

INVITATION FOR EXPRESSIONS OF INTEREST

New SEMO Focus Group 2022-24

Background for creating a SEMO Focus Group

As part of the SEMO Price Control Decision ([SEM-21-073](#)) for the period 2021 – 2024 a commitment was made by the Regulatory Authorities¹ (RAs) for market participants to be involved in the performance and development of the SEM during the price control period.

The price control decision paper provided SEMO with an agile and flexible capex framework which included enhanced reporting with market participant involvement. stating “*proposed enhancements to SEMO’s reporting regime to include (but not limited to) capital projects, market system release vendor hours and KPIs*” and “*Enhanced reporting with market participant involvement is intended to improve accountability and transparency between SEMO and market participants.*”

The RAs also stated in the decision paper:

“We consider that there is merit in conducting a review with the assistance of a market participant focus group for the unpredictable/uncertain/unknown projects in each year of the price control period since many of SEMO’s proposals are insufficiently well-developed and thought out at this stage. Further development of proposals would improve reliability of SEMO’s costings and ensure value-add for consumers.”

Within the price control decision the RAs and SEM Committee strongly urged SEMO to engage with market participants in relation to the outstanding known issues to prioritise and agree a course of action. In the absence of this being addressed with market participants by another means, this SEMO Focus Group will also facilitate such engagement or allow for a discussion on the best process to resolve and reduce these known issues.

It was clear from responses to the price control consultation (SEM-21-046) that market participants have a willingness to engage about the performance/service

¹ Commission for Regulation of Utilities (CRU) in Ireland and Utility Regulator (UR) in Northern Ireland, collectively referred to as the ‘Regulatory Authorities’ (RAs)

levels of SEMO, prioritisation of capital projects and market system changes. The aim of the SEMO Focus Group is to ensure that market participants' views are well considered within the development of the SEM over the next few years.

Expressions of Interest

Expressions of interest are requested from industry representatives of participants in the Single Electricity Market (SEM), or from individual participants who are either, not represented by such a body or who want to represent their own organisation. With a view to assisting the RAs as a collective 'SEMO Focus Group' in their considerations on how the market should evolve during the current 2021 – 2024 SEMO price control period. A Terms of Reference for the SEMO Focus Group is *annexed* to this invitation.

A stronger emphasis on stakeholder engagement should improve accountability, transparency and overall quality of engagement between SEMO and market participants.

The SEMO Focus Group will convene once or twice a year with the first meeting expected to take place in February.

To ensure efficient and productive meetings, the RAs would prefer to keep membership to within ten industry members, ideally across a range of technologies.

The SEMO Focus Group will be chaired by an industry member, and the RAs will facilitate and administer the Group.

All candidates will be expected to declare any conflicts of interest when providing their expression of interest and declare any other conflict of interest throughout the duration of this SEMO Focus Group being in effect. Any noted conflicts of interests will be made transparent at meetings to all members.

Membership will be at the discretion of the RAs.

We request that all Expressions of Interest are submitted by 17.00 on Friday 14 January 2022 to Karen Shiels (karen.shiels@uregni.gov.uk) and Conall Heussaff (cheussaff@cru.ie) with the following information:

- Organisation (and any other organisations you represent, as applicable)
- Name of nominated representative of your organisation
- Position/ role of nominated representative in organisation
- Contact details of nominated representative
- Up to 5-line summary of what skills and experience you could offer the SEMO Focus Group.

The RAs will consider the appropriate membership of the SEMO Focus Group based on an assessment of the Expressions of Interest received and the timing of submissions in order to ensure a representative group of industry is included.

Annex: TERMS OF REFERENCE for SEMO FOCUS GROUP

These are the Terms of Reference for the new SEMO Focus Group which follow on from the Invitation for Expressions of Interest which provided the background for creating this group. These Terms of Reference may be reviewed and updated from time to time.

Purpose

The purpose of the SEMO Focus Group is to provide market participants with an opportunity to constructively engage with SEMO and the Regulatory Authorities² (RAs) on the performance and development (the capital programme) of the SEM during the current price control which covers the three year period to 30 September 2024.

The outputs of the SEMO Focus Groups should encourage an open and transparent approach to the performance and development of the SEM (within the confines of the 2021-24 price control decision (SEM-21-073)) including:

- identifying key performance areas e.g.
 - Performance Criteria
 - Key Performance Indicators
 - Streamlined Regulatory Reporting;
- overview of overall SEMO capital programme including
 - Market System Development Plans;
- earmarking Unpredictable Capital Expenditure projects being/to be progressed within the 2021-24 SEMO price control allowance e.g. Loose Volume Coupling, Clean Energy Package (Articles 12 and 13), Electricity Balancing Guidelines, Battery Storage facilitation;
- clarity and understanding of the makeup and prioritisation by SEMO on the use of the market system release vendor hours for upcoming releases;
- examining potential spare capacity/ flexibility within forthcoming releases to address outstanding known issues or other future development system changes (excluding approved TSC modification system changes for which updates should be brought to the TSC Modifications Committee);
- identifying known issues to focus on to close and the process for this going forward.

