

SEM Committee Meeting

Minutes Meeting No. 63

Location: CER Offices, Dublin
Date: Thursday 29th November 2012
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), Odd Håkon Hoelsæter (OHH) (Independent Member), Professor David Newbery (DNew) (Deputy Independent Member).

In attendance:

For all items: Paul McGowan (PMcG) (CER), Bill Emery (BE) (UR), Eugene Coughlan (EC) (CER), Cathy Mannion (CM) (CER), Tanya Hedley (TH) (UR), Jean Pierre Miura (JPM) (UR)

For Item 5: David de Casseres (NIE), Andrew Cooke (Eirgrid), Aidan Geoghegan (Eirgrid), Bill Thompson (Eirgrid), Dick Lewis (SONI)

For Item 6: Michael Kelly (Eirgrid), Jonathan O'Sullivan (Eirgrid), Michael Preston (SONI), Sean O'Rourke (Eirgrid), Bill Thompson (Eirgrid), Paul Brandon (PB) (CER), Jody O'Boyle (JO'B) (UR)

For Items 7: Robert O'Rourke (RO'R)

For Item 9 and 10: Colin Broomfield (CB) (UR)

For Item 11: Kevin O'Neill (KO'N) (UR)

For Item 12: Sheenagh Rooney (SR) (CER), Philip Newsome (PN) (CER), Clive Bowers (CB) (CER), Jody O'Boyle (JO'B), (CER)

For Item 15a): Denis Cagney (DC) (CER)

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

1. Welcome and Introduction of New Independent Members

The Chairman welcomed Odd Håkon Hoelsæter (OHH), Professor David Newbery (DNew) as the newly appointed SEM Committee Independent Member and Deputy Independent Member respectively. He also welcomed Bill Emery (BE) Chairman of the Utility Regulator Board as an observer.

For the benefit of the new members and guest the Chairman provided a brief explanation of the SEM Committee rules of procedure noting SEM Committee members obligation to complete an annual Register of Interests form.

OHH, DNew and BE each provided a brief biography of their careers to date.

Action: MS to provide Register of Interest forms to OHH and DNew

2. Approval and Adoption of the Agenda

The Agenda was amended to include a further item under AOB and adopted.

3. Approval of Minutes from Meeting 62 on 25th October 2012

The minutes were approved subject to agreed amendments.

4. Review of Actions from Meeting 62 on 25th October 2012

Actions 199, 214, 223, 226, 227 and 234 were complete all other items were amended and updated.

5. North South Interconnector

DN provided background information regarding this project for the benefit of the new Independent Members. The SEM Committee welcomed David De Casseres (NIE), Dick Lewis (SONI), Andrew Cooke, Aidan Geoghegan and Bill Thompson (Eirgrid) (collectively the Network Owners and TSOs). The team presented an update on the current status and benefits of the North South Interconnector Project and plans for taking the project to completion.

A Q&A session followed the presentation in which the SEM Committee requested information regarding timelines and reasons for delays to the project. The Network Owners and TSOs further requested support of the SEM Committee in promoting importance of the Project particularly with regards to Security of Supply issues.

The Chairman thanked the Network Owners and TSO's for the update. On behalf of the SEM Committee, he reiterated the importance the Committee attaches to completing the project as early as possible in view of its significant cost benefits to consumers, support for renewables development and contribution to security of supply; and reconfirmed that the SEM Committee will provide whatever support is necessary and appropriate within its statutory responsibility.

6. DS3 TSO Financial Arrangements Consultation Paper

The SEM Committee welcomed representatives of the TSOs and invited them to present an update on current status DS3 System Services Review project. The TSO's provided background information on the project noting that the current stage will entail the publication of a third consultation paper on the financial aspects of this project.

A Q&A session followed the presentation. The SEM Committee thanked the TSOs for their presentation and suggested that the TSOs consider extending the length of the consultation period. The TSOs agreed to take this into consideration.

PB and JO'B provided an overview of the SEM Committee Cover Note in relation to the TSO's third consultation paper. The Project Team requested approval to publish the Cover Note in conjunction with the consultation paper and KEMA's paper commissioned by Eirgrid to provide an independent view on the likely costs incurred by potential System Service Providers in delivering additional and enhanced System Services.

