



Trading and Settlement Code Modifications Committee
C/O Marie-Therese Campbell
SMO Modifications Committee Secretariat
The Oval
160 Shelbourne Rd
Dublin 4

27th May 2009

Our Ref: 38515

**SEM Committee Decision for the Regulatory Authorities in relation to Mod_05_09
(Recommendation Report FRR_05_09)**

Dear Marie-Therese,

On 19th May 2009, the Modifications Committee submitted its Modification Recommendation Report with regard to a Modification Proposal, Mod_05_09 (Operational Readiness Confirmation for Variable Generator Units, Classification Change), in accordance with paragraph 2.231 of the SEM Trading and Settlement Code (the Code).

This Modification Proposal, raised by the System Operators, seeks to amend part of the processes relating to the connection of generators and the registration of Generator Units under the Code. The proposal aims to enable generators which wish to register as Variable Generator Units but which have not yet received confirmation of their operational readiness from the relevant System Operator, to register its generator in the meantime as an Autonomous Unit, so that it can be rewarded under the Code for the generation from that Generator Unit. One objective of this change is to help limit the gap between the connection of a generator to the network and the registration of the required Generator Unit under the Code.

The SEM Committee notes that the Modifications Committee determines that this modification will better facilitate the Code Objectives 'to facilitate the efficient, economic and coordinated operation, administration and development of the Single Electricity Market in a financially secure manner' and to 'facilitate the participation of electricity undertakings engaged in the generation, supply or sale of electricity in the trading arrangements under the Single Electricity Market' and that it voted by a majority to recommend the modification to the Regulatory Authorities (RAs).

The SEM Committee also notes that two members of the Modifications Committee voted against the proposal. One member voted against the proposal on the grounds that he understood that the registration of generators as Autonomous Generator Units prior to their registration as Variable Generator Units was already happening and that therefore the modification was not justified because it makes no material difference to current practice.

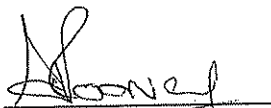
The other member who did not support the recommendation expressed the view that the modification would formalise the current approach where a generator which had not received an operational certificate, and was not therefore considered dispatchable, could be dispatched down by the System Operator and would not be compensated under the Code for such loss of

output. He proposed that the criterion for registration as Variable should be that the generator is capable of receiving a control signal from the System Operator and issuing an availability signal to the System Operator. In discussion, the Modifications Committee expressed the view that such a problem was an issue for the Grid Code not for the Trading and Settlement Code. The SEM Committee concurs with that view and also notes that the proposal is to align the change from Autonomous to Variable with the issue of an Operational Readiness Confirmation, which is defined as the notice that the generator has sufficiently demonstrated that they are dispatchable or controllable under the Grid Code. The Modifications Committee's report also states that the timing of such Operational Readiness Confirmation is under review by the System Operators at present and the System Operators are seeking to engage with all generators in that review. The SEM Committee welcomes this review and further notes that the issue of an Operational Readiness Confirmation is not a matter for the Trading and Settlement Code; rather for the Grid Codes. The SEM Committee notes that the Trading and Settlement Code changes are not dependent upon any Grid Code changes.

The SEM Committee further notes that the Modifications Committee recommends that Mod_05_09 should be implemented on a Settlement Day basis on the next Working Day after the decision is made.

Considering the above, and in accordance with paragraph 2.218 of the Code, the SEM Committee decides that a modification be made in accordance with the Final Recommendation Report of the Modifications Committee (FRR_05_09), for the avoidance of doubt, based upon the legal drafting set out in Appendix 2 of that report. The Regulatory Authorities therefore direct that the modification as set out in FRR_05_09 be made on a Settlement Day basis with effect from the next Working Day after the date of this letter.

Yours sincerely,



Sheenagh Rooney
Manager – Wholesale Electricity Market