² Commission for Regulation of Utilities (CRU) in Ireland and Utility Regulator (UR) in Northern Ireland, collectively referred to as the 'Regulatory Authorities' (RAs)

Scope

SEMO exists as a contractual joint venture between EirGrid plc in Ireland and SONI Ltd in Northern Ireland with Market Operator licences held in both jurisdictions.

As part of the revised SEM arrangements (I-SEM project) the SEM Committee published a decision in 2015 (SEM-15-077) which outlined the key roles and responsibilities of SEMO including:

- Balancing Market settlement
- Capacity Market settlement
- Administration and maintenance of the Trading and Settlement Code
- Agent of Last Resort function
- Fuel Mix Disclosure

In addition to compliance with the respective Market Operator licenses, SEMO's role in the market is explicitly defined in the SEM Trading and Settlement Code (TSC), which sets out the rules, procedures and terms and conditions which all parties must adhere to. SEMO is responsible for entering into, and at all times, administering the SEM TSC.

An overview of the areas which SEMO is responsible for under the TSC are outlined in the table below.

Outline of SEMO TSC Responsibilities	
Chapter B	Governance of the TSC Management of modifications to the TSC Management of disputes Queries Registration Deregistration Suspension & termination
Chapters C, D & Appendix G of TSC and Capacity Market Code	Publication of data REMIT obligations
Chapter E	Calculation of Imbalance Prices
Chapter F	Balancing Market Settlement Capacity Market Settlement Imbalance Settlement
Chapter G	Credit & collateral calculation Administration of settlement Reallocation

• *Table 1: Outline of SEMO Trading and Settlement Code Responsibilities*

The scope of the Group's discussions will be limited to areas mentioned above which also aligns with the scope of the 2021 – 2024 SEMO price control decision.

For the purposes of the Group's discussion it is important to distinguish the role of SEMO from the roles of the Transmission System Operators (TSOs) who carry out, *inter alia*, scheduling and dispatch and conduct the capacity market auctions.

Membership of the SEMO Focus Group

The RAs want to ensure that there is a wide and balanced representation of market participants within the SEMO Focus Group and encourage expressions of interest from across industry and technologies.

The Group will normally be made up of representatives from the following:

- RAs (UR and CRU)
- SEMO
- TSOs
- Up to 10 x Industry representatives/market participants

The Group will be chaired by an industry representative/ market participant.

If a member is unable to attend a particular meeting they may recommend for approval to the RAs an alternate to attend in their absence. However, the RAs would like to highlight that the process will work best if the nominated members are able to commit to attend all meetings to ensure continuity.

The RAs will keep the membership of the group under review.

Requirements of the Group

The Group is expected to discuss and, if appropriate, make suggestions to improve the performance and development of the SEM.

The first SEMO Focus Group meeting will discuss the scope of the group in more detail taking into consideration the purpose of the Group as set out above. This will then inform the scope for future SEMO Focus Group meetings.

In advance of each meeting the RAs will engage with SEMO regarding information required for the briefing pack which will be issued in advance of each meeting to aid informed discussions at each meeting.

Meetings

SEMO Focus Groups will be held once or twice each year to allow for the best input into the capital programme, system releases and the Market Systems Development Plan (MSDP). The RAs are currently looking to February 2022 for the first meeting.

Meeting Administration

Assume that all engagements will be via virtual fora (MS Teams).

Agendas and briefing packs will be provided approximately 1 week in advance to assist in enabling an informed discussion and allow for greater potential for the meeting to be concluded with areas where there is agreement and a commitment made to take specific items forward. Areas where agreement has not been reached will remain open and can be discussed at subsequent meeting(s) while taking onboard any new information/ developments that may have occurred in the interim.

Each meeting is expected to last approximately two-three hours.

Confidential information may be shared through the SEMO Focus Group, and where this occurs, members agree to preserve the confidentiality of any information as required. Where confidential information is shared, it is the responsibility of the party introducing the material to ensure the extent to which any information is confidential is clearly highlighted and treated as such³.

To promote an open and constructive discussion, detailed minutes will not be prepared. The minutes will instead cover the key areas of discussion, agreements, conclusions and actions. Minutes will be circulated by the RAs within 2 weeks following the meeting.

³ The type of information and level of detail may at times differ from that which the RAs are privy to due to some information being e.g commercially sensitive.