

## **SEM Committee Meeting**

### **Minutes Meeting No. 171**

**Location:** Video-conference

**Date:** Thursday 30<sup>th</sup> September 2021

**Time:** 09.00 – 1.30pm

#### **Member attendees:**

Commission for Regulation of Utilities (CRU): Aoife MacEvilly, Jim Gannon, Paul McGowan

Utility Regulator (UR): Bill Emery (SEM Committee Chair), Jon Carlton, John French

Independent members: Odd Håkon Hoelsæter, Professor David Newbery (Deputy)

#### **In attendance:**

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

For items 3 - 5: Paul Bell (UR), Kevin Lenaghan (UR), Kevin Baron (UR), Donna Maye (UR), Andrew Chattrabhuti (ESP consulting)

For item 6: Grainne Black (UR)

For item 8: Mark Foley (EirGrid), Alan Campbell (SONI), Rodney Doyle (EirGrid), Shane Maher (EirGrid)

For item 9: Daniel Barnes (UR)

For item 12c: Elaine Cassidy (UR)

For item 12d: Jean Pierre Miura (UR)

**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 meetings 169, Thursday 26 August 2021 and 170, 17 September 2021**

The minutes from SEM Committee 169 and SEM Committee 170 were approved subject to minor amendments.

### **3. T-4 2025–26 Capacity auction (to include Initial Auction Information pack, parameters, ARHL)**

Kevin Baron provided an overview of parameters decisions requested from the Committee in preparation for the T-4 2025-26 capacity auction. Detail of responses received to the parameters consultation was provided. The Committee explored the calculation of net cone, de-rating factors and variances with the Initial Auction Information Pack.

**The Committee approved the de-rating factors for the T-4 2025-26 auction in line with those for the 2024-2025 capacity auction.**

**The Committee approved the External Market de-rating factor for both SEM-GB interconnectors of 60%**

**The Committee also approved an extra milestone in relation to Performance Securities and Termination Charges, that will apply in this Auction.**

The Committee discussed the demand curve, volumes, TSO proposals and feedback received. The recent Generation Capacity Statement published by EirGrid was detailed and it was agreed that this will be taken into account as part of the Final Auction Information pack.

The Committee provided direction in terms of editorial amendments to the parameters decision paper.

Proposals as outlined in the Initial Auction Information Pack to be published by the TSOs were presented.

**The Committee approved the Initial Auction Information pack with final amendments delegated to the Oversight Committee before publication by the TSOs.**

Donna Maye provided background to considerations for annual run hours limitation de-rating factors for the T-4 2025-26 capacity auction. Engagement with key stakeholders including multi-agency discussions were summarised. Paul Bell provided detail of potential options. The Committee noted the need for investors to liaise with the relevant environmental agencies when developing their investment proposals.

**The Committee approved the DECTOL allowance with no further amendments to the annual run hours limitation de-rating factors for the T-4 2025-26 capacity auction.**



The Committee discussed the delivery of awarded capacity and need for developers to ensure milestone deadlines are met. SEMC delegated authority to the Oversight Committee to investigate any possible changes to the auction timetables to allow for the progression of projects at the earliest opportunity.

#### **4. T-1 2022-23 (to include Exception application decisions, CAM report, FAIP, FQRs)**

Kevin Lenaghan provided detail of the final qualification results for the T-1 2022-23 capacity auction including results for Ireland, Northern Ireland and Dublin. An overview of unsuccessful capacity was provided.

The Capacity Auction Monitor report was provided and discussed with no material issues identified.

**The Committee approved the final qualification results for the T-1 2022-23 capacity auction as presented.**

Paul Bell provided an overview of the USPC application process and applications received. The Committee considered further the plexos modelling process and inputs including forward fuel costs.

**The Committee approved the USPC decisions as presented and delegated authority to the Oversight Committee to issue relevant correspondence.**

Kevin Lenaghan detailed new capacity applications and recommendations.

