

## **SEM Committee Meeting**

### **Minutes Meeting No. 40**

**Location:** CER Offices, Dublin  
**Date:** 31<sup>st</sup> May 2011  
**Time:** 10am – 5.30pm

**Attendees:** Alan Rainey (AR) (Utility Regulator) (UR) (SEMC Chairman), Dermot Nolan (“DN”) (CER), Garrett Blaney (GB) (CER), Shane Lynch (SL) (UR) Ignacio Perez-Arriaga (IPA) (Independent Member), Jose Sierra Lopez (JSL) (Deputy Independent Member).

#### **Apologies:**

#### **In attendance:**

For all items: Tanya Wishart (TW) (UR); Eugene Coughlan (EC) (CER); Cathy Mannion (CM) (CER);

For Item 5: Dana Kelleher (DK) (CER), Walter Carlton (WC) & Dave Harper (DH) (Deloitte Consultants)

For Item 6: Juliet Corbett (JC) (UR), Jean Pierre Miura (JPM) (UR), Paul Brandon (PB) (CER), Jamie Burke (JB) (CER), Tom Quinn (TQ) (CER)

For Item 7: Juliet Corbett (JC) (UR), Aoife Crowe (AC) (CER)

For Item 8: Juliet Corbett (JC) (UR), Jean Pierre Miura (JPM) (UR), Sheenagh Rooney (SR) (CER), Dana Kelleher (DK) (CER)

For Item 9: Paul Brandon (PB) (CER), Jamie Burke (JB) (CER)

For Item 10: Juliet Corbett (JC) (UR)

For Item 11: Juliet Corbett (JC) (UR), Paul Brandon (PB) (CER), Jamie Burke (JB) (CER)

For Items 12 & 13: Sheenagh Rooney (SR) (CER)

For Items 14 & 15: Andrew Ebrill (AE) (CER)

For Item 16: Colin Broomfield (CBr) (UR)

**Minute Taker:** Mignonne Smith (Utility Regulator/SEMC Secretariat).

#### **1. Approval and Adoption of the Agenda**

The Agenda was adopted.

#### **2. Approval of Minutes from Meeting 38 on 18<sup>th</sup> April 2011.**

The Minutes were agreed subject to a few minor amendments.

#### **3. Review of Actions from Meeting 38 on 18<sup>th</sup> April 2011.**

Action Items 155, 164, 165, 166, 167, 168, 169, 171 and 175 were noted as complete. All other action items were updated and noted as ongoing.

**4. Approval of Minutes from Extra Ordinary Meeting 39 on 10<sup>th</sup> May 2011**

The minutes were agreed subject to amendment of Attendees list.

**5. SEM Market Audit**

DK provided an overview of SEM Market Audit Report for the 12 month period ending 31 December 2010. Walter Carlton (Partner) and Dave Harpur (Audit Manager) from Deloitte went on to present a summary of key findings from the Report. A discussion followed noting that the current Terms of Reference (ToR) for SEM Market Audit is now up for review providing an opportunity to amend the ToR to ensure next Audit provides accurate reflection of ongoing market changes.

The SEM Committee approved the Market Audit and agreed that it would be presented to the Modifications Committee at their meeting on 9<sup>th</sup> June.

**6. TLAf Splitting Impact Assessment Progress Report**

JC provided background information on lead up to TLAf Splitting Impact Assessment. A presentation and explanation of key findings from the results currently available followed. It was noted that a full analysis of the results would follow pending receipt of further data to be provided by Eirgrid in their role as a System Operator.

The SEM Committee discussed the issues at length noting that having an enduring solution in place by October 2011 was dependent on early receipt of the outstanding data. Requirements for delivering the enduring solution were further discussed and it was agreed that a draft consultation would be submitted for consideration at the SEM Committee in June with a view to publishing shortly thereafter.

**Action:** CM to follow-up on supply of data from Eirgrid, JC to arrange final analysis of data and provide draft consultation for consideration at June SEMC.

**7. Update on Material Level of Harm and Priority Dispatch Issues**

TW provided a verbal update on both workstreams, noting a significant amount of work had already been completed. Differing approaches to drafting of final papers were discussed and the SEM Committee advised that where different approaches are possible, they should be noted in a unified paper for decision by the Committee.

It was agreed that the decision paper on Scheduling and Dispatch, including both Material Level of Harm and Priority Dispatch, would be provided for approval at June SEM Committee.