The SEM Committee discussed concerns in relation to the TSOs proposals and noted that the Cover Note would address these. The Committee agreed to delegate authority to the DS3

Project Board and Team to finalise the SEM Committee Cover note following a full review of the final KEMA paper and to publish all three documents prior to the December SEM Committee.

Action: DS3 Project Team and Board to review final KEMA paper, finalise SEM Committee Cover Note and engage with TSOs to agree on consultation period prior to publication of the SEM Committee Cover Note in conjunction with TSOs Third Consultation Paper and the KEMA Review Paper prior to the December SEM Committee.

7. TSO Certification

For the benefit of the newly appointed Independent Members, AR as Chair of the SEM Sub-Committee on TSO Certification provided detailed background information summarising key stages in the TSO Certification process for Ireland and Northern Ireland to date including the recent consultation with the European Commission.

The SEM Committee thanked the Sub Committee and the Project Teams for their work on this project and noted that a draft Preliminary Decision would be made by the Committee at their meeting in December.

8. Treatment of Interconnectors for Directed Contracts

AMcC provided background information and a summary of the responses in relation to a recent consultation on the Treatment of Interconnection for Market Concentration (SEM-12-086). Advice was sought from the SEM Committee regarding proposed options for a Decision on this matter.

The SEM Committee discussed the proposed options, agreed that each interconnector would be treated separately in the modelling based on modelled flows at 105% of SMP and approved the publication of this decision.

9. Gas Transportation Capacity Costs – Update

CBr provided a verbal update on current status of the SEM Committee Decision on the Treatment of Gas Transportation Capacity Costs following the closure of a recent consultation (SEM-12-089) on this matter. CBr provided a summary of responses noting how a number of responses commented on the complexity of the consultation.

The SEM Committee noted that a decision on this matter would be submitted for discussion by the SEM Committee at their Meeting in February 2013.

10. Market Monitoring Update

CBr provided a summary of the Market Monitoring Report update for November. The SEM Committee were asked to note an ongoing query regarding start up costs for a commercial generator

DNew suggested some amendments to report format. The SEM Committee noted the update.

11. NIE Licence Modifications

KO'N provided background information in respect of proposed licence modifications to NIE's Transmission Licence following the purchase of NIE Plc by ESB.

The SEM Committee discussed the issues at length and approved the Project Team's recommended approach to the proposed licence modifications.

12. Market Integration Update

SR provided background information and an update on the current status of the Market Integration Project. Proposed Next Steps Decision paper is currently out for consultation with a closing date of 21st December.

An update was also provide on the outcome of an information session which took place on Tuesday 27th November.

Following the consultation closure the Project Team will consider responses, meet with all relevant Departments to gain their input into the preparation and development of a final Next Steps Decision Paper for consideration by the SEM Committee at their meeting in early February.

Action: Market Integration Project Team to consider consultation responses and prepare final Next Steps Decision Paper for consideration by the SEM Committee at their meeting in early February.

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

The Update was noted.

14. Updates CER/UR/Independent Members

CER

DN noted further delays to East West Interconnector Project, which should be operational by March 2013.

Utility Regulator

SL noted that RP5 Price Control of NIE T&D had been rejected by NIE, next steps will be considered by the Utility Regulator Board at their meeting in December.

Independent Members

The Independent Members had no updates.

15. SEM Correspondence

a) Letter from Arc 21 re Priority Dispatch

Oversight Committee to respond to Arc 21.

b) SEM Correspondence

The SEM Committee delegated authority to the Oversight Committee for responding to SEM Committee Correspondence on SEM operational matters.

16. AOB

a) Security of Supply in NI Update

CBr provided an update on Security of Supply (SoS) issues in Northern Ireland (NI) referring to the discussion paper that was submitted to the SEM Committee for consideration at their meeting in October.

b) Carbon Price Floor

The SEM Committee briefly discussed issues in relation to Carbon Price Floor.

Date of Next Meeting:

SEM Committee 64, Monday 10th December 2012, Utility Regulator Offices, Belfast