

SEM Committee Meeting

Agreed Minutes Meeting No. 38

Location: Utility Regulator Offices, Belfast
Date: 18 April 2011
Time: 10am – 4.30pm

Attendees: Dermot Nolan (“DN”) (CER) (SEMC Chairman), Garrett Blaney (CER), Michael Tutty (“MT”) (CER), Shane Lynch (SL) (Utility Regulator) (“UR”) Alan Rainey (AR) (UR), Ignacio Perez-Arriaga (IP-A) (Independent Member), Jose Sierra Lopez (JS-L) (Deputy Independent Member).

Apologies:

In attendance:

For all items: Tanya Wishart (“TW”) (UR); Eugene Coughlan (“EC”) (CER); Cathy Mannion (CER);
For items: 1 - 4 Denis Cagney (DC) (CER)
For items: 5-8 Colin Broomfield (CBr) (UR), Jody O’Boyle (JO’B) (UR), (via video conference) Clive Bowers (CB) (CER)
For Item 8: Jody O’Boyle (JO’B) (UR)
For Item 9: Juliet Corbett (JC) (UR), Colin Broomfield (CBr) (UR)
For Item 11: Sheenagh Rooney (SR) (CER), Juliet Corbett (JC) (UR)
For Item 12: Andrew Ebrill (AE) (CER)

Minute Taker: Mignonne Smith (Utility Regulator).

1. Approval and Adoption of the Agenda

The Agenda was adopted.

2. Approval of Minutes from Meeting 37 on 29th March 2011.

The Minutes were adopted.

3. Review of Actions from Meeting 37 on 29th March 2011.

Action Items 167, 168, & 169 were noted as complete. All other items were noted as ongoing.

4. Dispatch and Scheduling Workstream

DC and TW provided a verbal update to the SEM Committee on status of the Dispatch and Scheduling decision paper noting a number of further actions required as follows:

- Await input from DETI following their public consultation on renewables directive in NI
- Arrange for further in-depth discussion between RA’s teams and SO’s

After discussion at length the SEM Committee requested that a draft decision paper, which reflected the input the SEM Committee had already given, be circulated to the Committee one week prior to the May SEMC meeting on 31st May.

Action: Draft Decision paper to be circulated to SEM Committee one week prior to SEMC meeting on 31 May

5. BCOP & Ancillary Services Decision Paper

CBr provided background to the proposals and the consultation responses received in respect of Harmonised Ancillary Services Arrangements and the Bidding Code of Practice. The SEM Committee were asked to pursue their preferred option and issue clarification to the Bidding Code of Practice to state that Variable AS payments must not be deducted from Commercial Offer Data.

Following a discussion on proposed the options the SEM Committee decided to pursue the preferred option (option 2: Treat as Fixed) with a view to reviewing Ancillary Services Payment arrangement in the future. The Independent Member did note that he personally did not favour this option. It was agreed that the Decision Paper would be published in mid-May.

Action: Oversight Committee to develop plan for initiating Ancillary Services workstream and report back to SEM Committee later in the year.

6. BCOP Cost Items Consultation

CBr and CB provided an overview of background on decision to consult on the how the following two cost items should be handled in respect of the Bidding Code of Practice:

- a. Risk Associated with Movements in Fuel Stock Value
- b. Opportunity Cost of Indigenous Gas

After discussing at length the SEM Committee suggested amendments to the consultation to allow for open-ended responses. Respondents to provide evidence on proposals to include cost items and suggested methodologies.

It was agreed that amended consultation paper would be reviewed by the Oversight Committee on 5th May and published shortly thereafter.

7. Market Monitoring Unit Update

The update was noted by the Committee.

a. Review of Report Layout

CBr informed the Committee that he would review and amend layout and style of MMU Update Report for June SEM Committee.

8. BNE Consultation Update

JO'B presented a summary of consultation proposals for Fixed Cost of a Best New Entrant Peaking Plant and Capacity Requirement for 2012.

