



## SEM Committee Meeting

### Agreed Minutes Meeting No. 84

**Location:** CER Offices, Dublin  
**Date:** Thursday 28 August 2014  
**Time:** 10.30am – 15.30pm

**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: Laura Brien (LB) (CER), Denis Cagney (DC) (CER), Jo Aston (JA) (UR)

For Items 3: Jean Pierre Miura (JPM) (UR), Clive Bowers (CB) (CER), Philip Newsome (PN) (CER), Kevin Hagan (KH) (CER), Gary Keane (Poyry), Gordon Downie (Shepherd and Wedderburn)

For Item 4: Fiona Hanaphy (FH), Andrew Ebrill (AE) (CER)

For Item 5: Paul Brandon (PB) (CER), Robert O'Rourke (RO'R) (CER)

For Item 6a: Clive Bowers (CB) (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 83 on 31 July 2014

The minutes were approved for publication, subject to a few minor amendments.

### Decision Items

#### 3. I-SEM

##### a. Decision on I-SEM High Level Design

JPM presented an overview of the I-SEM high level design (HLD) decision paper and requested the SEM Committee to approve the high level design decisions made in this paper and to delegate authority to the I-SEM Project Board and Team to finalise the paper for publication on the AIP website by no later than mid September.

The final decision on I-SEM HLD follows a recent period of consultation on the draft decision in relation to the HLD (SEM-14-045) which closed on 25 July with a total of 98 responses. A summary of issues arising from the consultation responses were presented along with a high level overview of any changes to the final decision following the consultation of the draft decision. The presentation included a summary of high level design decisions and impact assessments in relation to, energy trading arrangements and capacity remuneration mechanisms.

CB then presented an overview of matters arising in respect of the new I-SEM proposed high level design energy trading arrangements with particular focus on the day ahead markets. An update was also provided in relation to progression of testing of the European Hybrid Electricity Market Integration Algorithm (Euphemia) which is expected to begin in November 2014 at the earliest.

A Q&A session followed the presentations in which the SEM Committee sought clarification of a number of issues in relation to both the I-SEM HLD decision and Euphemia. The Committee also held a discussion at length with SEM legal advisors regarding required changes in legislation, memorandums of understanding between the SEM Committee, Regulatory Authorities and the Departments<sup>1</sup> in respect of progression of the next detailed design and implementation phase of the I-SEM project.

The SEM Committee approved the recommended decisions in relation to the I-SEM HLD. The Committee also delegated authority to the I-SEM Project Board and team to refine and finalise the decision paper prior to forwarding the final paper to the Departments in advance of publication of the paper on the AIP website. The SEM Committee thanked the Project Board and Team and acknowledged their good work in progressing the I-SEM HLD to this critical stage.

**Actions:**

1. I-SEM project team and board to refine and finalise decision paper on I-SEM High Level Design and to circulate the paper to the Departments in advance of publishing the paper on the AIP website
2. SEM Legal advisors to provide draft correspondence on behalf of the SEM Committee in respect of relaying the SEM Committee's thoughts on requirements for progression of the detailed design and implementation phase of the I-SEM project.

**b. Designation of NEMO**

CB presented background information and an overview of the Regulatory Authorities (RAs) recommendations in respect of the appointment of a National Electricity Market Operator (NEMO) in relation to the interim period prior to the implementation of the new market and beyond.

The SEM Committee reviewed the recommendations in detail noting that, ultimately the appointment of a NEMO rested with European Union member states. Therefore the responsibility for this in the context of the Single Electricity Market (SEM) would fall under the remit of DCENR in Ireland and DECC/DETI for Northern Ireland. The Committee also discussed issues around the independence and licensing of any entity appointed as a NEMO.

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<sup>1</sup> "Departments" refers to the relevant departments responsible for progressing the implementation of the IME3 in the Republic of Ireland, Northern Ireland and the United Kingdom; DCENR, DETI and DECC respectively.

The SEM Committee reached agreement of the proposals put forward by the project team and requested that the I-SEM team liaise with SEM legal advisors in drafting correspondence to the Departments taking note of the SEM Committee's recommendations on progression of this matter.

**Action:** I-SEM team to liaise with SEM legal advisors in drafting correspondence to the Departments that relays the SEM Committee's recommendations regarding the appointment of a NEMO in the SEM.

## **Discussion/Information Items**

### **4. I-SEM Project Update – Phase 3 Implementation and Detailed Design**

FH presented a high level overview of the RAs and TSOs progress to date on the plan in respect of phase 3 on detailed design and implementation of the I-SEM project. The plan identifies key workstreams, milestone dates and risks in relation to the completion of the project by the agreed deadline in 2016.

The SEM Committee reviewed the plan and discussed concerns regarding the substantial risks to the project based on the assumption that the project would complete and that the new market detailed designs would be fully implemented by the agreed completion date at the end of 2016. The Committee agreed that it would be prudent to promptly liaise with the Departments regarding requesting a proposed extension in relation to completion of the project at a European level.

The I-SEM team were requested to prepare a summary of the key risks to completing and fully implementing the detailed designs of the I-SEM by end of 2016 for discussion at the next Joint Steering Group (JSG) meeting with the Departments on Friday 29 August.

The SEM Committee noted that an update on next steps for progressing with phase 3 of the project would be relayed to the I-SEM team following the JSG.

**Action:** I-SEM team to prepare summary of key risks in relation to completion of the I-SEM project by end of 2016 for circulation to senior RA staff in advance of the JSG on Friday 29 August.

### **5. DS3 Project Update**

PB and RO'R provided an update on progression to date in relation to the DS3 System Services Review project. Points of note included:

- RAs published an information paper (SEM-14-059) containing further worked examples of the SEM Committee's proposals in the DS3 Consultation.
- As a result of this further information being published the RAs, with the approval of the SEM Committee extended the closing date of DS3 consultation by two weeks, the consultation will now close on 5 September.
- RAs will be holding a series of bi-lateral meetings with key industry stakeholders in this interim period.
- A final decision on DS3 is now expected to be submitted for consideration by the SEM Committee at their meeting on 27 November.

The SEM Committee noted the update.

## **Standing Items**

### **6. Updates**

#### **a. Trading and Settlement Code Quarterly 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 were undertaking an analysis of the gas system in light of current instabilities in the Ukraine and possible knock on effects to EU economies.

##### Utility Regulator Update

JP noted the following relevant updates from the UR:

- An update was provided in relation to the UR's recent consultation in respect of 'preferred applicant in Gas to the West competition'.

### **7. Review of Actions from Meeting 83 on 31 July 2014**

The Chair noted that Actions from Meeting 83 on 31 July 2014, would be reviewed at a later date and prior to the next SEM Committee meeting on 25 September.

### **8. SEM Correspondence**

#### **a. Correspondence from Energia on I-SEM HLD Decision**

I-SEM team to draft response to recently received correspondence from Energia for signature by the Chair.

#### **b. Correspondence from Keane Legal on Behalf of Grange Back-up Power Ltd**

DS3 team to draft response to recently received correspondence from Keane Legal on behalf of Grange Back-up Power Ltd for signature by the Chair.

### **9. AOB**

No further items were discussed.

#### **Date of Next Meeting:**

**SEM Committee 85, Thursday 25 September 2014 at 10.30am – 3.30pm, Utility Regulator Offices, Belfast**