

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

8th February 2012

Our Ref: D/12/2160

**SEM Committee Decision for the Regulatory Authorities in relation to Mod_32_11
(Recommendation Report FRR_32_11_V2.0)**

Dear Sherine,

On 18th January 2012, the Modifications Committee submitted its Modification Recommendation Report with regard to a Modification Proposal, Mod_32_11 (Excess Cash Collateral Drawdown Requirements), in accordance with paragraph 2.213 of the SEM Trading and Settlement Code (the Code).

This Modification Proposal, which was raised by the Market Operator (SEMO), seeks to decrease both the frequency of Participant Defaults and the amount of Participant Banking charges that are incurred on small payments by allowing greater flexibility in the payment of outstanding invoices using excess cash collateral.

The SEM Committee notes that the Modifications Committee agreed unanimously that the Modification Proposal furthers the Code Objectives “to provide transparency in the operation of the Single Electricity Market” and “to ensuring no undue discrimination between persons who are parties to the Code”. The modifications Committee also recommended that the Modification Proposal should be made effective on a Settlement Day basis, one Working Day after the Regulatory Authority decision is made.

Considering the above and recognising the increased efficiency anticipated with the implementation of the Modification Proposal, the SEM Committee directs that a Modification, as set out in Appendix 1 of FRR_32_11_V2.0, be made on a Settlement Day basis with effect from one Working Day after the date of this letter.

Yours sincerely,



Sheenagh Rooney
Manager - Wholesale Electricity Market