

SEM Committee Meeting

Minutes Meeting No. 186

Location: Video-conference

Date: Thursday 29th September 2022

Time: 9.00am – 12.35pm

Member attendees:

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

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 item 3: Barry Hussey (CRU)

For item 4: Barry Hussey (CRU), Merin Joseph (CRU), Andrew Chattrabhati (ESP Consulting)

For item 6: Rodney Doyle (EirGrid), Michael Behan (EirGrid), Diarmaid Gillespie (EirGrid), Shane Maher (EirGrid), Michael Kelly (EirGrid), Alan Campbell (SONI)

For item 7: Barry Hussey (CRU), Mantas Vencius (CRU)

For item 8: Jean Pierre Miura (UR)

For item 10c: Barry Hussey (CRU)

Apologies: None

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 185, Thursday 25th August 2022

The minutes from SEM Committee meeting 185, Thursday 25th August 2022 were approved subject to minor amendments.

3. Regulatory Framework for NEMO from October 2022

Barry Hussey provided relevant background detail on the process for designation of a Nominated Electricity Market Operator (NEMO) including an outline of previous designations.

A summary of response to the consultation on NEMO designation and other relevant materials were detailed. The Committee discussed the proposal to move to an enduring designation and noted this did not prohibit the ability to step-in and amend the designation if necessary. Next steps were discussed.

The Committee approved the NEMO designation proposals as presented.

4. BNE calculation update

Barry Hussey summarised ongoing work in relation to the calculation of best new entrant (BNE). Andrew Chattrabhuti provided detail of recent analysis on gross cone, net cone and further considerations including inframarginal rent.

Plans for consultation on findings and next steps were provided.

5. Generation Capacity Statement update

Colin Broomfield summarised previous Committee discussions on the Generation Capacity Statement and provided an update on plans for publication. Barry Hussey provided a summary of recent discussions with the TSOs and editorial amendments. The Committee reiterated the need to improve the process of the development of the GCS going forward in the context of the National Resource Adequacy Assessment.

6. TSO quarterly update

The TSOs joined the meeting and provided an update on the winter outlook for 2022/23. The position for Northern Ireland and Ireland was presented including assumptions on demand, outage rates and de-rated capacity margins. The security of supply situation in GB and other parts of Europe was discussed alongside the potential impact on the SEM.

Michael Kelly provided a summary of the EU response to high energy prices noting the changing picture of emerging proposals. Potential implications for the SEM were discussed noting engagement was ongoing.

7. All island fuel mix disclosure

Mantas Vencius provided a summary of the all-island fuel mix disclosure and emissions report for 2021. Overall market outcomes and trends since 2008 were detailed.

8. MMU update

The Committee noted the circulated MMU update report.

Jean Pierre Miura provided further detail of key market outcomes during August including DAM prices, fuel prices, interconnector flows and wind availability. An update on market prices so far in September and forward prices was also provided. Detail of system alerts and ongoing market investigations were detailed.

9. FWP update

The Committee noted the anticipated end of year position for the 2021-2022 FWP. Preparations for the 2022-2023 FWP were outlined.

10. Updates

(a) SEMC communications and governance update

The Committee noted the current draft risk register with further comments to be submitted by Oversight and Committee members. Barbara Stevenson updated the Committee on recent communication activities and ongoing recruitment process.

(b) CRU/UR/Independent Members

Aoife MacEvilly provided an update on:

- Security of supply including ongoing engagement with government
- Irish government budget announcements including financial support for energy consumers
- Network Tariff decision
- Work on demand reduction proposals
- Supplier of last resort event
- DECC consultation on energy security of supply

John French provided an update on:

- BEIS energy support schemes for domestic and business consumers
- Network tariffs
- Political landscape in Northern Ireland

David Newbery noted the BEIS review of electricity market arrangements.

(c) Legal update

Barry Hussey provided an update on ongoing legal challenges.

Barbara Stevenson noted SONI's intention to withdraw their application to the court of appeal against the decision of Mr Justice Humphries in relation to SONI's application for Judicial Review regarding the UR decision on SONI governance. Details of the proposed final order were provided to which the Committee confirmed they were content.

11. Review of actions from meeting 185, Thursday 25th August 2022

A verbal update on actions was provided.

12. SEMC correspondence

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

13. AOB

None

Signed:  _____

Paul McGowan, SEM Committee Chair