

EP UK Investments Response to SEM-24-049 Consultation on Terms of Reference for Panel of Technical Experts in the Single Electricity Market

EP UK Investments (**EPUKI**) welcomes the opportunity to respond to this consultation paper. EPUKI generally supports the recommendation to introduce a Panel of Technical Experts (**PTE**) to assist and advise on the target volume for the Capacity Market. This measure will ensure greater transparency and accountability around the operation and outcome of Capacity Auctions.

EPUKI generally supports the terms of reference as set out in this consultation paper. However, the confidentiality clause set out in Section 5.1 is concerning and is likely to be detrimental to the effectiveness of the PTE. The advantages of the PTE as set out in the EY Recommendations on Performance of the SEM Capacity Remuneration Mechanism (SEM-22-054a) are:

- Increased transparency of target setting;
- Increased investor confidence in process; and
- Increased robustness in accountability of EirGrid forecasting.

The inclusion of a confidentiality clause which makes only the final report available to stakeholders effectively removes the benefit of increased transparency. EPUKI requests that an initial draft report is made available to stakeholders before accounting for feedback from the System Operators (**SOs**) and/or Regulatory Authorities (**RAs**) in a final report. This would be similar to the approach used in Price Review processes whereby a draft determination will be made publicly available before a final decision. This approach would provide greater transparency and more closely align with regulatory best practice.

Failure to ensure transparency within the PTE process will additionally undermine the other advantages such as increased accountability around SO forecasting and increased investor confidence. Making the majority of the PTEs workings and developments private from industry is likely to have the opposite effect and undermine investment confidence as it creates a possibility of omissions or amendments which will not be identified in the final report.

Finally, the proposed confidentiality clause, as currently drafted in the terms of reference, effectively removes the independent element from the PTE which is contradictory to the original recommendation. It is expected that any final report would not be published without significant engagement with the SOs and RAs. This means that the original and independently reached conclusions of the PTE will not be available to stakeholders. This significantly undermines the PTE mechanism to the point that the benefit to having the PTE is questionable. The SEM Committee already publish information notes on the volume setting methodology and adjustments to volumes in the Capacity Auction. The confidentiality clause included in the terms of reference would effectively make the PTE a replication of this work.

EPUKI requests that this clause is amended to support transparency in the Capacity Market and best practice regulation. As outlined above, the implication of an initial or draft report would resolve the issues outlined above, as this would allow stakeholders to identify where changes to the final report, if any, have been made. This would also be consistent with the position in the consultation paper whereby confidential and commercially sensitive information will not be released as part of this process.