

**SEM Committee Meeting
Minutes Meeting No. 139**

Location: CRU offices, Belfast

Date: Thursday, 28th February 2019

Time: 10.30 – 15.45

Member attendees:

Utility Regulator (UR): Bill Emery (SEM Committee Chair), Jon Carlton
Commission for Regulation of Utilities (CRU): Paul McGowan, Aoife MacEivilly
Independent members: Odd Håkon Hoelsæter, Professor David Newbery (Deputy)

In attendance:

For all Items: Jo Aston (UR), John Melvin (CRU), Alan Rainey (Economic Adviser to UR),
Colin Broomfield (UR)

For items 3 and 4: Paul Bell (UR), Kevin Lenaghan (UR), Kenny Dane (UR), Kevin Baron
(UR), Barry Hussey (CRU), Andrew Chattrabhuti (ESP Consulting)

For items 5 and 6: Brian Mulhern (UR), Kevin Hagan (CRU), Barry Hussey (CRU)

Apologies: Jenny Pyper (UR)

Minutes: Barbara Stevenson (SEMC Secretariat)

Declarations of interest: The Committee discussed Jo Aston's recent appointment as Managing Director of SONI, which she expected to take up in May. The Committee noted that the UR is actively managing this transition to ensure any actual or perceived interests are addressed. In particular, Colin Broomfield had already taken over Jo's position on the Oversight Committee and other responsibilities were expected to be transitioned to a new Acting Director of Wholesale Markets in the very near future. The Committee recognised that Jo Aston is not a decision maker within the SEMC governance structure and is there to assist and inform UR members only. The Committee noted this position for today's meeting and were content to continue with Jo Aston present.

1. Approval and adoption of the agenda

The agenda was approved and adopted subject to clarification that agenda item 3 is a decision item.

2. Review and approval of minutes from meeting 138 on 31st January 2019.

The minutes from SEM Committee 138 were approved subject to minor amendments.

3. Capacity Remuneration Mechanism T-4 auction

Paul Bell provided the committee with an outline of the papers submitted to the Committee and detail of the decisions required.

The Committee considered the qualification results as presented. Changes from the provisional qualification results, auction applications, experience from previous auctions, connections to the network and the auction process were discussed.

The Committee approved the 2022/23 T-4 Capacity Auction final qualification results and delegated authority to the Oversight Committee to complete final assurance checks and issue letter to the TSOs.

Volume requirements across the island were presented including consideration of adjustments for reserves, demand withholding, demand side units and correspondence from Eirgrid in relation to Locational Capacity Constraints. The Committee considered the options presented in the paper and provided feedback to the Regulatory Authorities.

The Committee approved the T-4 auction volumes and local capacity constraint settings

Kevin Baron presented the detail of the final auction information pack parameters including the demand curve, exchange rate, locational capacity constraint minimum requirements and auction timetable.

The Committee approved the final auction information pack parameters

Information provided to the Committee was considered, including the TSO's Interim Auction Solution Methodology paper. The Committee were also updated on stakeholder feedback to the recent consultation on modifications to the Capacity Market Code.

The Committee approved the T-4 2022/23 Interim Auction Solution Methodology with editorial amendments of final papers delegated to the Oversight Committee

Kevin Lenaghan provided the Committee with an overview of the USPC process and update on discussions with market participants. The Committee also discussed commodity prices, forecasting, algorithms and modelling. The Committee sought further clarity on options presented and provided the RAs with feedback including in relation to areas of uncertainty.

The Committee approved the T-4 2022/23 USPC final values and delegated editorial amendments to reflect Committee comments to the Oversight Committee



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An overview of applications received was presented along with detail of feedback from the Market Operator and legal opinion.

The Committee made approval/disapproval decisions for the new capacity 10-year applications, and also made a decision, including directions to the TSOs, in respect of the interaction between these applications and the satisfaction of locational constraints within the clearing algorithm.

4. CRM T-1 CY2019/20 and T-2 CY2021/22 auction

Paul Bell presented an overview of the CRM T-1 CY2020/21 and T-2 CY2021/22 auction timetables and updated the Committee on discussion with the TSOs.

The Committee discussed the proposed parameters that are to be consulted on as presented in the paper as well as information gathered and experience from the two completed auctions. The Committee provided the team with direction on next steps including seeking industry views on changes to the existing capacity price cap.

5. MMU update

The Committee noted the market monitoring update submitted to the Committee and the recently published public report covering the first four operating months of the new SEM market arrangements.

6. Balancing Market Update

Kevin Hagan updated the Committee on recent activity in the balancing market and noted the recent publication by SEMO of their review of events of 24th January including flagging and tagging. He updated the Committee on investigation work being carried out by the RAs including ongoing discussion with market participants, liaison with the TSOs including further information requested and possible mitigation measures.

The Committee expressed again the importance of this matter and need for swift actions to address issues identified which could include interim measures to address RO events until longer term solutions are put in place. Further information is to come to the Committee in March however it was highlighted that decisions could be taken by the Committee in advance of the next meeting if necessary.

7. DS3 update

The Committee noted the DS3 update as submitted to the Committee. Jon Carlton also provided an update on progress to RoCoF compliance by large and small scale generators in Northern Ireland.



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8. Updates

a. SEMC communications and governance update

Barbara Stevenson updated the Committee on ongoing governance and communication activities.

b. CRU/Utility Regulator/Independent members

Bill Emery noted the recent appointment of two new Utility Regulator Board members.

c. Legal update

John Melvin updated the Committee on the ongoing Judicial Review of the Appeal Panel decision as well as licence modifications.

9. Review of actions from meeting 138 on 31st January 2019

The action log was considered.

10. SEM correspondence

Relevant correspondence was considered under agenda item 3. CRM T-4 auction.

11. AOB

None

Signed: _____

A handwritten signature in black ink that reads "Bill Emery". The signature is written over a horizontal line.

Bill Emery, SEM Committee Chair