

SEM Committee Meeting

Agreed Minutes Meeting No. 69

Location: Utility Regulator Offices, Belfast
Date: Thursday 30th May 2013
Time: 10.30am – 3.30pm

Attendees: Odd Håkon Hoelsæter (OHH) (Independent Member) (SEMC Chairman) Alan Rainey (AR) (Utility Regulator) (UR), Dermot Nolan (DN) (CER), Garrett Blaney (GB) (CER), Shane Lynch (SL) (UR), Paul McGowan (PMcG) (CER), Bill Emery (BE) (UR), Professor David Newbery (DNew) (Deputy Independent Member).

In attendance:

For all items: Denis Cagney (DC) (CER), Jo Aston (JA) (UR), Jean Pierre Miura (JPM) (UR), Gordon Downie (GD) and Fiona Parker (FP) (Shepherd and Wedderburn)

For items 4 and 5: Clive Bowers (CB) (CER)

For items 7, 8 and 9: Colin Broomfield (CBr), (UR), Kenny Dane (KD) (UR), Andrew Ebrill (AE) (CER), Kevin Hagan (KH) (CER)

Minute Taker: Mignononne Smith (MS) (SEMC Secretariat)

1. Approval and Adoption of the Agenda

The Agenda was adopted as circulated.

2. Approval of Minutes from Meeting 68 on 25th April 2013

The minutes were approved and subject to minor amendments.

3. Review of Actions from Meeting 68 on 25th April 2013

Actions 244, 265, 268, 269, 271 were completed all other actions were updated.

4. Market Integration Project Update

CB provided an update on the current status of the Market Integration project. The SEM Committee noted the update.

5. Trading and Settlement Code Update

CB provided an overview of the Trading and Settlement Code (TSC) Update Report. The SEM Committee discussed the current format of the Update Report and suggested that the TSC Team

review and amend the format of the Report in time for consideration by the Committee at their meeting in July.

Action: TSC Team to review and amend format of Bi-monthly TSC Update Report for consideration by the SEM Committee at their meeting in July.

6. TSO Certification Update

GB, as chair of the SEM Sub Committee provided an overview of latest developments in relation to the TSO Certification Process in respect of NIE/ SONI and Moyle Interconnector Ltd (MIL).

AR provided further background information in relation to issues around legislative changes required in Northern Ireland to facilitate the implementation of TSO Certification for NIE/SONI. The SEM Committee also discussed recently received correspondence from DETI on this issue and delegated authority to the Sub Committee to liaise with SEM Legal Advisor in preparing and issuing a response to DETI by close of play on 30th May.

Action: SEM Sub Committee to liaise with SEM Legal Advisor in preparing and issuing a response to DETI by close of play on 30th May.

7. Gas Transportation Capacity Costs

CBr provided background information and an overview of progress on issues to date in relation to the treatment of Gas Transportation Capacity Costs (GTCC) within Commercial Offer Data (COD) in the Single Electricity Market (SEM).

The SEM Committee discussed this matter at length, taking consideration of the responses to the consultation it issued in September 2012 "Single Electricity Market: Treatment of Gas Transportation Capacity Costs (SEM-12-089)" and subsequent correspondence with market participants, together with the report received from Poyry consultants and the advice provided by the SEM Legal Advisors.

The Committee acknowledged the concerns expressed on this question and confirmed their intention to issue a guidance note on the treatment of these costs setting out, on a provisional basis, the Committee's position on that matter and on the disapplication to GTCC of certain of the valuation principles in the BCOP as a matter of urgency by no later than the 20th June 2013 and subsequently to develop proposals for modification to the Bidding Code of Practice as it relates to GTCC.

The Committee delegated authority to the Oversight Committee (OC) to exercise the powers of the Committee in such manner as the OC considered appropriate in order to give effect to those intentions and, on the Committee's behalf and in its name, to frame and issue the relevant guidance note and subsequent proposals.

Action: MMU Team to prepare note for publication on Friday the 31st May, on the AIP Website in relation to Notification of the SEM Committee's intention to issue an interim Guidance Note on in relation to clarification of the treatment of GTCC by no later than 20th June 2013.

MMU Team to liaise with SEM Legal Advisors in the preparation of Guidance note on GTCC for discussion and approval by the Oversight Committee at their meeting on 18th June 2013.

8. Market Monitoring Update

CBr provided an overview of the Market Monitoring Update Report for May. The SEM Committee held a brief discussion on related issues and noted the update

9. MMU Process Manual

CBr provided an update on current status of the MMU Process Manual advising the SEM Committee that this would be available for their consideration in July.

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

The update was noted.

11. Updates CER/UR/Independent Members

Utility Regulator

SL provided relevant updates as follows:

- Security of Supply (SoS) – the Utility Regulator in liaison with DETI are aiming to publish an Information paper in relation to possible solutions to SoS issues in Northern Ireland at the beginning of June and will circulate this to the SEM Committee for information when it is available.
- RP5 Price Control has been referred to the Competition Commission. This process should complete by end of October 2013
- Power NI have announced an 18% increase in domestic electricity tariffs on 22nd May. The increase will become effective from the 1st of July.

12. SEM Correspondence

- **Correspondence on Treatment of Gas Transportation Capacity Costs** - The SEM Committee advised the Project Team of amendments to the SEM Committee responses to recently received correspondence on GTCC and gave approval to issue responses by close of play on Friday 31st March.
- **Correspondence on DS3** – The SEM Committee agreed draft response to recently received correspondence in relation to DS3 and gave approval to issue the response.

13. AOB

No further items were discussed

Date of Next Meeting:

SEM Committee 70, Tuesday 25th June 2013, CER Offices, Dublin