**Action:** Project teams to provide decision paper for approval at June SEMC

**8. Intra Day Trading Costs Approval**

JC provided summary of issues on the treatment of Intra Day Trading (IDT) Project Costs. JPM provided a detailed presentation including background information from SEMO Price Control and explanation of methodology applied. The SEM Committee discussed at length the merits of using a 'RAB' approach rather than the 'Accelerated Recovery' approach, in respect of the Intra Day Trading Project only, and decided on the 'RAB' approach in this case

The SEM Committee delegated authority for finalising the IDT project costs treatment to the Oversight Committee.

**9. Consultation paper on Incentivisation of All-Island Constraint Costs**

PBr and JB presented draft consultation and sought approval to publish consultation in early June with aim to bring draft decision to August SEMC and implement by October 2011.

A discussion followed in which capping to ensure maintained levels of losses or gains was suggested. PBr agreed to review consultation to include this. The SEM Committee approved publishing of consultation subject to some minor amendments.

**10. TSO Certification for Northern Ireland Timelines**

TW provided overview timelines for TSO Certification in Northern Ireland stating that there would be benefit in seeking further legal advice prior to publishing.

The SEM Committee agreed to the proposals noting need for a quick turnaround on this given the tight deadlines.

**Action:** Project team to seek legal advice and provide draft decision on Certification process for consideration by June SEMC

**11. All Ireland Generator TUoS Indicative Tariffs Draft Consultation**

PBr provided background on project which is running parallel to TLA project. JB provided a brief presentation including findings of Indicative 2011/2012 Generator TUoS consultation developed jointly with TSOs.

The Committee discussed proposed indicative tariffs and supporting methodology at length and suggested that the presentation given by JB is used to format a brief consultation paper. Delegation to approve publishing of indicative Generator TUoS tariffs along with Generator TUoS Methodology Statement was given to the Oversight Committee pending draft of consultation paper.

**Action:** JB to draft consultation paper for consideration by Oversight Committee prior to publishing indicative Generator TUoS tariffs

**12. European Update**

SR provided update on EU issues as follows:

- Provided an overview of the draft SEM Committee response to ACER Consultation on FGCACM - The Committee discussed and agreed wording of the document, suggesting a few minor amendments.
- Workshop on emerging target model for a European Energy Market – to take place on Friday 3<sup>rd</sup> June – open to key stakeholders to provide update on EU issues.

**13. Trading and Settlement Code Update**

DK provided brief summary of Trading and Settlement Code Update. The SEM Committee noted the update.

**14. Report on Generator Profitability in the SEM**

AE provided an overview of a report on Generator Profitability in SEM. Recommendations to update report upon receipt of the 2010 regulated accounts and that RA's develop and consult on a joint template for collection of financial data from generators were discussed.

The SEM Committee noted the report acknowledging usefulness of information and suggested that amended report be made available to the Committee upon receipt of updated data in 3 months for further discussion and decision on publishing.

**Action:** AE to update report upon receipt of 2010 regulated accounts and re-submit to SEMC in 3 months.

**15. Market Power Liquidity**

AE provided a summary of comments and suggested policy options from paper on SEM Market Power & Liquidity requesting discussion of the issues.

The Committee reviewed the policy options and concluded that a more detailed discussion was required.

**16. Market Monitoring Unit Update**

Colin Broomfield provided an overview of the Market Monitoring Unit Update Report. The SEM Committee acknowledged updated report format and noted the update.

**17. Update on Judicial Review**

EC provided update from Judicial Review proceedings noting a delay on final judgement until Friday 3<sup>rd</sup> June. The SEM Committee to be informed of outcome as soon as it is available.

**18. Reporting of Decisions Made by Oversight Committee to SEM Committee**

The decisions of the Oversight Committee were noted.

**19. Updates CER/NIAUR/Independent Members**

CER Update

- Published cost benefit analysis on smart metering
- Commissioners have been invited to meet the Taoiseach

Utility Regulator Update

- Following general elections in Northern Ireland Arlene Foster was re-elected as Minister for Energy
- Determination given on SONI Price Control, awaiting feedback from SONI
- Phoenix Natural Gas prices increased by 40%

Independent Members Update

- Changes in Spanish Regulatory Authority with new Chair being appointed.

**20. AOB**

**a. Correspondence to the SEM Committee – Facilitation of Renewables**

The SEM Committee noted receipt of correspondence. An update will be provided at June SEMC.

**b. Project ARC Update**

TW provided update on Project Arc noting that agreement had been made on moving forward with project. The proposal paper is to be circulated to the SEM Committee. The Oversight Committee hope to implement proposals by 1<sup>st</sup> June or as soon as possible thereafter.

**Action:** TW to circulate Project Arc Memo to SEMC as soon as possible.

**Date of next meeting: Tuesday 28<sup>th</sup> June at Utility Regulator Offices, Belfast**