

SEM Committee Meeting

Minutes Meeting No. 190

Location: UR offices, Belfast and video-conference

Date: Thursday 26th January 2023

Time: 9.00am – 4.30pm

Member attendees:

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

Utility Regulator (UR): Bill Emery, Jon Carlton

Independent members: Jonathan Hodgkin, Chris Harris (Deputy)

In attendance:

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

For item 3: Paul Bell (UR), Robert O'Rourke (CRU)

For item 4: Jean Pierre Miura (UR)

For item 5: Andrew Chattrabhuti (ESP Consulting), Marie Therese Campbell (UR), Grainne Black (CRU), Damhnait Gleeson (CRU), Merin Joseph (CRU)

For item 6: Grainne Black (CRU), Andrew Chattrabhutti (ESP Consulting)

For items 7 and 8: Marie Therese Campbell (UR)

For item 9: Jean Pierre Miura (UR)

For items 12 and 13c: Elaine Cassidy (UR)

Apologies: John French (UR)

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 189, Thursday 22nd December 2022

The minutes from SEM Committee meeting 189, Thursday 22nd December 2022 were approved subject to a minor amendment.

3. System services regulated arrangements tariff rate review

Paul Bell outlined the background to the system services regulated arrangements tariff rate review including consultation conducted by the system operators.



Engagement between the regulatory authority teams and system operators was detailed. Options for next steps were presented.

The Committee discussed potential consumer cost and the need to ensure the correct volumes of services were identified and secured. The need to move swiftly to more targeted, competitive arrangements to ensure the best outcome for consumers was stressed. Progress with the system operator in the development of these competitive arrangements was discussed alongside the need for clear timelines and recently received correspondence.

The Committee approved option two as presented alongside drafting to be included in relevant correspondence. Delegated authority was given to Oversight to issue relevant correspondence.

4. GB SEM trading decision

Jean Pierre Miura provided a recap of the consultation on GB SEM trading and subsequent Committee discussions in this area. A review of engagement with interconnector owners was provided.

The Committee considered and approved the draft decision paper as presented.

5. Best new entrant update

Andrew Chattrabhuti detailed decisions that are required in the best new entrant workstream. Detail of the analysis carried out to date including impact of annual run hour limits, considerations in relation to the auction price cap and Net CONE were presented. Considerations for upcoming auctions were summarised.

The Committee discussed the analysis results in detail alongside industry feedback following the initial best new entrant consultation. The potential impact of the outcome of ongoing litigation was considered. The context of the upcoming capacity auction was discussed including relevant timelines.

The Committee expressed their views on the direction of travel and delegated authority to the Oversight Committee for the publication of an information note to industry.

6. Indexation of capacity payments

Background to the indexation of capacity payments workstream was provided including a summary of previous Committee discussions on the topic. Grainne Black



provided a summary of industry feedback following a call for evidence and proposals for a further consultation.

The Committee discussed the potential cost to consumers, applicable auctions, potential risk sharing mechanisms, foreseeability, jeopardy and proposals for the longer term.

The Committee approved the proposals as presented for consultation and delegated authority to the Oversight Committee to finalise for publication.

7. T-4 2027/28 capacity auction parameters

Marie Therese Campbell provided an overview of the T-4 2027/28 capacity auction parameters as published for consultation. The auction timetable and next steps were noted.

8. T-4 2026/27 capacity auction provisional qualification results

John Melvin provided an update on the T-4 2026/27 capacity auction provisional qualification results. Engagement with the TSOs and disputes were summarised. The Committee discussed provisionally qualified capacity and requested further information on individual projects.

9. MMU update

The Committee noted the MMU update. Jean Pierre Miura provided further detail of day-ahead market prices and generation mix trends in recent years. Net transfer capacities during January 2023 were detailed alongside GB and day-ahead prices.

10. FWP update

John Melvin and Colin Broomfield provided an update on progress of projects included in the October 2022 – September 2023 forward work programme. The draft risk register including risk mitigation measures were discussed.

11. Security of Supply update

Jim Gannon summarised security of supply considerations in Ireland including generation outages, demand and retirement of old plant. Steps taken to provide additional resilience and stability in Ireland were detailed.



The Committee discussed ongoing security of supply considerations in Ireland and Northern Ireland. Relevant forward work programme projects, McCarthy review and industry engagement was also discussed.

12. EirGrid correspondence

The Committee discussed recently received correspondence from EirGrid and proposed draft response. Minor editorial amendments were suggested and the Committee approved the issue of correspondence via the Committee Chair.

13. Updates

(a) SEMC communications and governance update

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

The Committee considered the draft SEMC October 2021 – September 2022 annual report. The Committee approved the report for publication subject to minor editorial amendments.

An update was provided on joint procurement arrangements.

(b) CRU/UR/Independent Members

Aoife MacEvilly provided an update on the McCarthy report, MaresConnect interconnector, CRU recruitment, European Commission consultation on electricity market design and attendance at Oireachtas Committee.

Kevin Shiels provided an update on the UK government energy support schemes, UR recruitment and longer term consumer support considerations.

(c) Legal update

A verbal update on legal matters was provided. Elaine Cassidy provided an update on an ongoing legal challenge by Aught windfarm currently being progressed by the UR.

14. Review of actions from meeting 189, Thursday 22nd December 2022

A verbal update on open actions was provided.



committee

15. SEMC correspondence

The Committee noted received correspondence and provided direction to progress response.

16. AOB

None

Signed:  _____

Paul McGowan, SEM Committee Chair