

## SEM Committee Meeting

### Agreed Minutes Meeting No. 77

**Location:** Utility Regulator Offices, Belfast  
**Date:** Thursday 30 January 2014  
**Time:** 10.30am – 3.00pm

**Attendees:** Paul McGowan (PMcG) (CER) (SEMC Chairman), Jenny Pyper (JP) (Utility Regulator) (UR), Dermot Nolan (DN) (CER), Garrett Blaney (GB) (CER), Odd Håkon Hoelsæter (OHH) (Independent Member), Professor David Newbery (DNew) (Deputy Independent Member)

**Apologies:** Bill Emery (BE) (UR)

**In attendance:**

For all Items: Jo Aston (JA) (UR), Tanya Hedley (TH) (UR), Denis Cagney (DC) (CER), Laura Brien (LB) (CER)

For Items 3, 6a and 6b: Jean Pierre Miura (JPM) (UR), Natalie McCurry (NMCC) (UR), Philip Newsome (PN) (CER), Poyry Consultants - Gary Keane (GK), Stephen Woodhouse (SW), David Cox (DC), Kostas Theodoropoulos (KT)

For Items 4 and 5: Colin Broomfield (CBr) (UR), Kenny Dane (KD) (UR), Gordon Downie (GD) and Fiona Parker (FP) (Shepherd and Wedderburn)

For Item 8: Fiona Parker (FP) (Shepherd and Wedderburn)

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

#### 1. Approval and Adoption of the Agenda

The Agenda was amended and adopted.

#### 2. Approval of Minutes from Meeting 76 on 19 December 2013

The minutes were adopted and approved for publication, subject to minor amendments.

### Decision Items

#### 3. Market Integration HLD Consultation Paper and Project Update

JPM provided background information and an overview of the consultation paper in relation to Phase 2 of the Market Integration Project in relation to High Level Design (HLD).

An overview was also provided of the I-SEM Non Technical Summary High level Design Options Consultation paper and the SEM Committee were requested to approve both papers for an eight week period of consultation.

The SEM Committee held a discussion at length and suggested a number of minor amendments to both the main consultation paper and the non technical summary document. The Committee also agreed with the recommendations of the Project Board to issue advance copies of both documents to the Departments<sup>1</sup>, Ofgem and the Transmission System Operators (TSOs) 24 hours prior to publication.

The SEM Committee thanked the Project Team for their work on getting the project to this key stage and delegated authority to the Project Board to finalise the papers prior to publication in week commencing Monday 3 February.

The SEM Committee were also provided a further update in relation to next steps for the project. The Committee discussed the importance of and noted plans for further stakeholder engagements throughout the consultation period. They also noted that the Project Board would submit their recommendations on progressing plans for phase 3 of the project in relation to Implementation of the High Level Design, for consideration by the SEM Committee at their meeting in March.

The SEM Committee discussed and agreed that the Market Integration Project will now be known as the Integrated Single Electricity Market (I-SEM) project.

**Actions:** SEM Committee to submit specific comments on suggested amendments to both the Consultation and the Non Technical Summary of the I-SEM High level Design Options to the Project team by no later than Friday 31 January.

Project Team and Board to finalise both papers and issue advance copies to agreed parties one day prior to publication in week commencing Monday 3 February.

#### **4. Gas Transportation Capacity Costs – Decision**

CBr provided an overview of background information and legal advice in relation to the SEM Committee's decision in respect of the treatment of gas transportation capacity costs (GTCC). The SEM Committee were requested to approve the decision paper subject to a review by SEM Legal Counsel and to approve the recommendations of the Oversight Committee on next steps to progressing with this issue.

Following a discussion at length on related issues the SEM Committee sought some clarification from the project team in respect of their intended next steps, the Committee then gave approval for the project team to initiate this work. The Committee also approved the decision paper subject to legal review and delegated authority to the Oversight Committee to finalise and publish the paper by no later than end February 2014.

