

SEM Committee Meeting

Minutes Meeting No. 183

Location: Video-conference

Date: Thursday 28th July 2022

Time: 9.00am –2.15pm

Member attendees:

Commission for Regulation of Utilities (CRU): Aoife MacEvilly, Paul McGowan (SEM Committee Chair)

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

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

In attendance:

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

For items 3 - 5: Paul Bell (UR), Merin Joseph (CRU), Donna Maye (UR), Kevin Baron (UR)

For item 7: Gráinne Black (CRU), Damhnait Gleeson (CRU)

For item 8: Leigh Greer (UR), Lucy Cradden (CRU)

For items 9 and 10: Brian Mulhern (UR)

Apologies: Jim Gannon (CRU)

Minutes: Barbara Stevenson (SEM Committee Secretariat)

Declarations of interest: None

1. Approval and adoption of the agenda

The agenda was approved and adopted.

2. Review and approval of minutes from meeting 182, Thursday 30th June 2022.

The minutes from SEM Committee meeting 182, Thursday 30th June were agreed.

3. CRM 2026/27 capacity auction parameters

Paul Bell provided relevant background detail and decisions that are sought from the Committee in relation to the CRM T-4 CY2026-27 capacity auction parameters.

Proposals published for consultation were summarised and responses received detailed. An overview of engagement with the TSOs was provided and current RA thinking on a range of issues detailed including performance security settings, a



derating framework for annual run-hour limited units, treatment of energy-limited and duration-limited DSUs and application of the ISAC model. De-rating factors and capacity requirement, peaking unit theoretical efficiency and possible introduction of maximum constraints were discussed.

The Committee considered in detail the impact of annual-run hour limits including the potential impact on existing units. TSO recommendations in respect of de-rating factors and capacity requirement were discussed and links with the ongoing work in relation to the BNE noted.

The Committee provided direction in relation to their thinking on the range of decisions required. Further information is to be gathered for an additional Committee meeting in order for final decisions to be reached on the auction parameters and initial auction information pack.

4. CRM 2026/27 capacity auction IAIP

This item was discussed in conjunction with item 3 - CRM 2026/27 capacity auction parameters.

5. CRM T-1 2023/24 capacity auction timetable

Donna Maye outlined the proposed timetable for the CRM T-1 2023/24 capacity auction and summary of relevant materials. The Committee approved the auction timetable as presented and asked for swift publication to provide clear information to market participants at the earliest opportunity. Preparations for a T-1/2 for CY2024/25 auction were noted.

6. Review of the CRM

John Melvin outlined the background to a recently conducted external review of the Capacity Remuneration Mechanism commissioned by CRU. The Committee discussed the report findings and recommendations in the short, medium and long-term. The Committee agreed to consult on the issues raised and delegated authority to Oversight to progress.

7. CRM: Calculation of single value of lost load (VoLL) in the SEM

Damhnait Gleeson presented the findings of consumer surveys of 'willingness to pay' to avoid supply interruption carried out by Ipsos-MRBI. An update on the value of lost load was detailed with comparison with the current VoLL presented.

Context for the VoLL was outlined including existing methodology, CoNE, reliability standard and VoLL levels in other markets.

The Committee discussed further the validity of the survey findings and calculation methodology. Next steps were noted.

8. Generation capacity statement update

Leigh Greer provided background to the generation capacity statement and relevant approval mechanisms. An overview of the current draft shared with the RAs was provided including position in Northern Ireland, Republic of Ireland and all-island. Variations to the position in the previous GCS were outlined and assumptions made by the TSOs detailed.

The Committee discussed concerns in relation to a range of TSO assumptions and noted feedback provided to the TSOs. The process for approval and next steps were discussed.

9. qPAR parameter information note

Brian Mulhern provided relevant background to options being explored by the RAs in response to high prices. Progress made in relation to a review of the Price Average Reference Quantity (qPAR) was summarised including detail of engagement with the Market Operator.

A working draft of an industry information note was presented. The Committee discussed potential market impacts, interconnector flows and next steps.

The Committee approved the approach outlined and delegated authority to the Oversight Committee to publish the final information note once finalised.

10. MMU update

The Committee noted the circulated MMU update report. Brian Mulhern provided further detail of key market outcomes during June including DAM prices, fuel prices and wind availability. Comparison of market outcomes in other jurisdictions was outlined and forward fuel prices detailed.

11. DS3 update

Recently received correspondence from the TSOs was discussed and direction provided for response. Ongoing engagement with the TSOs was summarised including the need for further detailed analysis requested from the TSOs. An outline of ongoing key workstreams was provided.

12. FWP update

The Committee noted the verbal update on progress of the Forward Work Programme

13. Updates

(a) SEMC communications and governance update

Barbara Stevenson updated the Committee on recent communication activities including the sustained media, political and stakeholder focus on energy prices.

(b) CRU/UR/Independent Members

Aoife MacEivilly provided an update on energy prices and consumer impact, consumer protection enhancements, security of supply, PSO levy, firm access proposals, hydrogen strategy and CRU recruitment.

John French provided an update on the NI political context, energy prices and fuel poverty, stakeholder engagement and security of supply.

(c) Legal update

A verbal update on ongoing legal issues was provided.

14. Review of actions from meeting 182, Thursday 30th June 2022.


The Committee noted the update on actions.

15. SEMC correspondence

The Committee discussed received correspondence, provided direction for response and delegated authority to the Oversight Committee for drafting and issue.

16. AOB

A date for an additional SEM Committee meeting was agreed with agenda items identified.

Signed:  _____

Paul McGowan, SEM Committee Chair