

SEM Committee Meeting

Agreed Minutes Meeting No. 81

Location: Utility Regulator Offices, Belfast
Date: Thursday 29 May 2014
Time: 10.30am – 15.15pm

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)

For Item 3: Jean Pierre Miura (JPM) (UR), Clive Bowers (CB) (CER), Philip Newsome (PN) (CER), Natalie McCurry (NMcC) (UR), Leigh Greer (LG) (UR) Stephen Woodhouse (SW) (Poyry), Gary Keane (GK) (Poyry)

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 80 on 24 April 2014

The minutes were approved for publication, subject to amendments.

Decision Items

3. I-SEM Market Integration

a. Project Update

JPM provided an update on progression of work in relation to the I-SEM project since the SEM Committee last met on Thursday 24 April 2014. Points of note included:

- Project team have been engaging with Ofgem /DECC and are planning a workshop to discuss CRMs
- Project team to arrange a workshop with Interconnector owners in relation to physical and financial transmission rights (PTRs and FTRs)
- Project team met with Nordpool for a discussion on Euphemia

- Preparations on the procurement process to put in place consultancy support for phase 3 of the project, are currently underway.

b. High Level Design Proposed Decision

JPM provided an overview of the draft decision paper on the Integrated Single Electricity Market (I-SEM) High Level Design (HLD) and requested the SEM Committee's approval in principle of both the draft decision and of initial impact assessment of the draft decision on the I-SEM HLD. The SEM Committee were further requested to delegate authority to the project board in relation to approval of the final drafting of these papers prior to publication for a 4 week period of consultation in early June.

SW and GK of Poyry Management Consultants gave a presentation to the SEM Committee in respect of the findings of their initial impact assessment for the draft decision. The assessment aimed to provide both quantitative and qualitative analysis on the impact of the draft decision on future energy trading arrangements and on the requirement for a capacity remuneration mechanism (CRM) in the I-SEM.

A Q&A session followed the presentation in which the SEM Committee sought clarification in relation to some of the assumptions that were used as a basis of the impact assessment analysis.

The SEM Committee reviewed and discussed both the draft decision paper and the initial impact assessment at length and suggested a number of amendments. The Committee then delegated authority to the project board to review and amend the I-SEM draft decision on HLD as directed. They also gave their approval in principle for the publication of both the draft decision paper and of Poyry's initial impact assessment for the draft decision subject to final review and amendment by the project board.

The SEMC thanked and commended the project team and project board on the work to-date on the I-SEM HLD.

Action: I-SEM Project Board to finalise both the HLD Draft Decision and the Impact Assessment of the HLD prior to publication on 6 June.

c. I-SEM Phase 3 – Implementation

CB provided an overview of the project initiation document (PID) in relation to phase 3 of the I-SEM project on detailed design and implementation and sought the SEM Committee's approval of this document.

The I-SEM phase 3 PID provides information in relation to:

- The breakdown of the workstreams up to completion of the project in December 2016;
- Details of the governance structure;
- Key issues; and
- Key risks

The SEM Committee discussed the document content at length and requested that the project team carry out further work on the provision of a clear critical path and milestone plan for phase three of the project, highlighting stages when key decisions will be required by the Committee.

The Committee also discussed options for the Power Exchange function and expressed a preference for competitive procurement. The Committee requested that the project team meet with the Market Operator to discuss further.

Actions:

1. Project Team to provide draft milestone plan for phase 3 on Implementation detailed design for consideration by the SEMC at their meeting in June.
2. RAs to discuss options for Power Exchange with the Market Operator and provide an update on this to the SEMC at their meeting in June.

4. Legacy Generation Contracts in NI

KD provided an overview and background information in relation to the appropriate jurisdiction level for a decision on the possible cancellation of the remaining generating unit agreements (GUAs) in Northern Ireland. The SEM Committee were requested to give consideration as to whether or not the decision to cancel these contracts was a SEM matter or a jurisdictional matter for Northern Ireland only.

The SEM Committee discussed previous GUA cancellation proposals in NI and agreed with the recommendations of the MMU team that this was not a SEM matter.

Discussion/Information Items

5. DS3 Project Update

DC provided an update on the DS3 project noting that the project was on schedule and that the Consultation paper on DS3 would be submitted for consideration by the SEM Committee at their meeting in June.

The SEM Committee noted the update.

Standing Items

6. Updates

a. Trading and Settlement Code Update Report

The SEM Committee noted the update.

b. CER/ NIAUR/ Independent Members Updates

CER Update

GB noted the following relevant updates from CER:

- CER will soon publish their decision on the de-regulation of domestic gas tariffs in Ireland

Utility Regulator Update

JP noted the following relevant updates from the UR:

- JP provided an update on her attendance at the 2014 Electricity Regulatory Forum in Florence.

SEM Independent Members Update:

DNew provided an update on his work with Ofgem's Expert Panel.

7. Review of Actions from Meeting 80 on 24 April 2014

Actions 303 and 304 were completed all other actions were reviewed and updated.

8. SEM Correspondence

a. Energia Letter re GTCC

The SEM Committee gave their approval of the draft response to Energia's recently received correspondence in relation to Gas Transportation Capacity Costs.

b. Letter to DCENR and DETI re I-SEM, DS3 and N/S Interconnector

The SEM Committee reviewed and discussed draft letter and proposed joint statement to DCENR and DETI in relation to the I-SEM, DS3 and North South Interconnector projects. MS to amend as directed and re-circulate for approval prior to issue.

9. AOB

a. North South Interconnector

The SEM Committee discussed ongoing issues with progress of the North South Interconnector project. It was suggested that NIE and Eirgrid were invited to provide an update on the project status to the next Joint Steering Group meeting in the first instance and then to a subsequent SEM Committee meeting following that.

b. Changes to SEM Committee Meeting Schedule

MS provided an update on changes to meeting locations for the next two SEM Committee meetings. The update was noted.

c. SEM Committee Logo

MS to re-circulate SEM Committee logo options to JP, PMcG and GB for their review and decision.

Date of Next Meeting:

SEM Committee 82, Thursday 26 June 2014 at 10.30am – 3.30pm, Utility Regulator Offices, Belfast