

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

28 September 2012

Our Ref: D/12/16504

**SEM Committee Decision for the Regulatory Authorities in relation to Mod\_15\_12  
(Recommendation Report FRR\_15\_12)**

Dear Sherine,

On 18<sup>th</sup> September 2012, the Modifications Committee submitted its Modification Recommendation Report with regard to Modification Proposal, Mod\_15\_12 (Inclusion of ATC limit slack variables and associated penalty cost parameters) in accordance with paragraph 2.213 of the SEM Trading and Settlement Code (the Code).

Modification Proposal, Mod\_15\_12 was raised by the Market Operator (SEMO) and seeks to make changes to Appendix N where constraints on the total of Modified Interconnector Unit Nominations (MIUNs) resulting from Maximum Export Available Transfer Capacity (MEATC) and the Maximum Import Available Transfer Capacity (MIATC) are referred to the Ex-Ante One and Within-Day MSP Software Runs only, rather than to all such runs.

In addition new slack variables and associated Penalty Cost Parameters are introduced to enable the scheduler within the MSP Software to break the limits set by MEATC and MIATC if it is necessary to reach a feasible solution. These new slack variables will have penalty costs approved by the Regulatory Authorities annually in the same way (and at the same time) as those for the existing variables: the Over-Generation MSP Constraint Cost; the Under-Generation MSP Constraint Cost; the Aggregate Interconnector Ramp Rate MSP Constraint Cost; the Energy Limit MSP Constraint Cost; and the Tie-Breaking Adder. The Regulatory Authorities consult upon the proposed values for these parameters annually. The Code requires that SEMO propose to the Regulatory Authorities values to apply for the coming year at least four months before the start of that year.

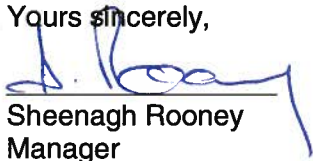
The SEM Committee notes that voting members of the Modifications Committee voted unanimously to recommend the Modification Proposal for approval and believed that it better facilitated the Code Objective to “to provide transparency in the operation of the Single Electricity Market“. The Modifications Committee further recommended that the Modification should be implemented on a Trading Day basis one Working Day after the SEM Committee decision is made.

SEMO has proposed values for each of the Penalty Cost Parameters (including the two proposed new parameters, for which the proposed value is 100) to apply in 2013. These were

published for consultation on 24 September 2012. The SEM Committee further notes that SEMO's proposed 2013 values will be applied to the new variables from the time of implementation of this change.

Considering the above, and in accordance with paragraph 2.218 of the Code, the SEM Committee directs that the Modification be made as recommended in the Final Recommendation Report of the Modifications Committee (FRR\_15\_12), for the avoidance of doubt based upon the legal drafting set out in Appendix 1 of the report. The Modification shall be implemented on a Trading Day basis one Working Day after the date of this letter.

Yours sincerely,



Sheenagh Rooney  
Manager  
Wholesale Electricity Market