

## SEM Committee Meeting

### Minutes Meeting No. 104

**Location:** CER Offices, Dublin

**Date:** Thursday, 28 April 2016

**Time:** 8.30am – 3.30pm

**Member Attendees:** Aoife MacEvilly (AMacE) (CER), SEM Committee Chair, Jenny Pyper (JP), Utility Regulator, (UR), Bill Emery (BE) (UR), Jon Carlton, (JCI), Board Member of the Utility Regulator, Garrett Blaney (GB), CER, Paul McGowan (PMcG) (CER), Odd Håkon Hoelsæter (OHH) Independent Member, Professor David Newbery (DN), Deputy Independent Member

#### **In attendance:**

For all Items: Jo Aston (JA) (UR), Brian McHugh (BMcH) (UR), Alan Rainey, (AR) Economic Adviser to UR, and Laura Brien (LB) (CER);

For Items 3-6: Robert O'Rourke (ROR) (CER), Paul Bell (PB) (UR), Mo Cloonan (MC) (CER), and Andrew McCorriston (AMcC) (UR);

For Item 7: Colin Broomfield (CBr) (UR), Philip Newsome (PN) (CER), Natalie Dowey (ND) (UR); and Alistair Greene (AG), ESP Consulting;

For Item 8: Elaine Cassidy (EC) (UR);

For item 9: Clive Bowers (CB) (CER), Brian McHugh (BH) (UR), James Curtin (JC) (CER), and Gonzalo Saenz (GS) (CER);

For item 10: Leigh Greer (LG) (UR), Philip Newsome (PN) (CER), Mariela Atanasova (MA) (CER), and Gary Keane (GK) (Poyry Consulting).

**Minute Taker:** Elaine Gallagher (SEMC Secretariat)

#### **Preliminaries:**

#### **Declarations of Interest:**

The chair invited members to make declarations of interest. No declarations were made.

#### **1. Approval and Adoption of the Agenda**

The agenda was approved subject to minor amendments namely:

- Item 8 Presentation on REMIT enforcement powers be postponed to the next available meeting;
- Items 3 and 11 were taken as read;

#### **2. Review and Approval of Minutes from meeting 103 on 31 March 2016**

Minutes approved subject to minor editorial amendments. Matters arising from the minutes were discussed.

### **3. DS3 Project Update**

The DS3 project update was taken as read. In addition, ROR updated the Committee on the recent publication by the TSOs of the DS3 Interim Tariff Procurement Notice for Tender.

The SEM Committee noted the significance of the move to 55% SNSP as an operational policy and commended the work to bring about this achievement.

### **4. DS3 Auction Design: Recommended Approach**

MC provided a detailed update on the recent DS3 workshop with stakeholders as well as an outline of the proposed DS3 Auction Design approach recommended by the DS3 project team.

The SEM Committee recognised the complexity of the issue and the importance of providing long-term investment signals.

The SEMC is strongly committed to auctions and competitive process to deliver the DS3 system services. The Committee is keen to maintain momentum with interim steps to a 2018 auction, which would facilitate progress towards an enduring auction arrangement.

The SEM Committee endorsed and approved the approach proposed by the project team.

Finally, the Committee noted the importance of facilitating innovation and emerging technologies in the context of DS3 system services.

### **5. DS3 Enduring Volumes Methodology Decision Paper**

AMcC provided a synopsis of the decision paper and a detailed discussion ensued. AMcC also identified a small number of areas of the decision paper that required editorial or explanatory changes. The SEM Committee supported the conclusions contained in the paper and suggested further additional minor amendments to the paper. The SEM Committee, while also requiring that volumes are calculated for all services, approved the publication of the Decision Paper and delegated the final editorial sign-off to Project Board.

### **6. DS3 RoCoF Remuneration Mechanism Decision Paper**

The project team provided an overview of consultation responses and a detailed discussion followed. The SEM Committee approved the RoCoF Remuneration Mechanism Decision Paper 2015.

## **7. CRM Decision Paper 2**

CBr provided a synopsis of the decision paper, and a detailed discussion followed focussing on issues addressed in the decision paper including: Interconnector and cross border capacity secondary trading; detailed reliability option design; the level of administered scarcity price; and transitional issues.

The SEM Committee approved the decision paper subject to final editorial sign-off by I-SEM Project Board.

## **8. Presentation on REMIT enforcement powers by SEMC legal advisors**

The Committee noted that Gordon Downey (Shepherd & Wedderburn) was not available due to an unanticipated flight scheduling delay, to attend the meeting. EC proposed that the Shepherd & Wedderburn develop options for the RAs' coordinated approach under REMIT regulation. The Committee agreed that SEMC legal advisors, Shepherd & Wedderburn, should present at SEMC 105 in May in Belfast.

## **9. Market Power Decision Paper**

The SEM Committee discussed the proposed coordinated approach to REMIT which was discussed as part of agenda item 8 in the context of market power. After a substantive discussion, the SEM Committee approved the Market Power Decision Paper subject to final sign off by I-SEM Project Board. The SEM Committee noted that as part of this discussion that an update on Euphemia testing from the TSOs might be appropriate at a subsequent SEM Committee meeting.

It was noted that the issue of continued ring-fencing of ESB would be considered as part of the Forwards and Liquidity workstream; the consultation paper on which would be discussed at SEM Committee meeting 105 in May.

## **10. TSO Synergies and Conflicts of Interest Update**

LG and GK (Poyry Consulting) outlined the process followed by the Governance and Licencing workstream to consider perceived and potential TSO synergies and conflicts of interest in the I-SEM market; and sought guidance from the Committee as to the appropriate way forward. The project team recommended a targeted approach to mitigate against identified potential and perceived conflicts, which the team would continue to pursue. The SEM Committee endorsed this recommended approach. In addition, the SEM Committee recommended that Garrett Blaney, CER Chair, and Jenny Pyper, UR CEO, as members of the I-SEM subcommittee, might engage in further discussions together, and with senior management in EirGrid to discuss any matters arising.

## **11. I-SEM Project Update**

This item was taken as read.

## **Standing Items**

### **12. Updates**

GB noted UR's engagement with CEER and ACER on European market issues and highlighted the importance of ACER and CEER workstreams and its potential to impact on the all island market.

DN updated the Committee on a recent academic visitor from Finland, to Cambridge, who expressed an interest in the proposed Capacity Remuneration Mechanism in the island of Ireland for the new market.

### **13. Review of actions from meeting 103 on 31 March**

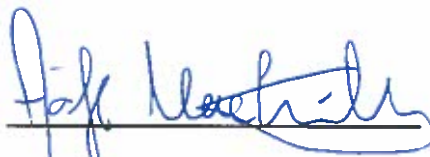
Actions were updated.

### **14. SEM Correspondence**

No new representations were discussed.

### **15. AOB**

Signed: \_\_\_\_\_



**Aoife MacEvilly, Commissioner, CER, SEMC Chair**

**Date of Next Meeting:  
SEM Committee 105, Thursday, 26 May 2016, UR Offices, Belfast**