The SEM Committee requested that an additional information note on capacity requirements for 2012 be provided to the Oversight Committee on 5th May. It was agreed that Consultation would be published following Oversight Committee's consideration of additional information note.

Action: JO'B to provide information note for consideration by SEM Oversight Committee on 5th May.

9. TLAF Splitting Model Update

The SEM Committee noted the update provided by CBr and JC on progress with Impact Assessment on Splitting.

Action: The SEM Committee requested a draft consultation paper for consideration at the May Committee Meeting on 31st May.

10. Update on TSC Modifications

The SEM Committee noted the update on TSC.

11. EU Issues & SEM Strategy

The Chairman presented a SEM strategy update providing an overview on state of play of ongoing workstreams, regional integration and noting further significant projects.

a) ACER Chair Meeting

SR and JC provided overview and update of recent ACER meeting attended by representatives from both RA's. The Committee discussed at length the implications of proposed Regional Integration Model highlighting issues around intra-day trading guidelines and day-ahead pricing. The Committee also agreed that it would be useful for the SEMC to submit a response to the ACER consultation on the Framework Guidelines, and that other stakeholders in the SEMC might also wish to respond.

Action: Re-draft of SEM Committee input to ACER Framework guidelines consultation to be provided for approval at May SEM Committee meeting. (SR)

b) FUI Update

This issue was discussed and it was noted that there was likely to be a meeting relating to the FUI during May.

12. PSO CFD Update

AE provided the SEM Committee with an update on PSO CFD. Following a brief discussion and consideration of the issues to ensure continued liquidity the SEM Committee agreed to continue with the current arrangements for PSO CFD.

13. Demand Side Vision

TW presented Demand Side Vision decision paper to the SEM Committee and requested comments on publishing paper. Approval to publish paper was given subject to a few minor amendments.

14. Project ARC

Due to volume of work and resources required for Judicial Review, delays in finalising ongoing work on Project ARC were noted. A paper is to be circulated prior to next meeting.

15. Reporting of Decisions Made by Oversight Committee to SEM Committee

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

16. Updates CER/NIAUR/Independent Members

MT noted that new government in ROI had made no changes to Energy Policies to date.

TW provided update on NIE PC noting proposals for significant investment in Network Development.

17. AOB

a. Judicial Review Update

EC provided update on the Judicial Review which is due to complete on 3rd May, it was noted that a decision would be expected within the month following.

b. UK Carbon Price Support

CB and TW presented paper on UK Carbon Price Support for consideration and discussion by the SEM Committee. Following some discussion it was agreed that a letter from the Chair of the SEM Committee would be issued to the UK Treasury Department.

Action: Oversight Committee to prepare draft letter.

c. Consideration if Certification of TSOs Under Third Package is SEM Matter

TW and CB provided the SEM Committee with background information on requirements Directive 2009/72/EC seeking advisement on process for certification of TSOs.

Following discussion on whether this issue was a SEM matter the Committee requested further clarification of the issues and it was decided that an Extraordinary SEM Committee meeting would be held on 10th of May to discuss the issues more fully.

Action: Paper to be prepared and circulated prior to 10th of May meeting.

d. Eirgrid Group Letter to SEM Committee re: Intraday Trading Costs

The Chairman provided an overview of letter received by the SEM Committee from the Eirgrid Group. Following discussion it was agreed that the Oversight Committee would draft a response letter dealing with concerns raised by the Eirgrid Group.

e. SEM Committee Administration

The Chairman discussed upcoming changes in SEM Committee Administration as follows:

- The SEM Committee thanked Michael Tutty for his services to the committee and congratulated him on his forthcoming retirement.
- The SEM Committee offered thanks to Laura Steerman for her provision of a Secretariat Function to the Committee and welcomed Mignonne Smith who will be taking over this role from June.
- The Chairman welcomed Alan Rainey as the new Chairman of the SEM Committee from 31st May 2011

Date of next meeting: Tuesday 31st May 2011, CER Offices, Dublin