

**SEM Committee Meeting
Minutes Meeting No. 127**

Location: UR offices, Belfast

Date: Thursday, 29 March 2018

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, Garrett Blaney, Aoife MacEivilly
Independent members: Odd Håkon Hoelsæter, Professor David Newbery (Deputy)

In attendance:

For all Items: Jo Aston (UR), Alan Rainey (Economic Adviser to UR), John Melvin (CRU), Gordon Downie, Sheppard and Wedderburn)

For item 3: Robin McCormick (SONI), Rodney Doyle (EIRGRID), Helen Mounsey (ESP consulting), Ken Murray (Coisrig), Paul Bell (UR), Tony Doherty (UR)

For item 4: Elaine Cassidy (UR)

For item 5: Colin Broomfield (UR), Lesley Robinson (UR)

For item 6: David Egan (CRU), Paul Bell (UR), Kevin Baron (UR)

For items 7 – 14: Jenny Pyper

For item 7: Tanya Hedley (UR), Ciaran McCann (UR)

For items 8 – 10 : John Mills (UR), Andrew McCorriston (UR)

Apologies: Laura Brien (CRU)

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 126 on 22 February 2018

The minutes from SEM Committee meeting 126 were approved subject to minor amendments.

3. Market readiness

Helen Mounsey updated the Committee on the ISEM project progress including:

- Balancing market certification



committee

- Delivery of key documentation
- Unscripted market trials
- Intraday and day ahead regional and member tests

Ken Murray provided the Committee with an update on ISEM readiness. This included a stage gate update, detail on central system readiness, an outline of timelines, market participant readiness, communication options and next steps.

The Committee discussed in detail feedback from market participants and the Regulatory Authorities. Risks to the current ISEM go live date were discussed and potential implications for market participants and consumers.

Rodney Doyle and Robin McCormick joined the meeting and provided an update on the TSO market readiness including proposed timeline, go-live considerations, go-live scenarios, market participant feedback and next steps. The TSOs provided the Committee with detail on current defects in the central IT systems and work with the software provider to deliver solutions.

The Committee discussed implications for market participants of any change to the project timeline and request for decisions at the earliest possible opportunity.

Based on market participant feedback and information provided by the TSOs, the Committee will meet on 12 April to make any necessary decisions in relation to the project timeline.

4. Legal update

Gordon Downie provided an update on the status of legal proceedings including amendments to the timetable and scope of challenge before the Appeal Panel. The Committee discussed legal risk management options, market implications and next steps.

5. CMC code

Colin Broomfield led a discussion on the Capacity Market Code following the request by a market participant to transfer awarded capacity. The Committee noted the detail of the request and discussed the relevant condition within the code and requested a paper and legal advice to be provided at the next SEMC.

6. Directed contracts - update

A presentation was provided by David Egan detailing an update on the directed contracts and error within the plexos model. He provided detail on the background to the DC modelling process, market participation and queries in the round one DC prices, rationale for divergence in prices in Q4 2018 and Q1 2019, the plexos modelling validation process, source of error and impact, corrective measures and next steps.

The Committee discussed the steps taken by the RAs to address the issues, impact on market participants, communication and processes in place to address and prevent issues in the future.

7. SONI ISEM opex

Tanya Hedley provided the Committee with an overview of SONI's opex cost recovery request as part of the price control process. The Committee discussed the 75:25 split of ISEM costs between the TSOs as presented in the opex cost request and acknowledged that this aligned with the approved split of the capex costs associated with this programme.

The Committee noted the proposed cost recovery approach as presented while accepting no precedent had been set for the future.

8. RoCoF update

John Melvin updated the Committee on progress to RoCoF compliance of ESB generation and wholesale. It was noted that ESB were unavailable to attend the Committee meeting however would attend the April meeting to provide further detail on progress.

Andrew McCorriston and John Mills updated the Committee on NIEN plans to ensure RoCoF compliance of small scale generators in Northern Ireland. The challenges were discussed and current timelines for compliance.

The Committee discussed the consumer impact of RoCoF compliance and necessity of project to deliver 75% SNSP. Potential next steps to ensure RoCoF compliance were considered and importance impressed on the Regulatory Authorities.

9. DS3 system services market ruleset briefing

Andrew McCorriston presented a paper updating the Committee on the key proposals included in the DS3 system services market ruleset consultation published by the TSOs. He provided detail of the background to the consultation, key considerations and proposals. The Committee noted the update.

10. ISEM/DS3 updates

The ISEM project update was covered under agenda item 3. Andrew McCorriston provided the Committee with a further update on the DS3 programme including procurement for standard contracts, market position ruleset and procurement for fixed contracts.

The Committee further discussed the DS3 system services budgetary controls and budget cap. They noted the TSOs' proposal for a 12 month rolling cap and need to outline key

principles for efficiencies. The Committee noted that an annual 12 month budget cap is to be maintained.

11. Updates

a. SEMC communications strategy update

Barbara Stevenson updated the Committee on recent communication activities.

b. CRU/Utility Regulator/Independent members

Paul McGowan updated the Committee on management changes within ESB and GNI, recently published interconnectors information paper, enduring connection policy stage one decision, IEA country review in May and Joint Oireachtas Committee appearance.

Jenny Pyper provided an update on the Northern Ireland Affairs Select Committee appearance, recent stakeholder engagement, derogation request update, management changes within NIE, final stages of CMA referrals and contestability in connections.

Odd Håkon Hoelsæter noted he will be presenting at the Energy Ireland conference on behalf of the SEM Committee.

12. Review of actions from meeting 126 on 22 February 2018

The actions were noted.

13. SEM correspondence

Relevant correspondence was considered in agenda item 3.

14. AOB

The Committee sought an update on action taken to address price spikes in the wholesale market. Recent market activity was discussed in this context. Information is to be provided to the Committee on these issues.

Signed: 
Bill Emery, SEM Committee Chair