

SEM Committee Meeting

Minutes Meeting No. 49

Location: CER Offices, Dublin
Date: 26th January 2012
Time: 10.30am – 4.00pm

Attendees: Ignacio Perez-Arriaga (IP-A) (Independent Member) (SEMC Chairman), Shane Lynch (SL) (Utility Regulator) (UR), Alan Rainey (AR) (UR), Garrett Blaney (CER), Dermot Nolan (DN) (CER), Jose Sierra Lopez (JS-L) (Deputy Independent Member).

Apologies:

In attendance:

For all items: Tanya Wishart (TW) (UR), Eugene Coughlan (EC) (CER), Cathy Mannion (CM) (CER)

For items 5, 6 & 8: Colin Broomfield (CBr) (UR)

For Item 6 & 11: Clive Bowers (CB) (CER)

For Item 8: Andrew Ebrill (AE) (CER), Kevin Hagan (KH) (CER)

For Item 10: Jamie Burke (JB) (CER)

For Item 16: Jamie Burke (JB) (CER)

Minute Taker: Mignonne Smith (UR) (SEMC Secretariat)

1. Approval and Adoption of the Agenda

The Agenda was amended and adopted.

2. Approval of Minutes from Meeting 47 on 27th November 2011.

The Minutes were adopted subject to agreed amendments.

3. Approval of Minutes from Meeting 48 on 19th December 2011.

The Minutes were adopted subject to minor amendments.

4. Review of Actions from Meeting 48 on 19th December 2011.

Actions 178, 180, 202, 203 and 204 were complete. The remaining actions were amended and updated.

5. MMU December Update

CBr provided an overview of the Market Monitoring December Report. The SEM Committee discussed report highlights in detail and re-stated requirement for a more in-depth analysis to provide a full understanding of the impact of uplift. The update was noted.

6. Kilroot Oil Running Issue

CBr provided background information on an occasion in January 2012 when SONI dispatched Kilroot on Heavy Fuel Oil (HFO) to cover periods of peak demand during a time when system margins were tight for Northern Ireland. Kilroot was not scheduled in the market schedule over this period and faced a potential under recovery. This situation may occur again.

The SEM Committee discussed the issue at length, considered possible options and agreed in principle that it would be appropriate Kilroot should be allowed to recover their variable costs. The Committee delegated authority to the Oversight Committee to liaise with both Eirgrid and SONI to resolve this issue.

Action: TW /CM to meet with Eirgrid and SONI and bring forward a solution to the Oversight Committee on this issue.

7. SEM Oversight Committee Membership

TW sought approval to amend the SEM Committee Scheme of Delegation and the Oversight Committee Terms of Reference in order to appoint JPM onto the SEM Oversight Committee as a replacement for Juliet Corbett who has recently left the Utility Regulator on a secondment.

The SEM Committee approved the amendment.

8. Market Power and Liquidity Decision Paper

AE and KH presented findings of a recent consultation on the draft Market Power and Liquidity Decision Paper published on the 25th November 2011. Approval was sought to publish the final Decision Paper, which sets out the SEM Committees policy decisions on market power and liquidity, with a view to bringing the project to a close from a policy-making perspective.

The SEM Committee discussed the policy decisions in detail, suggesting minor amendments to wording around the issue of NDC's. They further suggested that the team set up a project to monitor NDC's, reporting back to the SEM Committee with regular updates.

The Committee approved the paper for publication subject to minor amendments as suggested and requested that the Oversight Committee commence work on relevant licence modifications for consultation.

Action: Oversight Committee to commence work on relevant licence modifications for consultation purposes.

9. SEM Generator Testing Tariffs Decision Paper

PB and RO'R provided an overview and background of the TSO's SEM Testing Tariffs Recommendation paper which provides an update on current testing tariffs that have remained the same since they were first introduced in 2005.

