



SEM Committee Meeting

Agreed Minutes Meeting No. 83

Location: CER Offices, Dublin
Date: Thursday 31 July 2014
Time: 10.30am – 15.15pm

Attendees: Jenny Pyper (JP) (Utility Regulator) (UR) (Acting Chair), Garrett Blaney (GB) (CER), Odd Håkon Hoelsæter (OHH) (Independent Member), Professor David Newbery (DNew) (Deputy Independent Member)

Apologies: Paul McGowan (PMcG) (CER) (SEMC Chairman), Bill Emery (BE) (UR)

In attendance:

For all Items: Laura Brien (LB) (CER), Jo Aston (JA) (UR)

For Item 3: James Curtin (JC) (CER), Andrew Ebrill (AE) (CER)

For Item 4a and b: Clive Bowers (CB) (CER), Philip Newsome (PN) (CER), Gary Keane (Poyry)

For Item 4b only: Robin McCormick (SONI), Anne Scully (Eirgid), Margaret McCarthy (Eirgrid), Brendan O’Sullivan (SEMO)

For Item 5: Paul Brandon

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 82 on 26 June 2014

The minutes were approved for publication, subject to amendments.

Decision Items

3. SEM Contracting Report 2007 – 2013

JC and AE provided an overview of a report on SEM Contracting from 2007 – 2013 and sought approval from the SEM Committee to publish this report for information. The purpose of this report is to provide detailed information on contracting in the single electricity market (SEM) for key industry stakeholders and to aid transparency in the market.

A brief Q&A session followed a presentation of the report content in which the SEM Committee sought clarity on a number of related issues. The Committee acknowledged that this report

provided useful information and gave their approval to publish the report subject to a few suggested amendments being made.

Discussion/Information Items

4. I-SEM Market Integration

a. Project Update

CB and PN presented a high level overview of findings from an initial review of the 98 responses to the recent consultation in respect of the I-SEM High Level Design (HLD) draft decision.

The SEM Committee discussed emerging thoughts, risks and issues coming out of the initial review of consultation responses at length. It was noted that the final decision paper in respect of the I-SEM HLD would be submitted for the Committee's consideration and approval, at their meeting on 28 August.

The SEM Committee were also provided with an update in relations to progression of work in relation to phase 3 of the project on implementation and detailed design as follows:

- Work on a phase 3 high level milestone plan of emerging workstreams is ongoing and will be submitted for consideration by the SEM Committee at their meeting in August.
- Work on putting a consultancy support framework in place is well advanced.

The SEM Committee noted the update.

Action: Project team to finalise decision paper on I-SEM HLD and on the phase 3 high level milestone plan. Both papers are to be submitted to the SEM Committee for their consideration and approval at their meeting in August.

b. Power Exchange

LB provided an overview of an information paper and legal advice from the SEM legal advisors, in respect of options for regulation and governance of the market operator roles and functions in the I-SEM.

This paper was requested by the SEM Committee at their meeting in May 2014 following their discussion and subsequent approval to publish the draft decision in relation to the I-SEM HLD for a period of consultation. In parallel with this stage of the I-SEM project, the Committee considered it an opportune time to review the governance and regulatory model for market operator functions in light of the coming of the I-SEM and the Target Model.

The SEM Committee were requested to provide guidance and direction and on how this issue should be progressed.

The Committee then welcomed representatives from the transmission system operators (TSOs) who provided a brief presentation of their views and understanding of the new roles and responsibilities under the Third Package of the market operators in the target model, within the European Union.

Following a discussion at length the SEM Committee advised the TSOs that they would give the issue of the appointment of an interim 'national electricity market operator' (NEMO) further consideration. The Committee further advised that they would relay their decision regarding this matter to the TSOs within the next few weeks.

Actions:

1. I-SEM project team to further develop the information paper providing options in relation to regulation and governance of the market operator roles and function in the I-SEM. The decision paper should provide clear analysis of the preferred option highlighting any concerns and giving consideration to any future conflicts. Paper to then be circulated by email to the SEM Committee for their approval.
2. I-SEM project team to liaise with SEM legal advisors prior to relaying information about the SEM Committee's decision on this matter to the TSOs.

c. TSO Cost Recovery re I-SEM

JA requested guidance from the SEM Committee in relation to a matter arising in respect of the process for the TSOs to recover their expenses and costs to date in preparation for the implementation of the new I-SEM market.

The SEM Committee discussed related issues at length noting that recovery of these costs were not provided for under the conditions of the current market operator price control process.

The Committee suggested that the team request further information from the TSOs on this matter and that an update was provided to the SEM Committee at a future meeting.

Action: I-SEM project team to request further robust information on expenditure incurred by the TSOs in preparation of the new I-SEM market for further analysis and consideration by the RAs. An update on this matter will be provided to the SEM Committee at a future meeting.

5. DS3 Project Update

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

- An overview of emerging issues from an initial review of consultation responses was provided.
- The project team held a workshop for stakeholders on Tuesday 29 July following the closure of the consultation period on DS3.
- Comments from industry at the workshop included:
 - A request for greater clarity including worked examples in relation to the SEM Committee's preferred option 5 on Multiple Bid Auctions
 - A request to extend the period for responding to the DS3 consultation
- There will be a series of bi-lateral meeting with industry stakeholders in September
- A final decision on DS3 is now expected to be submitted for consideration and approval by the SEM Committee by no later than December 2014

The SEM Committee noted the update.

6. North South Interconnector Update Report Q2 2014

The SEM Committee noted the update.

Standing Items

7. Updates

a. Reporting of Decisions of the SEM Oversight Committee to the SEM Committee

The SEM Committee noted the update.

b. CER/ NIAUR/ Independent Members Updates

CER Update

GB noted the following relevant updates from CER:

- ESB have made the decision to sell two peat-fired power stations - the 150MW West Offaly Power station in Shannonbridge and the 100MW Lough Ree Power station in Lanesboro, Co Longford.

Utility Regulator Update

JP noted the following relevant updates from the UR:

- JP noted that the UR Board have not yet made their final decision regarding the proposal to cancel the remaining GUA contracts held by PPB in Northern Ireland. An update in respect of this is to be published by the Utility Regulator by close of play on 31 July 2014.

Independent Members

DNew noted that he had recently co-wrote a paper on capacity payments which he would circulate to the SEM Committee for information.

OHH noted that he had been invited to speak at Conference organised by Energy Ireland, in Belfast on 13 November 2014.

8. Review of Actions from Meeting 82 on 26 June 2014

Action 312 was completed all other actions were reviewed and updated.

9. SEM Correspondence

a. Correspondence from IWEA dated 24 June 2014

The SEM Committee noted the correspondence from IWEA dated 24 June 2014 and the subsequent response which issued on 25 July 2014.

10. AOB

No further items were discussed.

Date of Next Meeting:

SEM Committee 84, Thursday 28 August 2014 at 10.30am – 3.30pm, CER Offices, Dublin