



SEM Committee Meeting

Minutes Meeting No. 203

Location: Virtual

Date: Thursday 28 March 2024, 9.00 a.m.

SEM Committee:

Commission for Regulation of Utilities (CRU): 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)

Item 3 – Emer Gerrard (CRU), Peter Wibberly (Yellow Wood Energy), Lorcan Kennedy (CRU)

Items 4 - 5: Elvis Sebastian (CRU), Jean Pierre Miura (UR), Andrew Chattrabhuti (ESP consulting), Ian McClelland (UR), Ciaran Breen (UR), Emer Gerrard (CRU), Marie-Therese Campbell (UR), Kevin Baron (UR), Damien Doone (UR)

Item 6: Barry Hussey (CRU), Merin Joseph (CRU), Shreya Chhetri (CRU)

Item 7: Ross McFaul (UR)

Item 8: Owen Kearns (UR)

Item 9: Leigh Greer (UR)

Apologies: Jim Gannon (CRU)

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 202, Thursday 29 February 2024

The minutes from SEM Committee meeting 202, Thursday 29 February 2024 were approved subject to one minor amendment.

3. NTC Compensation decision

Emer Gerrard introduced this item relating to compensation arrangements in the SEM for reductions of Net Transfer Capacity (NTC) on the SEM-GB interconnectors.

The Committee discussed the responses to the consultation on this issue. The incidence of reductions of NTC were noted. A substantive discussion ensued on NTC reductions under the different categories - based on the time in which the reduction takes place, and whether the capacity is allocated or unallocated at the time of reduction. Some suggestions were also identified in respect of the drafting of the decision paper. There was also a broader discussion on the role of interconnectors in addressing generation capacity needs.

The Committee endorsed the proposed decision as presented, in respect of NTC reductions under each of the four scenarios identified.

4.T-1 2024/2025 auction

(a) T-1 2024/2025 –Final Auction Information Pack

Jean Pierre Miura introduced a series of papers relating to the T-1 2024/2025 auction. Andrew Chatrabhuti provided an overview on the T-1 2024/2025 auction information. A presentation was also provided on T-1 2024/2025 volumes.

The Committee discussed the overall auction approach and the capacity requirement as presented.

The parameter for Final Auction Information Pack (FAIP) for T-1 2024/2025, including the demand curve and volumes per locational capacity constraint area were approved as presented.

(b) T-1 2024/2025 –Final Qualification Results

Ian McClelland briefed the Committee on the T-1 2024/2025 Final Qualification Results.

The Committee approved the T-1 2024/2025 Final Qualification Results

(c) T-1 2024/2025 –USPC Decisions

Kevin Baron provided an overview of the proposed Unit Specific Price Cap (UPSC) recommendations for the T-1 2024/2025 auction.

The Committee endorsed the proposed Unit Specific Price Cap (UPSC) recommendations for the T-1 2024/2025 auction, delegating approval of the final USPC decision letters to the SEM Oversight Committee.

(d) T-1 2024/2025 – New Capacity Exception Applications

Ian McClelland introduced this item and provided an overview of the exception application process for new capacity for the T1 2024/2025 auction.

The Committee approved the proposed new capacity multi-year exception recommendations and approved the issuing of the final new capacity multi-year decision letters.

5. T-4 2028/2029 auction

(a) T-4 2028/2029 – Capacity Auction Timetable

Jean-Pierre Miura introduced this item which set out the proposed timetable for the T-4 2028/2029 capacity auction.

The Committee approved the proposed timetable as presented.

(b) T-4 2028/2029 – Early Delivery Incentives (EDI)

Emer Gerrard introduced this item which provided a draft consultation paper setting out proposals for the implementation of early delivery incentives in the T-4 2028/2029 auction.

Issues relating to the types of incentives and opportunities for negative market behaviour and mitigation options were discussed. The timing of the publication of the consultation was clarified.

The Committee welcomed the approach to delivery incentives as presented and endorsed the publication of the consultation paper.

(c) T-4 2028/2029 – Intermediate Length Contracts (ILC)

Emer Gerrard provided an update on the outcome of the consultation on Intermediate Length Contracts (ILCs), to enable existing capacity to make intermediate levels of investment.

The Committee considered the implications of the introduction of ILCs and the potential impact on the market.

The Committee noted the update and the intention that a decision paper would be provided to the April SEM Committee meeting.

6. Generator Financial Performance Report 2022

Barry Hussey and Merin Joseph provided an updated presentation on Generator financial performance for 2022, to reflect feedback from the February SEM Committee meeting.

The Committee noted the report. It was agreed that further refinements would be made to the executive summary and circulated to the Committee for any comment prior to publication.

7. NRAA

Ross McFaul briefed the Committee on the key aspects of this information paper on developing a new methodology for the annual resource adequacy assessment. Committee members commented on NRAA performance metrics (including definitional issues), the benefits of the NRAA approach, and the engagement with TSOs on the development of the NRAA methodology. The timetable for developing the NRAA and the involvement of the Committee was also discussed.

The Committee welcomed the update.

8. MMU update

Owen Kearns provided an overview on key market outcomes during February including market prices, demand, wind availability, gas prices, carbon prices, coal prices, imperfection costs and interconnector flows.

The Committee, in noting the report as presented, briefly discussed interconnector inflows and outflows and imperfection charges.

9. Updates

(a) All Island Programme update

Leigh Greer briefed the Committee on the first meeting of the All-Island Programme sub-group and overall arrangements for the operation of the sub-group, engagement with TSOs, plans for a project management office and a report on funding requests.

(b) SEMC communications and governance update

Greg Irwin noted that the SEM Committee's Annual Report had been published. A further update was provided on the strategy day and engagement with Ministers.

(c) CRU/UR/Independent Members

Aoife McEvilly provided an update on issues including the new appointment of a Taoiseach, progress on the appointment of a new CRU Commissioner, the National Energy Demand Strategy, offshore grid, review of CRU Commission structures and the North-South Electricity interconnector.

John French provided an update on the UR Board's engagement with the SONI Board, engagement with the Northern Ireland Assembly, the energisation of Kilroot's



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new gas turbines, UKRN's 10th anniversary and UR's Consumer Protection Programme.

Chris Harris noted the review of market arrangements in Great Britain. He also noted his appointment to the Department of Energy Security and Net Zero Electricity Market Reform Panel of Technical Experts. The Chair congratulated Chris on this appointment and noted that there was no conflict of interest with his SEM Committee role.

(d) Legal update

No update was provided.

10. Review of actions from SEMC meeting 202, Thursday 29th February 2024.

The Committee discussed open actions.

11. SEMC correspondence

There was no recent correspondence.

12. AOB

None.

The meeting concluded at 12.55 p.m.

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

Signed: _____

Bill Emery, SEM Committee Chair