

## SEM Committee Meeting

### Minutes Meeting No. 55

**Location:** CER Offices, Dublin  
**Date:** 31<sup>st</sup> May 2012  
**Time:** 10.30am – 4.00pm

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

#### Apologies:

#### In attendance:

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

For item 4: Paul Brandon (PB) (CER), Jamie Burke (JB) (CER), Colin Broomfield (CBr) (UR), Mark Needham (Eirgrid), Michael Walsh (Eirgrid), Bill Thompson (Eirgrid)

For Items 5 & 6: Colin Broomfield (CBr) (UR)

For Item 8: Robert O'Rourke (RO'R) (CER)

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

For Items 10: Paul Brandon (PB) (CER), Jamie Burke (JB) (CER), Andrew Cullen (Bank of Ireland), Austin Coughlan (Bank of Ireland), Karen Doyle (Ulster Bank), Olaf Fitzsimmons (Ulster Bank), Eoghan O'Neill (AIB)

For Items 11: Paul Brandon (PB) (CER)

For Item 12: Sheenagh Rooney (SR) (CER)

For Item 13: Clive Bowers (CB) (CER)

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

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

The Agenda was adopted.

#### 2. Approval of Minutes from Meeting 53 on 26<sup>th</sup> April 2012 and Extra Ordinary Meeting 54 on 30<sup>th</sup> April 2012

The Minutes of meeting 53 on the 26<sup>th</sup> of April 2012 were adopted subject to a few minor amendments. The Minutes of Extra Ordinary meeting 54 on the 30<sup>th</sup> April were adopted.

#### 3. Review of Actions from Meeting 53 on 26<sup>th</sup> April 2012 and Extra Ordinary Meeting 54 on 30<sup>th</sup> April 2012

The Actions were amended and updated.

#### **4. GTUoS Indicative Tariffs – Revised Methodology Consultation**

The SEM Committee welcomed representatives from the Transmission System Operators (TSOs) and invited them present a high level overview of their investigations on refinement the 2012/13 Generator TUoS Indicative Tariffs methodology as requested by the Committee at their meeting on 12<sup>th</sup> September 2011.

The SEM Committee discussed the options and made a “minded to” decision to accept tariff set 2b, the new methodology tariff including existing rule set. Authority was delegated to the Project Board to publish the recommendations for a four week consultation period, subject to agreed amendments, as soon as possible.

The Committee also recommended further development to enhance methodology going forward.

**Action:** Project Board to work with TSOs in amending the consultation paper prior to publication as soon as possible.

#### **5. Dispatch & Scheduling – Reference Plant for Hybrid in Priority Dispatch – Follow Up Consultation**

CBr and DC provided an overview and background information regarding proposals put forward to establish a reference plant for Hybrid in Priority Dispatch.

The SEM Committee discussed the issues and suggested a number of further proposals for consideration. The Project Team agreed to investigate these proposals and incorporate them into the revised consultation paper, for discussion by the SEM Committee at their meeting in June.

**Action:** Project Team to investigate proposals and suggestions put forward by the SEM Committee and incorporate, where appropriate, into a revised consultation paper for further discussion by the Committee at their meeting in June.

#### **6. Market Monitoring**

##### **a) Market Monitoring Update Report – May 2012**

CBr gave an overview of the Market Monitoring Update report for May 2012. Report highlights included recognition that carbon levy has been removed from generator bids. The SEM Committee also requested that the Market Monitoring Unit prepare an assessment of the impact of removal of the carbon levy on prices for discussion at their meeting in June.

The Update was noted.

**Action:** MMU to prepare assessment of the impact of removal of the carbon levy on prices for discussion by the SEM Committee at their meeting in June.

## **b) Uplift Report**

The SEM Committee acknowledged the usefulness of information provided in the Uplift Assessment Report provided by CBr. It was suggested that the RA's would continue to monitor and further develop analysis of Uplift.

The Uplift Assessment was noted.

## **7. TLAFs – Draft Decision Paper**

JPM provided an overview and background information regarding the decision paper on Treatment of Losses in the SEM.

