

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

19 April 2017

Our Ref: D/17/7304

**SEM Committee Decision for the Regulatory Authorities in relation to Mod_01_16
(Recommendation Report FRR_01_16)**

Dear Esther,

On 27 January 2017, the Modifications Committee submitted its Modification Recommendation Report with regard to Modification Proposal, Mod_01_16V2.0 (Proposal to Reduce Dispute Window after I-SEM Market Go Live) in accordance with paragraph 2.213 of the SEM Trading and Settlement Code (the Code).

Modification Proposal Mod_01_16 was originally raised by the Market Operator (SEMO) with the title "Proposal to end M+13 obligations under the TSC following completion of the M+4 resettlement period plus dispute window". The purpose of the proposal was to limit the period of time during which support would be required for the current Central Market Systems, given that any resettlement resulting from a Dispute must be processed with the form of the Central Market Systems which were in operation at that time. This means that such systems have to be maintained and supported until the end of the Dispute period, currently two years after the Disputed Event occurred, which could be two years after the last Resettlement; that is over three years after the Trading Day concerned. Reducing this period would also reduce the period during which the Central Market Systems will have to be maintained following the implementation of the Integrated Single Electricity Market (I-SEM).

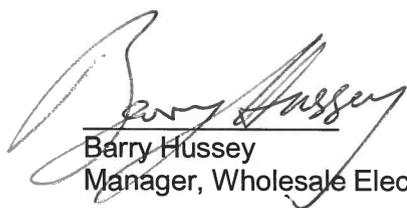
The SEM Committee notes that when this proposal was first discussed at the Modifications Committee meeting on 9 June 2016 there was little support for the idea of reducing the M+13 resettlement period. However there was support for the idea of reducing the period within which disputes have to be raised, which would reduce the systems maintenance period. Version 2 of this proposal was submitted to the following Modifications Committee on 11 August 2016 and received wide support, though members sought further information about the numbers of Disputes raised in recent years. That information was circulated to Modifications Committee members on 23 September 2016.

The SEM Committee notes that the Modifications Committee voted unanimously to recommend the approval of this Modification Proposal and took the view that it furthered the Code Objective to "facilitate the efficient, economic and coordinated operation, administration and development of the Single Electricity Market in a financially secure manner". The Modifications Committee

also recommended that the Modification should be implemented on a Settlement Day basis with effect from one Working Day after a RA Decision is made.

Considering the above, the SEM Committee directs that, in line with the recommendation of the Modifications Committee in FRR_01_16, the Modification Proposal Mod_01_16, for the avoidance of doubt based upon the legal drafting in Appendix 1 of the Final Recommendation Report, should be made and should be implemented on a Settlement Day basis one Working Day after the date of this letter.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Barry Hussey', is written over a horizontal line. The signature is fluid and cursive.

Barry Hussey
Manager, Wholesale Electricity Market