

Trading and Settlement Code Modifications Committee
C/O Sherine King
SMO Modifications Committee Secretariat
The Oval, 160 Shelbourne Rd
Dublin 4

21st July 2011

Our Ref: D/11/10436

**SEM Committee Decision for the Regulatory Authorities in relation to Mod_12_11
(Recommendation Report FRR_12_11_V1.0)**

Dear Sherine,

On 27th June 2011, the Modifications Committee submitted its Modification Recommendation Report with regard to a Modification Proposal, Mod_12_11 (Interconnector Unit Loss Adjustment When Exporting), in accordance with paragraph 2.213 of the SEM Trading and Settlement Code (the Code).


This Modification Proposal, which was raised by the TSO, seeks to address the treatment of Interconnector Units when exporting in a consistent manner to that of other Generator Units delivering electricity to their defined Connection Point.

The SEM Committee notes that the Modifications Committee agreed by majority that the Modification Proposal furthers 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 ensure no undue discrimination between persons who are parties to the Code” and that the Modification should be made effective on a Settlement Day basis and the proposed implementation date be in line with the next available Central Market Systems scheduled release.

The SEM Committee also notes the discussions of the Modifications Committee as documented in its Modification Recommendation Report (FRR_12_11_V1.0). These discussions referred to the policy on longer term treatment of losses on interconnectors and the possibility of applying losses on a net flow basis. The SEM Committee also notes that the Modifications Committee has committed to revisiting the issue in the future. However the SEM Committee believes that this Modification is required in the interim while wider discussion on losses continues within SEM and the FUI region.

Considering the above, the SEM Committee directs that a Modification, as set out in FRR_12_11_V1.0, be made on a Settlement Day basis with effect from the date of the scheduled release of the Central Market Systems which includes the required software changes. The SEM Committee directs that the Market Operator shall publish the date of the relevant release of the Central Market Systems (together with details of all the Modifications which shall come into effect on that date) on its website no less than one week in advance of that date.

Yours sincerely,



Sheenagh Rooney
Manager - Wholesale Electricity Market