



SEM Committee Meeting

Minutes Meeting No. 202

Location: CRU Offices, Tallaght

Date: Thursday 29 February 2024, 9.00 a.m.

SEM Committee:

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

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

Independent members: Jonathan Hodgkin, Chris Harris (Deputy)

In attendance:

All items: John Melvin (CRU), Colin Broomfield (UR), Kevin Shiels (UR)

Items 1-11 – Barry Hussey (CRU), Robert O'Rourke (CRU), Emer Gerrard (CRU),

Leigh Greer (UR), Brian Mulhern (UR), Marie-Therese Campbell (UR)

Items 4 - 6: Elvis Sebastian (CRU), Peter Wibberly (Yellow Wood Energy), Kevin Hagan (CRU), Jean Pierre Miura (UR), Andrew Chattrabhuti (ESP consulting), Ian McClelland (UR), Ciaran Breen (UR), Damien Doone (UR)

Item 7: Merin Joseph (CRU)

Item 9: Dylan Ashe (CRU)

Item 10: Owen Kearns (UR)

Apologies: None

Minutes: Greg Irwin (SEMC 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 201, Thursday 25 January 2024

The minutes from SEM Committee meeting 201, Thursday 25 January 2024 were approved subject to some amendments.

3. SEMO Regulation: All Island Programme governance and revenue recovery arrangements

Leigh Greer presented this paper on the approach to governance and cost-recovery approvals for All-Island programmes and the sub-committee to oversee and co-ordinate approvals.

The Committee discussed the proposed scheme of delegation and the mechanism for approval of TSO funding submissions was explored. The role of the sub-committee and arrangements for ensuring that the Committee was apprised of sub-committee decisions was also discussed.

The Committee approved the scheme of delegation for the All-Island Programme sub-committee. It was agreed that an update from the sub-committee would be added as a standing item on the SEM Committee agenda. The Committee also endorsed the publication of the 'All-Island Programme governance and revenue recovery arrangement' document, subject to final review by the All-Island Programme sub-committee. Finally, the Committee agreed that the governance and revenue recovery arrangements would be reviewed after 18 months.

4. T-3 24/25 Extension application under SEM-23-101

The Committee considered and approved an extension application under J.5.2 and J.5.7 of the Capacity Market Code.

5. T-3 24/25 Extension application under SEM-23-101

The Committee considered and approved extension applications under J.5.2 and J.5.7 of the Capacity Market Code.

In approving the applications, the Committee also considered the wider issue around the rationale for the delays in progressing the projects to provide new capacity. It was agreed that a review of the causes of the delays to projects should be undertaken to aid wider learning and communications.

6. T-3 Auction capacity auction update/ T-4 2028/29 auction.

Jean-Pierre Miura introduced this item which provided an update to the Committee on holding of the T-3 capacity auction and the timetable for the T-4 2028/29 auction.

The Committee considered the response to the consultation on the T-3 27/28 parameters, including industry feedback provided at a stakeholder forum on 26 January 2024. The issue of incentives for early delivery of capacity was discussed. A market intelligence update on the pipeline for new capacity was also discussed.



Given the feedback from stakeholders and the most up-to-date market intelligence, a revised timeline for the capacity auction was considered.

Following an extended discussion, the Committee decided to hold the T-4 2028/29 auction targeted for 12 December 2024, with incentives for early delivery of new capacity in the capacity year 2027/28, in place of the proposed T-3 2027/28 auction.

It was agreed that a statement would be developed to communicate the Committee's decision on the auctions during 2024 to market participants as soon as possible.

7. Generator Financial Performance Report 2022 - presentation

Barry Hussey and Merin Joseph provided a presentation outlining Generator financial performance for 2022.

Committee members took the opportunity to clarify and discuss the data presented in relation to depreciation, fuel sources and profit/margins comparisons.

The Committee also discussed the presentation of, and the audience for, the report and the communication of key messages.

8. NTC compensation decision update

Emer Gerrard provided this update on the decision on compensation arrangements in the SEM for reductions of Net Transfer Capacity (NTC) on the SEM-GB interconnectors.

The Committee reviewed the legal advice that had been provided on this issue, following the discussion at the January SEM Committee meeting.

It was agreed that a decision paper should be provided on this issue to the March SEM Committee meeting.

9. System Services Future Arrangements Phased Implementation Roadmap

Robert O'Rourke introduced this information item which covered a Phased Implementation Roadmap (PIR) for System Services Future Arrangements. Dylan Ashe provided further information on the PIR.

Engagement with the TSOs, the progress made and the next steps in advancing implementation were discussed.

The Committee delegated the approval of the Roadmap to the SEM Oversight Committee.

10. MMU update

Owen Kearns provided an overview on key market outcomes during January including market prices, demand, wind availability, gas prices, carbon prices, coal prices, imperfection costs and interconnector flows. System amber alerts were also noted.

The Committee in noting the report as presented, briefly discussed consumer prices and overall energy demand.

11. Risk Register

John Melvin and Colin Broomfield presented an updated risk register to the Committee and provided commentary on the risks identified.

In welcoming the risk register, the Committee commented on the risk ratings for certain risks. The currency of some risks, and the way they are articulated, as well as the changing nature of the risks, was also discussed. There was also a consideration of risk appetite as well as some discussion on new or emerging risks.

There was agreement that a review of the risk register would be part of a planned strategy day for the Committee.

12. Updates

(a) SEMC communications and governance update

Greg Irwin informed the Committee the October 2022 – September 2023 annual report was now being prepared for publication. There was agreement that a strategy day would be planned to include discussions around strategic issues, risk management and communications.

It was agreed that an invitation would be extended to Ministers Ryan and Murphy to meeting with the Committee.

(b) CRU/UR/Independent Members

Jim Gannon provided an update on issues including retail prices, customer arrears, gas security of supply, progress on the appointment of a new CRU Commissioner, the Energy Security group, the National Energy Demand Strategy, the energy transition, and the North-South Electricity interconnector.

John French provided an update on return of the Northern Ireland Assembly and engagement with Ministers, UR's Forward Work Programme, plans for a new interconnector with Scotland, a visit to Kilroot Power station and retail tariff announcements.



Chris Harris noted the T-4 capacity auction in Great Britain, new gas generating units, contracts for differences, the Electricity System Operator in Great Britain, and the work of the Climate Change Committee.

(c) Legal update

A verbal update on legal matters was provided.

13. Review of actions from SEMC meeting 201, Thursday 25th January 2024.

The Committee discussed open actions.

14. SEMC correspondence

The Committee discussed recently received correspondence and provided direction for response.

15. AOB

None.

The meeting concluded at 1.05 p.m.

A handwritten signature in blue ink that reads 'Bill Emery'.

Signed: _____

Bill Emery, SEM Committee Chair (April 2024)