**Actions:** Project Team to finalise decision paper upon review by SEM legal counsel and submit to the Oversight Committee for approval to publish. Project team to commence work on next steps as agreed by the SEM Committee.

#### **5. MMU Process Manual**

KD provided background information and an overview of the decision paper in relation to the Market Monitoring Unit (MMU) Investigation Process Manual. The decision paper follows two

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<sup>1</sup> "Departments" refers to DCENR, DETI and DECC.

periods of consultation commencing 23 December 2010 (SEM-10-085) and 8 October 2013 (SEM-13-04) respectively.

Approval was sought from the SEM Committee to publish this document for the purpose of providing guidance and information to Industry on steps taken to commence a formal market investigation.

The SEM Committee suggested some minor amendments and approved the Manual for publication.

**Action:** MMU team to amend MMU Process Manual as directed by the SEM Committee prior to publication on the AIP Website.

## **Discussion/ Information Items**

### **6. Market Integration**

#### **a. Project Update**

A project update was provided under Agenda Item 3 along with the SEM Committee's discussion and approval of the consultation paper in relation to I-SEM High Level Design Options.

#### **b. European Update**

The SEM Committee noted the update.

### **7. DS3 Project Update**

TH provided an update in relation progress with procurement issues in relation to phase 3 of the DS3 project.

The SEM Committee noted the update.

### **8. SEM Governance Review**

JA summarised background information and an overview of a report submitted by SEM Legal Advisors following their recent review of SEM Governance processes. The Report provided a number of recommendations to improve governance processes for the SEM Committee, which were fully endorsed by the Oversight Committee.

JA, on behalf of the Oversight Committee requested further guidance from the SEM Committee in respect of the implementation of the recommendations made in the Report.

The SEM Committee held a discussion at length in which they reached a broad consensus of the recommendations made in the report. The Committee made a number of suggestions for the Oversight Committee to consider in their discussions of how best to progress the recommendations made in the SEM Governance Review.

**Action:** RAs to investigate and discuss implementation of the governance review recommendations in terms of resources required to enact. Following discussion the RAs are to report back to a future SEMC with their recommendations.

## 9. SEM Annual Report 2012

The SEM Committee noted the SEM Annual Report for 2012 and approved it for publication.

## Standing Items

### 10. Updates

#### a. Reporting of Decisions by Oversight Committee to SEM Committee

Noted

#### b. CER/ NIAUR/ Independent Members Updates

##### CER Update

DN noted the following relevant updates from CER:

- Concerns regarding potential impact of public lobbying against the building of overhead power lines on development of electricity transmission network in Ireland; in particular the North South Interconnector. An expert panel has been set up by the Irish Government to review this issue.

##### Utility Regulator Update

JP notes the following relevant updates from the Utility Regulator:

- An update was provided on the proposed gas storage project in Northern Ireland. JP also noted the launch of Gas to the West (G2W) competition. It is expected that the successful bidder would be confirmed by September following the various stages of the competition process.

### 11. Review of Actions from Meeting 76 on 19 December 2013

Actions 278, 284, 287, 288, 289, 291, 292 and 293 were completed all other actions were reviewed and updated.

### 12. SEM Correspondence

The SEM Committee discussed and advised the relevant teams on correspondence recently received.

**Actions:** Relevant RA teams to action correspondence as directed by the SEM Committee

### 13. AOB

The SEM Committee acknowledged that this would be Dermot Nolan's last attendance at SEM Committee meetings in accordance with his pending resignation as Chair and Commissioner for the Commission for Energy Regulation and subsequent appointment as the new Chief Executive of Ofgem.

The Committee offered their thanks to Dermot for his outstanding contribution to Energy Regulation and Policy both in Ireland and in the development and successful implementation of the current Single Electricity Market. Warmest congratulations and best regards were offered to Dermot for his new endeavours in his role as Chief Executive of the UK's Energy Regulator, Ofgem.

**Date of Next Meeting:**

**SEM Committee 78, Thursday 27 February 2014 at 10.30am – 3.30pm, CER Offices, Dublin**