



SEM Committee Meeting

Minutes Meeting No. 174

Location: Video-conference

Date: Thursday 14th December 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) (for items 1 – 10), Jon Carlton, John French

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

In attendance:

For all items: John Melvin (CRU), Colin Broomfield (UR),

For items 4 – 17: Alan Rainey (Economic Adviser to UR)

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

For items 4 - 7: Brian Mulhern (UR), Kevin Lenaghan (UR), Ian McClelland (UR), Donna Maye (UR), Paul Bell (UR), Grainne Black (CRU), Damhnait Gleeson (CRU)

For item 8: Robert O'Rourke (CRU), Dylan Ashe (CRU), Brian Mulhern (UR)

For item 9: Jean Pierre Miura (UR)

For item 10: Mark Foley (EirGrid), Rodney Doyle (EirGrid), Alan Campbell (SONI), Bill Thompson (EirGrid)

For item 11: Brian Mulhern (UR)

Apologies: None

Minutes: Barbara Stevenson (SEMC Secretariat)

Declarations of interest: None

1. Approval and adoption of the agenda

The agenda was approved and adopted.

2. Review and approval of minutes from meeting 173, Thursday November 25th 2021

The minutes from SEM Committee 173 were approved subject to a minor amendment.

3. SONI governance

Roisin McLaughlin provided an overview of the paper circulated to the Committee in response to questions raised at the November Committee meeting. The Committee agreed that at this point in time, in light of the papers and briefing they have received to date, that the issue of SONI governance is not a SEMC matter. Roisin McLaughlin then confirmed that the UR will proceed to the UR Board meeting in December when they will seek a policy position from the UR Board and will publish the relevant licence modifications for consultation in mid-January. Roisin McLaughlin confirmed that the UR will return and brief the Committee on the published modifications at the January Committee meeting.

4. Substantial financial completion extension request

Ian McClelland summarised the paper circulated to the Committee detailing a request to extend a substantial financial completion milestone for a market participant for the T-4 2023-2024 auction. An updated position in relation to recently received information from the TSOs was provided. The Committee considered the reasons outlined by the market participant for the extension request, TSO views, requirements of the capacity market code and termination fees.

The Committee approved the extension request of 2 months as proposed in the paper and requested by the market participant.

5. Final qualification results for T-3 CY2024/25 capacity auction (including capacity auction monitor report)

6. T-3 CY2024/25 capacity auction – Exceptions applications

7. T-3 CY2024/25 capacity auction final auction information pack

Items 5-7 were taken together as one item. Paul Bell advised that relevant material to enable the Committee to make decisions in relation to the T-3 CY2024/24 capacity auction was not available due to delays in receipt of necessary information from the TSOs. The Committee agreed an extraordinary meeting would be arranged to enable the necessary decisions to be made.

Paul Bell provided an overview of decisions that the Committee will be making in relation to the auction and outlined the current views on volumes setting. This included detail of the TSO draft recommendations, adjustment breakdown, RA observations and options for consideration.

The Committee discussed the modelling by the TSOs and current options for consideration. Auction competitiveness and links between the CRM and climate change were also discussed.

Barry Hussey presented a memo on a proposed adjustment to the auction price cap for upcoming auctions. Relevant considerations were detailed including links with



previous Committee decisions, security of supply, current levels of inflation and previous analysis of the best new entrant costs. Options for consideration relating to indexation of the price cap were detailed.

Colin Broomfield outlined the risks and challenges of any change as detailed in the circulated paper. The Committee discussed next steps and practical implementation of proposed changes noting that any change should not be seen as precedent setting.

The Committee approved the inflation of the auction price cap by 2% for the T-3 CY2024/25 and T-4 CY2025/26 auctions as proposed.

8. System services future arrangements high level design

The Committee noted the circulated information paper detailing the responses to the high-level design consultation paper and current thinking of the RAs.

The Committee discussed investment signals, options for funding, market participant and TSO views.

Robert O'Rourke detailed the next steps.

9. SEM-GB trading arrangements

Jean Pierre Miura presented a draft consultation paper seeking stakeholder views on SEM-GB trading arrangements. Developments and update on stakeholder engagement since previous Committee discussions were outlined. The focus of the consultation including draft questions for consultation was discussed with next steps and timeline noted.

The Committee provided direction in terms of editorial amendments to the paper and endorsed publication.

10. TSO quarterly update

The TSOs joined the meeting and provided an update on the capacity market including winter outlook for Ireland and Northern Ireland, new capacity and an overview of their views on securing longer-term capacity. Upcoming key market milestones were also detailed including the timelines for system services future arrangements and scheduling and dispatch.

Alan Campbell noted that the SONI Chair would like to engage with the Committee on the SONI governance consultation currently being undertaken by the UR. Mark Foley indicated that the EirGrid Chair would also like to participate in those discussions. Jon Carlton noted that the Committee had been kept up to date on the governance workstream by the UR and did not consider it to be a SEMC matter at this time.

The Committee sought clarification of the cause of some recent market events and work by the TSOs on effective investment signals. The TSOs also discussed potential amendments to the timelines for the upcoming T-4 auction and the Committee stressed the need for investor confidence and transparency for market participants.

11. MMU update

The Committee noted the MMU update as circulated. Brian Mulhern provided detail of key market outcomes during November including system demand, wind availability, carbon prices, coal prices, prices in the DAM and clean and dark spark spreads. An update on current market investigations was provided.

The Committee discussed further the market investigations and energy prices.

12. Covid update

No substantive updates to note.

13. FWP update

The Committee noted the publication of the SEMC FWP for October 2021 – September 2022.

14. Updates

(a) SEMC communications and governance update

Barbara Stevenson updated the Committee on recent communication and governance activities. The Committee noted the draft SEMC 2020-2021 annual report with further editorial amendments to be made prior to publication.

(b) CRU/UR/Independent Members

Aoife MacEville provided an update on the data centre connection policy decision, government policy statement on security of supply, energy prices including



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government assistance with energy bills and submission of the CRU draft strategy and resource plan.

John French provided an update on retail energy price increases, ongoing discussions considering support mechanisms for consumers and the publication of the energy strategy.

(c) Legal update

No update to note

(d) TCA update

No further update on the TCA was discussed.

15. Review of actions from meetings 173, Thursday November 25th 2021

The Committee discussed the update on actions.

16. SEMC correspondence

The Committee discussed relevant correspondence and provided direction for a response.

17. AOB

None

A handwritten signature in blue ink that reads 'Bill Emery'.

Signed: _____

Bill Emery, SEM Committee Chair