

SEM Committee Meeting

Minutes Meeting No. 53

Location: Utility Regulator Offices, Belfast
Date: 26th April 2012
Time: 10.30am – 4.00pm

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

Apologies:

In attendance:

For all items: Tanya Wishart (TW) (UR), Jean Pierre Miura (JPM) (UR) Eugene Coughlan (EC) (CER), Cathy Mannion (CM) (CER)

For item 4: Walter Carlton (Deloitte)

For Item 5: Fintan Slye (Eirgrid), Philip O'Donnell (Eirgrid), Bill Thompson (Eirgrid), Dick Lewis (SONI)

For Item 6: Paul Brandon (PB) (CER)

For Items 7 & 8: Sheenagh Rooney (SR) (CER)

For Items 9 & 10: Andrew Ebrill (AE) (CER), Fergus O'Toole (FO'T) (CER)

For Items 11 & 12: Andrew McCorriston (AMcC) (UR), Kenny Dane (KD) (UR)

For Item 13: Joe Craig (JC) (UR)

Minute Taker: Mignonne Smith (UR) (SEMC Secretariat)

1. Approval and Adoption of the Agenda

The Agenda was amended and adopted.

2. Approval of Minutes from Meeting 52 on 29th March 2012

The Minutes were adopted subject to a few minor amendments and in-house legal review.

3. Review of Actions from Meeting 52 on 29th March 2012

The Actions were amended and updated.

4. Market Audit 2011

Walter Carlton of Deloitte provided an overview of findings from the SEM Market Audit Report for the 12 months period ending on 31 December 2011 highlighting a clean audit opinion in all material respects.

Following a brief Q&A, the SEM Committee noted the report.

5. System Operators – Constraints Group Report

The SEM Committee welcomed representatives from The System Operators (TSOs) and invited them to present their report findings in respect of the SEM Committee's request (per SEM 11-105) to model constraint groups with the aim of identifying specific areas or boundaries of these Groups in line with the SEM Committee's decision.

Following a discussion at length the SEM Committee requested that the TSOs finalise the report to be published for consultation subject to amendments. The Committee delegated authority to the Project Board to approve the re-drafted report for consultation.

Action: Project Team to work with TSOs in re-drafting Constraints Group Modelling Report for approval to publish by the Project Board.

6. Treatment of Curtailment – Consultation Paper

PB gave an overview of the draft consultation paper providing options for dealing with the issue the treatment of curtailment in tie-break situations. The SEM Committee discussed the options at length and approved the paper for immediate publication subject to agreed amendments.

Action: PB to amend consultation as discussed and arrange for publication immediately following final approval from the SEM Committee at their meeting on 26th April 2012.

7. Market Integration Update

SR provided an update on the Market Integration Project and related issues. Phase one of the project is progressing as planned and a verbal update of initial observations on responses to the consultation paper which was published on 24 January 2012 were presented.

An update was also provided in respect of ACER's response to the SEM / Ofgem submission on the Section 1.2 FGACM provision. The SEM Committee reviewed points raised, notably ACER's reference to the SEM Committee's commitment to publish a roadmap to implementing the target model with milestones by Q3 2012 in advance of ACER approving the Network Code and the final 1.2 derogation.

Following discussion the SEM Committee gave approval to the Project Team to prepare a draft response to ACER's letter in cooperation with Ofgem.

Action: Project Team to prepare a draft response, in cooperation with Ofgem to ACER's letter dated 3rd April 2012

8. Trading and Settlement Code Update

The SEM Committee noted the update.

9. REMIT Information Note

AE provided a summary of background information regarding REMIT, the new EU "Regulation on Energy Market Integrity and Transparency". The SEM Committee briefly discussed relevant

issues and suggested that regular updates are provided to the Committee on key REMIT issues as they arise.

10. Generator Financial Reporting Decision

FO'T gave a presentation on the Decision Paper in respect of Generator Financial Reporting in the SEM and sought approval for publication.

The SEM Committee discussed issues around format of future annual Generator Financial Reporting noting that published reports would provide generator financial performance information in an aggregated format.

Approval to publish the decision paper was given subject to agreed minor amendments.

11. Market Monitoring Update

AMcC provided an overview of the SEM Market Monitoring Report for April 2012. Report highlights included analysis of information regarding constraints and curtailment at Variable Price Taking Generators.

Ongoing work on Uplift was discussed and it was noted that a full report on this would be submitted for discussion at the SEM Committee meeting in May.

The SEM Committee noted the update.

12. CPM BNE 2013

KD provided a summary of the draft consultation paper regarding BNE Fixed Cost and Capacity Requirement for the calendar year 2013 and sought approval to publish the paper for public consultation.

Following a brief discussion the SEM Committee approved publication of the paper.

13. TSO Certification Update

JC and CM provided an update on the current status of TSO Certification for Northern Ireland and Ireland respectively. The SEM Committee noted the update.

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

The update was noted.

15. Updates CER/UR/Independent Members

CER

DN noted the Irish Government's announcement regarding the establishment of a new company to manage the public water supply and the introduction of water charges. The new company, to be called Irish Water, will be in place by 2014.

Utility Regulator

SL provided an updated on status of Price Controls in respect of Phoenix Natural Gas Ltd and NIE T&D. The update was noted.

Independent Members

The Independent Members had no updates.

16. SEM Correspondence

TW provided background on recently received correspondence from NIE regarding issues in connection with TSO Certification for Northern Ireland. The SEM Committee advised that a response was drafted for signature by the SEM Committee chair as soon as possible.

Action: UR legal advisors to draft response to NIE letter for signature by SEM Committee Chair as soon as possible.

17. AOB

Judicial Review Project Group

The SEM Committee gave approval for the setting up of a Judicial Review Project group to deal with operational matters pertaining to the commencement of legal action by way of judicial review by Mainstream Renewable Power in relation to the SEM committee's decision paper SEM-11-105 re: Treatment of Price Taking Generation in Tie Breaks in Dispatch in the SEMC & Associated Issues.

Date of Next Meeting: Thursday 31st May 2012, CER Offices, Dublin