



## SEM Committee Meeting

### Agreed Minutes Meeting No. 86

**Location:** CER Offices, Dublin  
**Date:** Thursday 30 October 2014  
**Time:** 10.30am – 16.45pm

**Attendees:** Paul McGowan (PMcG) (CER) (SEMC Chairman), Jenny Pyper (JP) (Utility Regulator) (UR), Bill Emery (BE) (UR), Garrett Blaney (GB) (CER), Aoife MacEvilly (AM) (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), Avril Mullins (AM) (CER)

For Items 3 & 4: Jean Pierre Miura (JPM) (UR), Fiona Hanaphy (FH), Elaine Gallagher (EG) (CER)

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

For Item 6a: Colin Broomfield (CBr) (UR), Brian Mulhern (BM) (UR)

**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 85 on 25 September 2014

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

### Decision Items

#### 3. CPM BNE for 2016

The Best New Entrant (BNE) element of the Annual Capacity Payment Sum calculation was fixed and indexed between 2013 and 2015. KD provided information on changes to elements of this calculation since it was fixed, including changes in the Cost of Capital for power plants.

The SEM Committee decided that the BNE element should be recalculated during 2015 using the existing methodology as part of the determination of the 2016 and 2017 Annual Capacity Payment Sums.

## **Discussion/Information Items**

### **4. North South Interconnector Update**

David De Casseres (SONI), Bill Thompson (Eirgrid) and John Fitzgerald (Eirgrid) presented an update progression of the North South Interconnector (NSIC) project. A Q& A session followed the presentation in which the SEM Committee sought clarification of a number of issues.

The SEM Committee thanked the representatives from SONI and Eirgrid for their update and restated its view on the strategic importance of the NSIC to the effective functioning of the Single Electricity Market (SEM) and the all-island consumer interest. The Committee also noted the importance of the timely delivery of the NSIC as a key issue.

### **5. DS3**

#### **a. Project Update**

PB gave a presentation providing an update in respect of progression of the DS3 System Services Review project. Points of note included:

- There are currently two critical workstreams requiring consideration and discussion by the Regulatory Authorities (RAs) / SEM Committee, these include;
  - RoCoF (Rate of Change of Frequency) standards – Generator studies will be commencing in November 2014 and priority generator studies are expected to complete by end of Q2 in 2016.
  - System Services – the SEM Committee’s decision in respect of DS3 System Services Procurement Design is expected to be published before end of 2014
- Project timelines were discussed and it was noted that Q4 of 2017 would be a critical time in respect of implementation of the detailed designs for both the DS3 and I-SEM projects.

A Q&A session followed in which the SEM Committee sought clarification of a number of issues. The Committee also held some further discussion around RoCoF, it was noted that as this is a grid code modification, the RAs deal with this separately but collaboratively in their respective jurisdictions.

#### **b. Summary of Consultation Responses**

RO’R provided a summary of issues arising from responses to the recent consultation in respect of DS3 System Services Procurement Design (SEM-14-059) and subsequent further information paper on this subject (SEM-14-075) which closed on Friday 5 September 2014.

The consultation proposed five procurement options, there was no definitive support for specific options however, the majority of the respondents indicated some preference for suggested variants of options one and five. There was little or no support for options two, three and four.

The SEM Committee also discussed other issues of note arising from the responses in relation to value v.cost, volumes, payment basis, market power and potential conflicts of interest around the East West Interconnector (EWIC).

### **c. DS3 System Service Options Discussion Paper**

PB and RO'R presented an overview of a discussion paper on emerging thinking following the recent consultation in relation to DS3 System Services Procurement Design. The SEM Committee were requested to provide direction and guidance to the DS3 Project Board and team for input into the drafting of the final decision on this subject.

Following a discussion at length on the pros and cons of the proposed options and related matters arising, the SEM Committee made a number of suggestions for input into the final paper. The team were advised that the final decision should, encourage a competitive approach, provide definitive timelines and address the complexity of the issue.

The SEM Committee then acknowledged and thanked the team for all their hard work in getting the project to this stage and delegated authority to the Project Board to finalise and approve the final decision for publication before the end of 2014.

## **6. I-SEM Project Update & PID**

A project plan was published on 10 October on the AIP website, highlighting an I-SEM Go-Live date of Q4 2017.

AE provided an update on I-SEM PID for Phase 3. PID will provide a static overview of key elements of project – is an internal document.

SEMC discussed new governance arrangements for Phase 3 of the I-SEM. Sub-committees of the SEMC, including an I-SEM sub-committee (including Jenny and Garrett), and I-SEM Project Board sub-committee (including Jo and Laura) and a DS3 sub-committee were suggested. These sub-committees would form part of a revised Scheme of Delegation. Oversight Committee does not need to be recognised in the PID.

Procurement of an external Project Manager for I-SEM: RAs received 5 tenders and are hopeful that the Project Manager will be appointed by December 2014, subject to acceptance of contract conditions.

Procurement of technical consultants: A Framework Request for Tender has been issued.

Hopeful that framework consultants will be in place early January 2015.

NEMO issue: Await final version of Capacity Allocation and Congestion Management (CACM) guidelines being published (anticipate December 2014). Any decision on the designation of a NEMO will rest on alignment with CACM.

**Action:** I-SEM Team to present an update to next SEMC regarding the designation of a NEMO in alignment with CACM.

**Action:** I-SEM Team to update the Phase 3 PID with a revised Scheme of Delegation as per the note above.

## **Standing Items**

### **7. Updates**

#### **a. Reporting of Decisions from the Oversight Committee to the SEM Committee**

Noted

**b. CER/ NIAUR/ Independent Members Updates**

Utility Regulator Update

JP noted the following relevant updates from the UR:

- A paper providing an update in relation to Security of Supply issues in Northern Ireland will be published on the SONI's website in early November.

SEM Independent Members Updates:

- DNew noted that Ofgem would be announcing a project to finance and develop an offshore cable repair and universal cable jointing system. It is envisaged that the availability of this vessel would significantly reduce costs.

**8. Review of Actions from Meeting 85 on 25 September 2014**

Actions 311, 313, 314, 315 and 318 were completed all other actions were updated.

**9. SEM Correspondence**

The SEM Committee reviewed all recently received correspondence and advised relevant teams of suggested responses.

**10. AOB**

**Date of Next Meeting:**

**SEM Committee 87, Thursday 27 November 2014 at 10.30am – 3.30pm, Bewleys Hotel, Ballsbridge, Dublin**