

SEM Committee Meeting

Minutes Meeting No. 67

Location: Utility Regulator Offices, Belfast
Date: Thursday 28th March 2013
Time: 10.30am – 3.30pm

Attendees: Alan Rainey (AR) (Utility Regulator) (UR) (SEMC Chairman), Dermot Nolan (DN) (CER), Garrett Blaney (GB) (CER), Shane Lynch (SL) (UR), Bill Emery (BE) (UR), Odd Håkon Hoelsæter (OHH) (Independent Member), Professor David Newbery (DNew) (Deputy Independent Member).

In attendance:

For all items: Paul McGowan (PMcG) (CER), Eugene Coughlan (EC) (CER), Jo Aston (JA) (UR), Jean Pierre Miura (JPM) (UR), Colin Broomfield (CBr) (UR)
For items 4: Karen Shiels (KS) (UR), Leigh Greer (LG) (UR)
For Item 5: Elaine Gallagher (EG) (CER), Walter Carlton (Deloitte)
For Item 6: Elaine Gallagher (EG)
For Item 7: Philip Newsome (PN) (CER)
For Item 8: Joe Craig (JC) (UR), Gordon Downie (GD) (Shepherd and Wedderburn)

Minute Taker: Mignonne Smith (MS) (SEMC Secretariat)

1. Approval and Adoption of the Agenda

The Chairman welcomed Bill Emery as a newly appointed SEM Committee member. The Agenda was adopted as circulated.

2. Approval of Minutes from Meeting 66 on 28th February 2013

The minutes were approved subject to agreed minor amendments.

3. Review of Actions from Meeting 66 on 28th February 2013

The SEM Committee discussed the Actions List and requested further actions were added to the actions list. All other actions were updated and amended as directed.

4. SEMO Price Control Draft Consultation

KS and LG provided a high level overview of draft consultation paper proposals in relation to the fifth Single Electricity Market Operator (SEMO) Price Control commencing on 1st October 2013 and sought approval from the SEM Committee to publish the consultation in early April 2013.

The SEM Committee discussed the proposal at length and suggested a number of amendments. The Committee delegated authority to the Oversight Committee to work with the Project Team in finalising the paper prior to publication in early April. It was noted that a

Decision Paper in relation to the SEMO Price Control would be submitted to the SEM Committee for their consideration in July 2013.

Action: Oversight Committee to work with Project Team to finalise consultation paper incorporating the SEM Committee's suggested amendments, prior to publishing the paper in early April.

5. SEM Market Audit Report 2012

The SEM Committee welcomed Walter Carlton of Deloitte and invited him to present on the findings of the SEM Market Audit for the 12 months ending 31 December 2012.

WC presented the Auditor's Report setting out the opinion that the Market Operator had in all material respects complied with the Code and noting that;

- No significant issues were identified
- 14 "other" issues noted had been resolved or were in process of being resolved
- The majority of prior period issues were closed, with only two "other" issues remaining.

Following a brief Q&A session, the SEM Committee thanked the Market Auditor for their work. The SEM Committee noted the Market Audit Report for 2012..

6. Trading and Settlement Code Update

The SEM Committee noted the update.

7. Market Integration Project

JPM provided an update on the current status of the Market Integration Project. Points of note included:

- TSOs have arranged stakeholder meetings on 4th April
- Meeting between RAs, Ofgem, DETI, DECC and DCENR will take place on 5th April

The SEM Committee also noted that the Project Team would submit papers providing an update on TSO Counter Trading for priority dispatch reasons and a note on efficiency of trading on the East West and Moyle Interconnectors for consideration by the Committee at their meeting in April.

Action: Project Team to provide update memo on TSO counter trading for priority dispatch reasons and a note on efficiency of trading on the East West and Moyle Interconnectors for consideration by the Committee at their meeting in April.

8. TSO Certification

JC provided background information and an overview of the application from Moyle Interconnector Ltd (MIL) to be certified as a TSO in Northern Ireland, MIL has also submitted a parallel application to Ofgem for TSO Certification in Great Britain.

The SEM Committee discussed the application at length and approved the draft preliminary decision paper subject to agreed amendments. The Committee delegated authority to the SEM

Sub Committee to finalise the paper and submit the preliminary decision, in parallel with Ofgem's preliminary decision, for consideration by the European Commission.

GB as chair of the SEM Sub Committee on TSO Certification provided an update on the current status of the TSO Certification process in respect of applications received from NIE and ESB for Northern Ireland and Ireland respectively. Draft preliminary decisions are currently being considered by the European Commission whose decisions are expected by 15th April.

The SEM Committee noted the update.

Action: Project Team and SEM Sub Committee to finalise draft preliminary decision paper in respect of application for TSO Certification by Moyle Interconnector Ltd as directed and submit the decision for consideration by the European Commission.

9. Market Monitoring

CBr provided an overview of the Market Monitoring Update Report for March. As suggested by the SEM Committee at their meeting in February the Report included information on Clean and Dark Spark Spreads and Interconnector Flows.

The update also reported on an event in February, involving a spike in Uplift due to a Generator starting up at the closing period of a trading day. The SEM Committee discussed this issue and requested that the Trading and Settlement Code Team investigate further.

The SEM Committee noted the update.

Action: T&SC Team liaise with MMU Team on investigating event that caused a spike in Uplift in February and provide a note for discussion at a future SEM Committee meeting.

10. North South Interconnector – Joint Report from Eirgrid and NIE Q4 2012

The SEM Committee noted the Report. The Committee expressed concern as to the adverse effects on the market and therefore on consumers as a result of the delays in delivery of this important project. The SEM Committee asked the RAs investigate any actions within their powers to expedite completion.

11. Temporary Appointment of Jo Aston to SEM Oversight Committee

The SEM Committee approved the temporary appointment of Jo Aston to the SEM Oversight Committee.

12. SEM Forward Work Plans and Budget 2013

The SEM Committee approved the Forward Work Plans for 2013 subject to suggested amendments and requested that draft Forward Work Plans for 2014 are submitted for consideration by the SEM Committee at their meeting in November.

The SEM Committee noted the Budget.

13. Reporting of Decisions made by Oversight Committee to SEM Committee

The update was noted.

14. Updates CER/UR/Independent Members

CER

DN noted that the court case in respect of the Shannon LNG plant took place during the week ending Friday 22nd March, a decision on this case is due in May. DN provided an update in relation to CER's role as the Water Regulator.

Utility Regulator

SL provided an update on the Security of Supply issue in Northern Ireland. SL also noted that the UR had recently published a Report on Comparative Electricity Prices in Northern Ireland with the rest of Europe.

Independent Members

The Independent Members had nothing to report.

15. SEM Correspondence

- a. The SEM Committee approved draft response to DETI Correspondence dated 14 February re Priority Dispatch Regulations in NI
- b. The SEM Committee noted DETI's response to the SEM Committee's correspondence dated 4th March re Transposition of Directive 2009/72

16. AOB

No further items were discussed under AOB.

Date of Next Meeting:

SEM Committee 68, Thursday 25th April 2013, CER Offices, Dublin