

SEM Committee Meeting

Agreed Minutes Meeting No. 78

Location: CER Offices, Dublin
Date: Thursday 27 February 2014
Time: 10.30am – 1.00pm

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

Apologies: None

In attendance:

For all Items: Tanya Hedley (TH) (UR), Denis Cagney (DC) (CER), Laura Brien (LB) (CER), Colin Broomfield (CBr) (UR)

For Items 3a and 3b: Jean Pierre Miura (JPM) (UR), Leigh Greer (LG) (UR), Clive Bowers (CB) (CER)

For Item 4: Paul Brandon (PB) (CER)

For Item 5: John Melvin (JM) (CER)

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 77 on 30 January 2014

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

Discussion/ Information Items

3. Market Integration

a. Project Update

JPM provided an update on progression of work to date and next steps on the I-SEM Project. Points of note included:

- A round of stakeholder engagement has commenced following the publication of the consultation on the High Level Design (HLD) options. This was kicked off with a stakeholder open forum event in Dundalk on Tuesday 25 February and will be followed up with a series of bilateral meetings between the RAs and industry stakeholders.

- The Project Board have initiated an Expert Advisory Group (EAG) to further assist the Board in their decision making process for the HLD options. The EAG is comprised of the SEM Committee's Independent and Deputy Independent Members, RA Directors and Managers and Consultants. The inaugural meeting will take Place on Friday 28 February.
- The SEMC asked OHH/DNew to play a full and active part in advising the Expert Advisory Group in order to assist the Project Board in bringing forward recommendations to SEMC on a minded to position on the High Level Design of I-SEM.
- Next Joint Steering Group (JSG) is scheduled to take place in April.
- A "minded to" decision on the I-SEM HLD will be submitted for consideration by the SEM Committee at their meeting in May.

The SEM Committee discussed the decision making process for the HLD options at length and suggested that the Project Board propose a process of engaging with the SEM Committee prior to the "minded to" decision being submitted to the Committee in May; to include a discussion on selection criteria in March.

The Committee also acknowledged the importance of working closely with both DETI and DCENR (the Departments) and their respective Ministers on the decision making process for the I-SEM project. The project team were requested to make arrangements with the Departments for meetings outside of the scheduled Joint Steering Group meetings.

Action: Project Team to make arrangements for the SEM Committee to engage further with the Departments as directed.

b. European Update

CB provided an update on progress with European electricity network codes. The SEM Committee noted the update.

4. DS3 Project Update

PB provided an update on current status of the DS3 project. Points of note included:

- Procurement of additional project support has now completed.
- A report on demand side analysis will be submitted to the Regulatory Authorities (RAs) at the end of February. The project team will review this report upon receipt and provide a substantive update on both demand side and supply side analysis to the SEM Committee at their meeting in March.
- A consultation paper providing a clear direction on supply side for the DS3 project will be submitted for consideration and approval to publish by the SEM Committee at their meeting in April.
- Industry feedback has been received following the publication of Poyry's paper on 'Procurement Options for System Services' on 22 January. Common themes in the feedback suggest that the options provided were complex and that a more simplistic approach would be preferred.

The SEM Committee noted the update.

5. Decision on Treatment of Gas Transportation Capacity Costs (GTCC)

DC provided background information and an overview of CER's decision to rescind part of its Decision on "Access Tariffs and Financing the Gas Transmission System".

In light of this decision, the Oversight Committee carried out a review of the GTCC decision, which included obtaining advice from the SEM Committee's legal advisors. CBr provided an overview of the legal advice obtained and of the Oversight Committee's recommendation that the SEM Committee proceed with publication of the decision paper as per the SEM Committee's previous decision on this matter at their meeting on 30 January 2014.

The SEM Committee held a discussion on related matters and made suggestions on how to proceed should such matters arise in the future. The Committee then approved the recommendations of the Oversight Committee and reinforced its position that it will continue to monitor generators' Commercial Offer Data and will consider the merit of taking further action, including investigating compliance with generators' licence obligations and/or making licence modifications.

Standing Items

6. Updates

a. Trading and Settlement Code Update

TH discussed Modification Proposal 21_12 regarding the amendment to the 'Available Transfer Capacity' definition noting that this Mod had now been returned by the RAs for consideration by the Trading and Settlement Code Modifications Committee.

The SEM Committee noted the update.

b. CER/ NIAUR/ Independent Members Updates

Utility Regulator Update

JP noted the following relevant updates from the UR:

- The UR will shortly commence a consultation on the proposed cancellation of the remaining GUA contracts.
- UR currently in the process of an organisational restructuring in order to meet the requirements of their recently published draft Corporate Strategy 2014-19 and Forward Work Plan 2014-15

CER Update

GB noted the following relevant updates from the CER:

- CER aim to publish information in relation to a high level design for the introduction of SMART metering in Ireland in the near future.

Independent Members

Professor David Newbery noted his recent appointment to an expert panel on capacity mechanism issues.

7. Review of Actions from Meeting 77 on 30 January 2014

Actions 295, 296 and 297 were completed all remaining actions were updated.

8. SEM Correspondence

The SEM Committee noted recently received correspondence and approved the prepared draft responses for issue.

9. AOB

- JP noted that this would be Tanya Hedley's last attendance at the SEM Committee due to the ongoing organisational restructure of the Utility Regulator teams. The SEM Committee thanked Tanya for her valuable contribution to the development and success of the Single Electricity Market over the last 5 years, in particular her key role in progressing the I-SEM project to its current level.
- The SEMC welcomed and endorsed the recent MoU between CER and UR. Information sharing should be improved on matters relevant to SEM, including gas matters.
- The SEM Committee discussed current arrangements in relation to rotation of the role of Chair of the SEM Committee. It was agreed that the role of Chair would now rotate on an annual basis between the Regulatory Authorities. That being the case the current chair Paul McGowan of the CER would remain in situ until SEM Committee meeting no. 86 on 30 October 2014. The next Chair, Jenny Pyper of the Utility Regulator would then take over from SEM Committee Meeting no.87 on 27 November 2014.

Date of Next Meeting:

SEM Committee 79, Thursday 27 March 2014 at 10.30am – 3.30pm, Utility Regulator Offices, Belfast