



SEM Committee Meeting
DRAFT Minutes Meeting No. 120

Location: UR Offices, Belfast
Date: Thursday, 31 August 2017
Time: 10.15 – 16.40

Member attendees:

Utility Regulator (UR): Bill Emery (SEM Committee Chair), Jenny Pyper, Jon Carlton
Commission for Energy Regulation (CER): Garrett Blaney, Paul McGowan, Aoife MacEvilly
Independent members: Odd Håkon Hoelsæter, Professor David Newbery (Deputy)

In attendance:

For all Items: Jo Aston (UR), Alan Rainey (Economic Adviser to UR), Laura Brien (CER), John Melvin (CER)

For item 3: Jean-Pierre Miura (UR)

For items 4a, 4b and 5: Paul Bell (UR) and Kevin Barron (UR)

For item 5: Brian Mulhern (UR) and Kevin Hagan (CER by telephone)

For item 6: Colin Broomfield (UR), Andrew Chattrabhuti (ESP consulting), Stuart Ffoulkes (ESP consulting)

For item 7: Andrew McCorriston (UR), Robert O'Rourke (CER), Roisin McLaughlin (UR), Rodney Ballantine (NIEN), Jonathan Pollock (NIEN), Con Feeney (NIEN), Robin McCormick (SONI), Karen O'Doherty (SONI), Jon O'Sullivan (SONI)

For item 8: Andrew McCorriston (UR), Robert O'Rourke (CER), Roisin McLaughlin (UR), Rene Beune (ECA), David Williams (ECA)

For item 9: Helen Mounsey (Neuda), Robert O'Rourke (CER)

Apologies: none

Minutes: Barbara Stevenson (SEMC Secretariat)

Declarations of interest: No declarations were made.

1. Approval and adoption of the agenda

The agenda was approved and adopted.

2. Review and approval of minutes from meeting 119 on 27 July 2017

The minutes from SEM Committee meeting 119 were approved for publication subject to minor amendments.

3. EUPHEMIA ramping rate

Jean-Pierre Miura presented this item which outlined the ramping constraints on the Euphemia algorithm. He provided background to the issue as well as outlining implications and recommendations.

SEMC discussed the proposals including technical limits, cost implications, constraints and value to consumers. In particular, the Committee queried the basis for the technical ramping rates being set by the TSOs and their current relatively low levels.

SEMC approved the proposal as outlined.

4. a. CPM 2018 annual capacity payment sum decision

Paul Bell and Kevin Barron presented this paper which sought approval of the annual capacity sum for 2018.

A lengthy discussion took place on the background to the CPM calculations as well as an overview of the process. Responses to the consultation were reflected and impact of I-SEM discussed.

SEMC approved the CPM 2018 annual capacity payment sum as proposed and delegated authority for publication of the decision paper to the Oversight Committee.

b. I-SEM directed contracts implementation: next steps

Laura Brien provided a background on the current policy and structure of directed contracts. SEMC considered the proposals along with ESB's proposed revisions to DC master agreements and subscription rules. Discussion took place on the implications for market participants as well as considerations following I-SEM go-live.

SEMC endorsed the proposal as outlined in the paper.

5. I-SEM market monitoring

The report by ECA on behalf of the Committee was presented. SEMC discussed the background to and progress that has been made in market monitoring by the RA's. The importance of this function was highlighted with a clear strategy supported by SEMC.

SEMC agreed

- On the principles and recommendations in the ECA report;
- that there will be a strong, robust, informed and effective market monitoring unit from the inception of the I-SEM;

- that the market monitoring unit will fully utilise the market data to be collected by ACER and SEMO; and
- to proceed with implementation and procurement of the necessary systems.

6. CRM USPC applications

Colin Broomfield presented an update on the USPC applications and key issues emerging. He provided an overview of the process and timeline, summary of applications, modelling results, key issues and next steps.

SEMC noted the latest position.

7. RoCoF presentation from NIEN and SONI

NIEN representatives provided an overview of their presentation on the DS3 generation interface protection amendment project as well as their view of the timeline for progressing the project. The SEM Committee had an extensive discussion on many of the issues raised including a probe into the safety concerns, management of risk including ALARP, experience from other markets, research from Strathclyde University and differences between impacts between large and small scale generation.

SEMC expressed concern at the time it has taken NIEN to investigate and progress this issue. SEMC urged NIEN to expedite resolution of the outstanding issues as soon as possible. SEMC requested a further update to be provided at the October SEMC.

SONI representatives highlighted the impact of the increase in small scale generation on the system and noted they would support NIEN following the results of the study. They also noted the risks of small scale generators tripping in relation to security of supply.

8. DS3 system services – presentation of jurisdictional review of competitive arrangements

Robert O'Rourke and ECA presented this item looking at scoping arrangements for the procurement of DS3 system services. SEMC discussed the need for contracting for system services, lessons learnt from international review, procurement framework as well as recommendations. A discussion also took place on procurement design and next steps.

9. I-SEM and DS3 project updates

Helen Mounsey provided a progress update to the committee. Key points highlighted were:

- End to end testing commenced on 30 August
- Update on Euphermia tests
- Discussion on CRM and State Aid
- Review of stage gates

Robert O'Rourke provided a progress update on the DS3 project noting there were no major issues and that the project is broadly on schedule.

10. Updates

a. SEMC communications strategy update & I-SEM and DS3 hymn sheets.

Agenda item noted as read. SEMC discussed further engagement with stakeholders and the production of materials to support the I-SEM project.

b. CER / Utility Regulator / Independent Members

Paul McGowan updated the SEMC on PC4 (the latest gas price control), timing of CER name change, TUoS and DUoS charges and highlighted the positive decision on the North/South interconnector JR decision. Aoife MacEvilly updated the Committee on smart metering.

Jenny Pyper commended the publication of the UK government NI/Ireland Brexit position paper which explicitly recognised the importance of early decisions on energy matters. She noted the departure of Brian McHugh and updated SEMC on his replacement. An update on the recent tariff review for Power NI was also provided.

No updates were provided by the Independent Members

c. MMU public report Q2 2017

SEMC noted the MMU public report for Q2 2017.

11. Review of actions from meeting 119 on 27 July 2017

The actions were noted and updated.

12. SEM Correspondence

No new correspondence was noted.

13. AOB

SEMC discussed the presentation and circulation of SEMC papers.

Signed: Bill Emery

Bill Emery, SEM Committee Chair