

SEM Committee Meeting

Minutes Meeting No. 41

Location: UR Office, Belfast
Date: 28th June 2011
Time: 10.30am – 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); Denis Cagney (DC) (CER)

For Item 4: Juliet Corbett (JC) (UR), Colin Broomfield (CBr) (UR), Paul Brandon (PB) (CER)

For Item 5: Juliet Corbett (JC) (UR), Jean Pierre Miura (JPM) (UR), Aoife Crowe (AC) (CER), Paul Brandon (PB) (CER), James McSherry (JM)

For Item 7: Martina Maguire (MM) (UR), Gordon Downie (GD) (Shepherd & Wedderburn) (S&W), Andrew McCorriston (AMC) (UR)

For Item 8: Sheenagh Rooney (SR) (CER), Philip Newsome (PN) (CER), Clive Bowers (CB) (CER)

For Item 9: Sheenagh Rooney (SR) (CER), Philip Newsome (PN) (CER), Clive Bowers (CB) (CER)

For Item 10: Colin Broomfield (CBr) (UR),

For Item 11: Martina Maguire (MM), Gordon Downie (GD) (S&W)

Minute Taker: Sarah McKenna (UR), Anne McNulty (UR)

1. Approval and Adoption of the Agenda

The Agenda was adopted.

2. Approval of Minutes from Meeting 40 on the 31st May 2011.

The Minutes were agreed subject to agreed amendments suggested by members.

3. Review of Actions from Meeting 40 on 31st May 2011.

Action Items:

- 128, 170,176,177,178 tabled on the agenda for the meeting on the 28th June 2011.
- 172,179 and 181 completed
- 173 Letter approved will be issued in July
- 180 ongoing.
- Additional action 182: to be added on approval of Intraday Trading costs.

4. TLAF Splitting Impact Assessment

The committee noted that full data for analysis had not become available in time to permit a decision paper on TLAF Splitting Impact assessment to be brought to the meeting.

CBr gave a presentation to the members on the TLAF Modelling Results, discussing the evidence displayed in this assessment and highlighting that there does not appear to be sufficient evidence to support splitting TLAFs at this time.

Following discussion during which members raised issues arising, the SEM Committee agreed on the following course of action for the TLAF Splitting Impact Assessment decision:

- SEM Committee to review the analysis completed by CBr and consider the discussion topics raised by the members.
- A paper with the findings and further recommendations to be circulated to the members in the next two weeks with a view to approval by correspondence in the following week.

Action: Paper with full analysis of impact assessment to be circulated to SEMC two weeks prior to July meeting.

5. Scheduling and Dispatch Decision paper including:

- **Priority Dispatch**
- **Material Level of Harm**

DC presented this item, directing the members to the papers circulated, which are believed to reflect the core agreements to date. He highlighted a number of issues on which there are policy alternatives and further discussion and decision are required.

Discussion between the members concentrated on the outstanding policy decisions

Section 4.4: Priority Dispatch

The SEM Committee decided to accept the proposals received from the System Operators, per Option 1 of the draft paper.

Section 4.5: Hybrid Plant and Priority Dispatch.

Members discussed in detail options for the treatment of hybrid plant in priority dispatch. The SEM Committee decided that hybrid would be considered priority when it can be shown to have fewer carbon emissions than the non-priority plant it is replacing. The reference plant was deemed to be a mid merit CCGT plant. The project team were requested to re-work the proposal along these lines and this to be included in the decision paper.

Section 4.9: Tie Breaks.

The SEM Committee decided that further consultation is required on this issue, per Option 1 of the draft paper. The consultation period will be one month.

Section 4.11: Demand Target and Excess Generation Events.

Members agreed that this issue should be addressed at this time and the SEM Committee therefore decided to proceed with the principal option in the draft paper.

The SEM Committee approved in principle the remainder of the draft paper. The decision paper is to be redrafted based on the committee's decisions. Final approval for publication was delegated to the Oversight Committee. The Material Level of Harm paper will be published separately.

Action: Decision papers for Priority Dispatch and Material Level of Harm to be re-drafted based on SEM Committee decisions and approved for publishing by the Oversight Committee

6. Market Power and Liquidity

Discussion on this item was deferred.

7. TSO Certifications for Northern Ireland

AMC provided the members with background information to the process and proposals for the guidelines to be used. In discussion, members sought clarification on a number of issues relevant to the process to be followed in Northern Ireland.

TW provided overview timelines for TSO Certification in Northern Ireland stating that there would be benefit in seeking further legal advice prior to publishing. Members agreed that the process and guidelines will be set out in an information note to be published.

Action: SEM Oversight Committee to draft a document to circulate to the SEM Committee for approval. Further legal advice to be sought.

8. European Update

SR provided update on European issues including:

- **Brussels FUI 27/06/2011**

High level meeting attended in Brussels on the 27th June 2011. Paper on the Infringement Proceeding was discussed and possible hurdles to compliance covered. The Paper also discussed Regional Integration and the steps forward. The European Commission requested a work plan on how integration will be implemented. Work is ongoing on this project.

- **Regional Integration Workshop**

Workshop took place in Dundalk with stakeholders and was recognised as being useful. Further engagement with stakeholders will be required.

- **FUI Work Plan**

Work is ongoing on meeting the target model by 2014.

- **Moyle and East West Access.**

Final draft of the access rules will be submitted to the SEM Committee on 15th July 2011. On target for Moyle access rules for implementation in October 2011.

Members discussed and noted the update.

Terms of Reference for the SEM Regional Integration Project will be brought to the SEM Committee meeting on 26th July, to cover timelines and project organisation.

Action: SR to prepare and submit Regional Integration ToR paper for discussion at SEM Committee on 26th July.

9. Trading and Settlement Code Update

The SEM Committee noted the Trading and Settlement Code update report.

10. Marketing Monitoring Update

CB directed the members to the Market Monitoring Unit Report circulated, in particular to the new chart summarising the contents of the report. Members welcomed the improvements, suggesting minor further change, and noted the report.

11. Judicial Review Update

EC, MM and GD gave the members a verbal update on the current position of the judicial review. Following a full discussion of the outcome between the members, S&W are to prepare a note on the implications.

12. Reporting of Decisions made by Oversight Committee to SEM Committee

TW provided an update from the SEM Oversight Committee meeting held on the 16th June 2011. Members noted the update.

13. Project ARC

TW and CM talked to the proposal paper circulated following the previous meeting. Members noted the paper and the further correspondence circulated for the present meeting as a consequence. The SEM Committee approved the proposals for revision of its formal procedural documentation as set out in the Working Arrangements memo to this meeting.

The SEM Committee thanked all the staff involved in Project ARC, welcomed the organisation proposals and encouraged management in their implementation within their teams.

14. Updates CER/NIAUR/Independent Members

CER Update:

CER informed members that they may be taking on water regulation. Confirmation/update will be provided at the next SEM Committee meeting.

Utility Regulator Update:

TW informed members that the UR has carried out a workshop informing stakeholders of an 8% increase in regulated tariffs.

Independent Members Update

None

15. AOB

a. Update of the facilitation of renewables

TW provided the members with a verbal update on the Facilitation of Renewables. The members noted this update. A letter to a market participant re Ancillary Service development was approved.

b. Possible cancellations of GUAs

CBr provided the members with an update on work in progress, which was noted.

c. TSO responses to GTUOS queries

Members noted the TSO responses.

16. Date of next meeting: Tuesday 26th July at CER Office, Dublin