 2024/25 capacity auction rejections

Brian Mulhern provided detail of capacity rejected by the TSOs at qualification stage for the upcoming T-3 2024/25 capacity auction. Feedback from the TSOs on the reasons for rejections was outlined and discussed. Links with the upcoming T-4 auction were discussed and the Committee stressed the need for the TSOs to do all possible to bring forward deliverable capacity for the T-4 auction.

6. CRM: T-3 2024/25 capacity auction volumes update

Brian Mulhern provided detail of indicative volumes submitted by the TSOs for the upcoming T-3 2024/25 capacity auction. Detail of qualified new capacity was



presented alongside forecasts in the published TSO Generation Capacity Statement 2021 for Ireland, Northern Ireland and all-island scenarios. The TSOs proposed adjustments were presented and discussed including modelled costs.

7. CRM: update from the TSOs

The TSOs joined the meeting and provided an update on security of supply risks and current adequacy analysis. A summary of the position detailed in the GCS for Ireland and Northern Ireland was outlined.

Aodhagan Downey detailed the reasons for rejections in the upcoming T-3 2024/25 auction and accepted applications. Rodney Doyle provided detail of engagement with generators highlighting the need for transparency and openness in their engagement at all times which the Committee supported.

The Committee noted the need for effective system planning and analysis of anticipatory investment to ensure efficiency for new generation proposals. Incentives for delivery were also discussed and the need to ensure successful capacity delivers.

8. Annual run hour limits in the CRM

Grainne Black provided a summary of previous SEMC decisions and discussions in relation to annual run hour limits in the CRM. Engagement with the Environment Agency in Ireland and Northern Ireland Environment Agency was summarised. A possible draft note to industry on interpretation of relevant legislation was detailed to the Committee.

The Committee delegated authority to the Oversight Committee to finalise and publish an information note to industry.

9. Articles 12 and 13 update

Barry Hussey provided a summary of SEMC decisions and discussions in relation to the implementation of Articles 12 and 13. Engagement with the TSOs and feedback from industry was summarised.

Gary McCullough detailed the main areas for decision including definition of non-market based redispatch, compensation under Article 13(7) and treatment of new



wind and solar units in redispatch. This included a summary of consultation proposals, consultation feedback, further considerations and next steps.

The Committee discussed relevant further engagement and consultation timing.

10. MMU update

The Committee noted the MMU update as circulated. Jean Pierre Miura provided detail of key market outcomes during October including prices, gas prices, coal prices, carbon prices, system demand and wind generation. Detail of current MMU investigations were also provided.

The Committee sought further detail of forward prices which are to be circulated to the Committee.

11. Covid update

No substantive updates to note.

12. FWP update

Barbara Stevenson presented the 2021-2022 FWP for approval. The Committee noted the ambitious scope of the project list, highlighting the need to secure additional resources which could affect delivery. Some editorial suggestions were provided.

The Committee approved the 2021-2022 FWP and delegated authority to the Oversight Committee to approve final editorial amendments and publish.

Colin Broomfield presented an overview of the current interim joint procurement arrangements and decision requested from the Committee. The Committee endorsed the proposal to extend the current interim arrangements until the end of March 2022.

13. Updates

(a) SEMC communications and governance update

Barbara Stevenson updated the Committee on recent communication and governance activities. The Committee confirmed their approval to bring forward the next SEM Committee meeting date to 14 December.



committee

(b) CRU/UR/Independent Members

Aoife MacEvelly provided an update on the development of the CRU strategic plan and workplan, publication of the Climate Action Plan, retail energy price increases, data centre connection policy decision and security of supply.

John French provided an update on retail energy price increases and discussions considering support mechanisms for consumers, engagement with energy suppliers and security of supply.

(c) Legal update

No update to note

(d) TCA update

No further update on the TCA was discussed.

Jean Pierre Miura provided an update on SEM and GB prices across 2019-2021 including the impact on energy costs from 1 January 2021. Trading arrangements, direction of flows and legal framework of the North Sea Link were outlined.

Development of a consultation paper seeking market participant views on market impacts of the new trading arrangements since 1 January 2021 was outlined.

14. Review of actions from meetings 172, 28 October 2021

The Committee discussed the update on actions.

15. SEMC correspondence

The Committee discussed relevant correspondence.

16. AOB

The Committee discussed indexation in the CRM and feedback from market participants. The Committee requested further information on potential options to come back to the December meeting.



Bill Emery

Signed: _____

Bill Emery, SEM Committee Chair