**The Committee approved the new capacity recommendations and delegated authority to the Oversight Committee to issue final new capacity multi-year RO decision letters.**

Andrew Chattrabhuti detailed options in terms of volumes for the T-1 2022-23 auction. This included proposals from the TSOs including adjustments and modelling outcomes of identified options. The Committee discussed experience from previous actions, feedback from the TSOs and potential outcomes.

**The Committee indicated their preferred option in terms of volume and delegated authority to the Oversight Committee to progress issuing of relevant correspondence to the TSO.**

## **5. T-3 2024-25 (for information): Exception Applications Update**

The 2024/25 T-3 Capacity auction exception application update was noted. The importance of the delivery of capacity was highlighted.

The CRM team are to provide an update on the New Capacity Applications at the next Committee meeting to reflect any changes made at the Provisional Qualifications Results stage of the T-3 2024-25 Auction process.

## **6. SEMO capacity market non-performance charges**

Grainne Black provided detail of non-performance difference charges occurring in September 2021 and implementation of emergency TSC modification Mod\_16\_21 as approved by the Committee via correspondence on 27<sup>th</sup> September 2021.

Options to address the non-performance difference charges, which are currently on hold, were presented and legal advice received.

The Committee approved the progression of a modification of the TSC to allow SEMO to apply to be relieved of its duty to invoice the NPDCs to relevant generators. Delegated authority was given to Oversight to finalise wording of the modification and progress.

## **7. Fuel mix disclosure annual report**

The All-island fuel mix disclosure and CO2 emissions report for 2020 was noted.

## **8. TSO quarterly meeting**

The TSOs joined the meeting and provided an update on security of supply outlook for winter 2021/22, security of supply 2022-2026 and SEM market prices. The Committee explored further recent market events, DSU performance and interconnector trades. The delivery of successful capacity in the CRM auctions was also discussed with focus on delivery stressed. The Committee indicated that incentives are to be discussed at the March 2022 quarterly update with the TSOs,

Mark Foley expressed the views of the EirGrid and SONI boards in relation to the UR consultation on SONI governance, highlighting that it was their opinion it was a SEM Committee matter. Bill Emery noted that the Committee had been updated on the matter of SONI governance on a number of occasions. It was noted that the



Committee had not determined that it was to be brought within the scope of SEMC. Bill Emery further confirmed that the Committee will be updated on the matter again in the forthcoming months. as brought forward by the UR.

## **9. MMU update**

The Committee noted the MMU update as circulated. Daniel Barnes provided further detail of key market highlights during August including prices and clean and dark spark spreads. Market performance in September to date was detailed including market prices, fuel prices, carbon prices, unit availability and market events.

The Committee discussed interconnector performance, price comparisons with GB and generator performance.

## **10. Covid update**

John Melvin provided an update on restrictions as a result of Covid-19 in RoI. Colin Broomfield provided the update in respect of NI. An update on the management of Covid-19 in TSO control rooms was also provided.

## **11. FWP update**

Delivery of 2020-2021 FWP projects was summarised and progress on 2021-2022 FWP development noted.

## **12. Updates**

### **(a) SEMC communications and governance update**

Barbara Stevenson updated the Committee on recent communication and stakeholder activities.

### **(b) CRU/UR/Independent Members**

Aoife MacEville provided an update on security of supply and engagement with government, publication of CRU Security of Supply Programme of Actions, smart meters and the Greenlink Interconnector Cap and Floor regulatory framework decision.

John French provided an update on gas tariffs, DfE energy strategy and generation in Northern Ireland.

**(c) Legal update**

Elaine Cassidy provided an update to the Committee in relation to a Pre Action Protocol letter which had been served on the UR by Aught windfarm. Next steps were noted.

**(d) TCA update**

Jean Pierre Miura provided an update on Loose Volume Coupling including potential delays to implementation. The Committee discussed further ongoing analysis by the RAs and next steps.

**13. Review of actions from meetings 169, Thursday 26 August 2021 and 170, 17 September 2021**

No open actions to discuss

**14. SEMC correspondence**

The Committee discussed relevant correspondence.

**15. AOB**

None



Signed: \_\_\_\_\_

**Bill Emery, SEM Committee Chair**