The SEM Committee noted the methodology applied by the TSO's recommendations. The Committee suggested inviting the TSO's to present at the SEM Committee Meeting on 23rd February on the rationale behind their methodology in order to prove them with an in-depth understanding, prior to making a decision to publish the Recommendations paper.

Action: RO'R to invite TSOs to present at the next SEMC Committee meeting on 23rd February 2012 on rationale behind their recommended testing tariff methodology.

10. TSO Certification for Ireland

JB provided overview of Guidance Notes for TSO Certification in Ireland requesting approval for publication of the Note thereby initiating the TSO Certification process in Ireland.

JB further noted that for the purpose of consistency the Note was based upon the Northern Ireland Guidance Note published in December 2011 but with relevant and appropriate amendments for the Irish Legislation.

The SEM Committee discussed matters relating to the TSO Certification process at length and suggested minor amendments to the wording of the Guidance Note. The Committee approved the paper for publication subject to minor amendments discussed being agreed upon and approved by the Project Board at their next meeting.

Action: Project Team to amend Guidance Note as discussed for agreement and approval for publication at next Project Board meeting.

11. Trading and Settlement Code Update

CB gave an overview of the SEM Trading and Settlement Code Update for the period 14 December 2011 to 20 January 2012.

The SEM Committee noted the update.

12. Market Integration Project – January Update

TW provided the SEM Committee with an update on the Market Integration Project. The initial Consultation has now been published following minor editorial changes as suggested by the SEM Committee at their meeting in December. In addition some further minor changes were made to the text following a meeting with Ofgem and SO's/MO in early January. TW also noted that the next Industry Workshop will take place on the 9th of February 2012.

The SEM Committee noted the update.

13. Judicial Review Update

EC provided an update current status of the ongoing Judicial Review noting that final determinations are not likely to occur until Easter at the latest.

The SEM Committee noted the update.

14. Reporting of Decisions made by Oversight Committee to SEM Committee

The Decisions were noted.

15. Updates CER/NIAUR/Independent Members

CER

DN provided update on current issues for CER as follows:

- Suggestions made that CER would in the future be responsible for Water Regulation in Ireland.
- Smart Metering roll out decision expected in next few weeks.

Utility Regulator

SL provided an update on current issues for The Utility Regulator as follows:

- Correspondence received regarding the recent publication of a CCNI report on Analysis of the Douglas McIlDoon document, which provided an Independent Review of the UR's tariff setting process. SL felt issue of relevance to the SEM Committee; therefore would recommend response should be discussed with the Committee following a draft being provided by the UR.

Action: SL to circulate CCNI press release and Report to the SEM Committee for information and draft response to correspondence received for discussion at the SEM Committee's meeting in February.

Independent Members

The Independent Members had nothing to report.

16. SEM Correspondence

Correspondence on Tie Breaks in Dispatch

At the time of meeting the SEM Committee had received a total of 15 letters regarding the Treatment of Tie Breaks in Dispatch. The Committee discussed the Tie Break issue at length noting their considerable examination of this issue prior to the publication of their Decision on the matter.

In light of correspondence received, however, the SEM Committee suggested inviting representatives from the Irish Wind Energy Association, Meitheal na Gaoithe and NOW Ireland to present any new views on this issue at the SEM Committee meeting on the 23rd of February.

Action: JB to draft and issue letters of invite to present views on Tie Break issue at the February SEM Committee to agreed Wind Representative Groups and to similarly draft and issue responses informing the rest of the interested parties of this decision, following approval and signature by the SEM Committee Chairman.

Correspondence from Eirgrid on TSO Certification

The SEM Committee discussed correspondence received from Eirgrid on TSO Certification. PB to draft response for signature by the Chairman.

Action: JB to draft response to Eirgrid letter on TSO Certification for approval and signature by the SE Committee Chairman.

17. AOB

There were no items discussed under AOB

Date of Next Meeting: Thursday 23rd February 2012, Utility Regulator Offices, Belfast