The SEM Committee discussed the proposal and delegated authority to the Project Board to finalise and publish the decision paper.

## **8. TSO Certification Update**

PB provided a joint update on the current status of the TSO Certification process for both Ireland and Northern Ireland. The update commented on the following:

- Correspondence from NIE and ESB in respect of the submissions from SONI and Eirgrid regarding their respective applications for TSO Certification.
- Discussion of applications for TSO Certification in Scotland
- Key milestones for project.

It was also suggested that a Sub Committee of the SEM Committee should be formed to review Project Board proposals and to advise the Project Board prior to the Project Board making a submission to the SEMC.

The SEM Committee agreed to the formation of Sub Committee for this purpose and the update was noted.

## **9. Dispatch Balancing Costs Incentivisation – Decision**

JB provided an overview of the decision paper regarding Incentivisation of All-Island Dispatch Balancing Costs (DBC). The SEM Committee discussed issues around incentivisation and gave approval to publish the Decision which will be combined with an ex post review.

The Committee also noted a reporting mechanism for regular updates on levels of constraints, drivers behind Constraints and mitigating measures being taken by the TSOs to manage DBC will also be initiated. It is expected that the first report will be submitted to the SEM Committee for consideration by end Q3 2012 and published by the TSOs in Q4 2012.

## **10. Curtailment – Update from Lenders**

The SEM Committee welcomed representatives from Bank of Ireland, Ulster Bank and Allied Irish Banks and invited discussion and opinions regarding financing of renewable energy projects in Ireland.

## **11. DS3 System Services Consultation**

PB gave an overview of the key issues to be covered in the Systems Services Review, and the second TSO consultation paper of the Systems Services review, and requested approval for publication of both papers.

The absence of financial information on costs in respect of the proposed system services in the consultation was discussed; the SEM Committee were however in agreement that there was merit in consulting at this stage to gather opinion on technical design.

The SEM Committee gave approval for the publication of both papers for a consultation period of eight weeks and advised the Project Team to work with the TSOs on the provision of costs for proposed products with a view to a further consultation in later in the summer or early autumn..

**Action:** Project team to work with TSO's in the provision of costs for proposed products with a view to a further consultation on costs..

## **12. Market Integration Project – May Update**

SR provided an update on current status of the Market integration project. Responses to initial consultation (SEM-12-004) have been received and circulated to the SEM Committee for information; a draft decision paper on the next steps is expected to be submitted to the SEMC in September 2012.

SR also provided an update in respect of a meeting that took place on 18<sup>th</sup> May between Ofgem and SEM RAs project team on target model implementation issues noting that OFGEM has published an open letter on target model implementation in GB. A further update on timelines for decisions will be made by the Project Team at the SEM Committee meeting in June.

## **13. TSC Memo on Mod 16\_11 (SEM Banking) Decision**

CB provided a summary of proposed decision on Mod 16\_11 in respect of credit worthiness test for SEM Bank and credit cover provider banks.

The SEM Committee briefly discussed matters arising and approved the modification for publication.

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

The update was noted.

## **15. Updates CER/UR/Independent Members**

### UR

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

### CER

GB noted Inter-governmental talks with DECC regarding potential agreement to enable exports of renewable energy from Ireland to the UK.

### Independent Members

The Independent Members had no updates.

### **16. SEM Correspondence**

Recently received correspondence from ESB regarding Eirgrid submission for TSO Certification was discussed under agenda item 8.

### **17. AOB**

The following items were discussed:

- a) An update was provided regarding potential Judicial Review proceeding in respect of the curtailment issue.
- b) SEM Strategy Day – the SEM Committee discussed arrangements for a SEM Strategy Day later in the year.

**Action:** MS to schedule suitable time and date for SEM Strategy Day

- c) Firm Access Quantities – TW discussed issue regarding firm access for NI Generators, and noted that a presentation by SONI and NIE would be made available for further discussion by the SEM Committee at their meeting in June.

**Date of Next Meeting: Thursday 28<sup>th</sup> June 2012, Utility Regulator Offices, Belfast**