

SEM Committee Meeting

Agreed Minutes Meeting No. 79

Location: Utility Regulators Offices, Belfast
Date: Thursday 27 March 2014
Time: 11.00am – 3.15pm

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: Denis Cagney (DC) (CER), Laura Brien (LB) (CER), Jo Aston (JA) (UR), Jean Pierre Miura (JPM) (UR)

For Item 3: Elaine Gallagher (EG) (CER) Walter Carlton (Deloitte)

For Item 4: Paul Brandon (PB) (CER), Robert O'Rourke (RO'R) (CER), Andrew Cooke, Jon O'Sullivan, Shane O'Rourke (Eirgrid), Bill Thompson (SONI/Eirgrid)

For Items 5 and 7: Colin Broomfield (CBr) (UR), Brian Mulhern (BM) (UR)

For Item 6: Philip Newsome (PN) (CER), Gary Keane (Poyry)

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

1. Approval and Adoption of the Agenda

The Agenda was adopted as circulated.

2. Approval of Minutes from Meeting 78 on 27 February 2014

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

Decision Items

3. Market Audit Report 2013

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 2013.

WC presented a high level overview of the Audit Report noting, overall, another clean audit opinion for 2013. Report highlights included:

- There were no significant issues arising
- The report noted 11 other matters arising, that were either already resolved or in the process of being resolved. Comparatively, there was a decrease in the number of other

matter arising between the 2012 and 2013 market audits indicating signs of improvement year on year.

- Regarding follow-up on prior period issues it was noted that all but one of these issues had been closed. Regarding the remaining open issue a working group of the Trading and Settlement Code (TSC) Modifications Committee has been set up to discuss proposals on resolving this issue.

Following a brief Q&A session the SEM Committee thanked the Market Auditor for their presentation. The Committee then formally noted the 2013 Market Audit Report.

Discussion/ Information Items

4. DS3 Project Update

a. Demand Side Analysis (System Operator Presentation)

The SEM Committee welcomed representatives from Eirgrid and SONI, the Transmission System Operators (TSOs). The TSOs were invited to present on findings from further analysis carried out by them at the request of the SEM Committee at their meeting no. 76 on 19 December 2013 in relation to demand side analysis in respect of the DS3 Review of System Services.

A Q & A session followed the presentation in which the SEM Committee sought clarification on a number of issues raised by the TSOs analysis report. The Committee thanked the TSOs for their time, noting that a further meeting with the TSOs may be required at a future date prior to the SEM Committee's decision on DS3.

b. Supply Side Analysis

PB provided an overview of an appraisal paper commissioned by the RAs at the request of the SEM Committee at their meeting in December 2013, in relation to further review of supply side analysis in respect of the DS3 project.

The SEM Committee discussed matters raised by the appraisal. It was noted that the paper, which was currently in draft format, would be finalised and reviewed by the Project Board by no later than Friday 18 April.

Action: Project team to work with IPA on finalising the Supply Side Analysis Appraisal Paper

c. Project Update

JA provided an overview of a proposal by the Project Board to review DS3 Project Delivery timelines. The proposal alluded to links between the DS3 Project and the I-SEM project, alongside resourcing considerations. On that basis it was suggested that the consultation on the DS3 decision was delayed in order to align with the publication of the proposed High Level Design Decision in relation to the I-SEM Project.

The SEM Committee discussed this issue at length and requested that the Project Boards for both DS3 and I-SEM meet to review and discuss DS3 project timelines. The aim of this review is

to determine timelines which brings both the DS3 consultation paper and the I-SEM proposed decision paper to SEMC for formal consideration at the earliest opportunity.

The Committee also requested that an additional Extra Ordinary SEM Committee meeting was scheduled for early May to discuss the proposals of the Project Boards following their deliberations of this issue.

Actions: Project Boards for both DS3 and I-SEM meet to review and discuss DS3 project timelines. Secretariat to schedule an Extra Ordinary SEM Committee meeting for early May to discuss the proposals of the Project Boards following their deliberations of this issue.

5. Outturn Availability

CBr provided an update in relation to the decision paper in relation to Generator Outturn Availability. There has been a slight delay in the submission of this paper due to the requirement for further analysis of data provided to the RAs by the TSOs. It is expected that this paper will now be submitted for consideration by the SEM Committee at a future meeting..

The SEM Committee noted the update.

6. Market Integration

a. Project Update

JPM provided an update on current progression of work to date and next steps in relation to I-SEM project. Points of note included:

- Bi-lateral meetings, which were scheduled as part of the stakeholder engagement process had now completed, issues arising included;
 - Market liquidity
 - Market power mitigation measures
 - Need to incentivise flexible plant
- The Expert Advisory Group (EAG) had a further meeting on 26 March and provided guidance to the project team on progression of a number of workstreams.
- Deadline for receipt of responses to the Consultation in relation to the I-SEM High Level Design (HLD) Options closes on 4 April.
- Project team and Board will submit an Emerging Thoughts paper for consideration and discussion by the SEM Committee at their meeting on 24 April.

The SEM Committee noted the update.

b. European Update

PN provided an update on progression of on-going work in relation to European Electricity Network Codes.

The SEM Committee noted the update.

c. I-SEM HLD Criteria

PN provided an overview of Impact Assessment Report, requested by the SEM Committee at their meeting on 27 February, in relation to the relative weighting of the assessment criteria used by the SEM Committee in the context of the Committee's legislative duty with regards to the Implementation of the I-SEM project.

The SEM Committee discussed the suggested categories of assessment criteria and agreed that they were appropriate subject to the addition of Equity. The Report was noted.

7. Market Monitoring Update Report

CBr provided an overview of the Market Monitoring Update report up to end February 2014. An update was also provided on progress with the new public formatted market monitoring report which the MMU team are expecting to be ready for consideration by the SEM Committee at their meeting in June 2014.

The SEM Committee noted the report and update.

Action: MMU team to finalise public format version of the MMU Update Report and submit to both the SEM Oversight for their consideration and approval at their meeting in June 2014.

Standing Items

8. Updates

a. CER/ NIAUR/ Independent Members Updates

Utility Regulator Update

JP noted the following relevant updates from the UR:

- The UR received the Competition Commission's final determination in relation to RP5 NIE Transmission and Distribution Price Control late on Wednesday 26 March. It is expected that this will be available for publication on the Utility Regulator's website by week ending Friday 18 April.
- Gas to the West Project is now underway. Harry McCracken, a non executive director of the Utility Regulator Board, will be chair of the Board Sub Committee on this project.

9. Review of Actions from Meeting 78 on 27 January 2014

The actions were reviewed and updated.

10. SEM Correspondence

No new correspondence had been received

11. AOB

No further items were discussed

Date of Next Meeting:

SEM Committee 80, Thursday 24 April 2014 at 10.30am – 3.30pm, CER Offices, Dublin