

SEM Committee Meeting

Minutes Meeting No. 35

Location: Commission for Energy Regulation ("CER") Offices, Dublin
Date: 25th January 2011
Time: 10.00-5pm

Attendees: Michael Tutty (CER) Dermot Nolan (CER) (SEMC Chairman), Garrett Blaney (CER), Shane Lynch (Utility Regulator Northern Ireland ("UR")), Alan Rainey (UR), Ignacio Perez-Arriaga (Independent Member), Jose Sierra Lopez (Deputy Independent Member).

In attendance:

For all items: Tanya Wishart ("TW") (UR); Eugene Coughlan (CER);
For item 4 – Juliet Corbett ("JC") UR; Paul Brandon ("PBr") CER;
For item 5 – Denis Cagney ("DC") CER; Aoife Crowe ("AC")(CER); JC (UR);
For item 6 – JC; Sheenagh Rooney ("SR")(CER); Philip Newsome ("PN")(CER);
For item 7 – JC; PN;
For item 8 – Emma Burns ("EB") (CER); Clive Bowers ("CB")(CER); PN; SR;
For item 10 – JC; Paul Bell ("PB") via telcon; PBr;
For item 12 - PB; Kenny Dane ("KD"), Colin Broomfield ("CBr") (UR) all via telcon; CB;
For item 16(a)- Andrew Ebril ("AE") (CER); AC; DC;
For item 16(b) - JC
For item 16(c)- JC
For item 16(e) – Dana Kelleher ("DK") (CER); James McSherry (CER); EB; CB; SR;

Minute Taker: Laura Steerman (CER/ SEMC Secretariat).

1. Approval and Adoption of the Agenda

The Agenda was adopted

2. Approval of Minutes from Meeting on 29th November (& continuing into 1st December 2010)

The Minutes were adopted with minor modifications agreed. The Strategy Day Minutes were not discussed.

3. Review of Actions from Meeting on 29th November (& continuing into 1st December 2010)

Action Items 128, 155, 160, 161 were noted as ongoing. All others were noted as complete.

4. TLAF Splitting Terms of Reference ("ToR")

JC and PBr gave a presentation on the proposed ToR for Impact Assessment of Splitting the Treatment of Losses in the Market Schedule and Dispatch. After discussion at length and imparting guidance to the project team, it was decided that the measurement criteria for TLAFs met the SEM Committee's requirements to fully assess impact of splitting.

Action: PBr/JC to circulate revised ToR to the SEM Committee for approval before the February Meeting.

5. Scheduling and Dispatch

DC and TW provided a verbal update to the SEM Committee on the publication of the Material Level of Harm consultation paper and noted responses received to the Proposed Position Paper.

Action: the project team are to summarise responses and highlight any outstanding issues requiring guidance for the next SEM Committee meeting.

6. Update on Regional Integration

SR provided a verbal update that:

- The Moyle/ East West Interconnector paper is out to consultation;
- The Intra Day Trading paper is being finalised and is due for consideration at the next SEM Committee meeting;
- The Day Ahead and Market Coupling papers were due for consideration at the next SEM Committee meeting;
- PN and SR had been attending meetings and working groups in Europe on Regional Integration. They provided an overview of the discussion and ongoing work at European level and how such issues could affect future SEM development;

7. Interconnector Access Arrangements – A SEM Matter?

JC and PN provided an overview of the relevant functions of both CER and UR in relation to Interconnector Access Arrangements. The SEM Committee considered same and noted, among other things, that Regional Integration Issues affecting the SEM are SEM Matters thus it was decided that Interconnector Access Arrangements are a SEM Matter.

8. UK Department of Energy and Climate Change (“DECC”) Electricity Market Reform Consultation

EB provided a presentation to the SEM Committee summarising the key proposals of the recent DECC consultation and highlighted some of the potential implications that the consultation proposals could have for SEM. The Chairman requested that the SEM Committee and staff of the Regulatory Authorities submit any proposed comments to the consultation to him for discussion at the next SEM Committee meeting.

9. Capacity Payment Mechanism (“CPM”) Update

PB provided a verbal update on the CPM workstream noting that the project team were coming to the end of their review and had four work packages left.

10. Project ARC

DN gave a presentation to the SEM Committee on Project ARC , which aims to enhance collaboration between the [all-island regulators](#), highlighting solutions proposed by the Regulatory Authorities.

Action: EC and TW to discuss proposed solutions further for the next SEM Committee meeting

11. SEM Strategy Work Plan & Priorities

Having discussed the priorities of different work-streams the SEM Committee approved the Work Plans for 2011. Further discussion on SEM Strategy took place with comments requested by 21st February 2011.

12. Market Monitoring Unit (“MMU”) Update

KD provided an overview of the MMU Update for the months of November to January.

a. Short Term Gas Capacity in SRMC

The SEM Committee considered the letter submitted from ESB..

b. MMU Investigation Adjudication

PB provided an overview of the complaint in relation to a commercial generator and the investigation carried out by the MMU. The SEM Committee decided to confirm the findings of the MMU and close the investigation.

13. Update on TSC Modifications

The update was noted by the SEM Committee.

14. Reporting of decisions made by Oversight Committee to SEM Committee

The SEM Committee noted the decisions of the Oversight Committee in the past month.

15. Updates CER/NIAUR/Independent Members

EC and LS gave an overview on the progress of the judicial review taken by Viridian against the SEM Committee. It was noted that Endesa Ireland had obtained leave for judicial review against the SEM Committee yesterday.

16. AOB

a. Market Power & Liquidity PSO CFDs

AE gave an overview of the PSO CFDs in the SEM and noted that the question is under consideration whether such CFDs can be offered in next years contracting round.

b. SEMO Price Control – JC noted the SEMO decision to choose the baseline option.

c. Dispatch Balancing Costs – JC provided an overview of the findings and it was requested that an update is to be provided at the next SEM Committee meeting.

d. Demand Side Vision – discussion was deferred until the next meeting.

e. Extension to the Criteria for Approval of Intermediary Applications under the Trading and Settlement Code (“TSC”)

DK provided an overview of the current regulatory position with respect to Price Makers in the SEM under the TSC with regard to Intermediaries and the position of certain generation plant in receipt of state aid under the REFIT scheme in the Republic of Ireland. After discussion at length on the matter with the TSC team, the SEM Committee decided to delegate approval to publish the consultation paper to Eugene Coughlan and Tanya Wishart. The paper is to be consulted upon for 5 weeks. The SEM Committee decided that it would, if practicable, make its decision on the matter via written procedure.

Date of next meeting: 2nd March 2011, UR Offices, Belfast