

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

24 May 2012

Our Ref: D/12/9393

**SEM Committee Decision for the Regulatory Authorities in relation to Mod\_02\_12  
(Recommendation Report FRR\_02\_12\_v1.0)**

Dear Sherine,

On 8th May 2012, the Modifications Committee submitted its Modification Recommendation Report with regard to Modification Proposal, Mod\_02\_12 (Amendment of Credit Cover Requirements) in accordance with paragraph 2.213 of the SEM Trading and Settlement Code (the Code).

Modification Proposal Mod\_02\_12 was raised by Vayu Limited and proposes amendments to the Standard Letter of Credit which would allow a third party provide credit cover by way of a Letter of Credit on behalf of a Market Participant in respect of the Market Participant's obligation in SEM.

The SEM Committee notes that the Modifications Committee voted unanimously that the Modification Proposal furthers the Code Objective to 'facilitate the efficient, economic and coordinated operation, administration and development of the Single Electricity Market in a financially secure manner', to "promote competition in the single electricity wholesale market on the island of Ireland", to "ensure no undue discrimination between persons who are parties to the Code" and to "promote the short-term and long-term interests of consumers of electricity on the island of Ireland with respect to price, quality, reliability, and security of supply of electricity" and recommended that it should be implemented on a Settlement Day basis one Working Day after the Regulatory Authority decision is made.

The SEM Committee welcomes the increased flexibility that this Modification proposal will allow for participants in managing their credit cover requirements. The SEM Committee also notes that SEMO is satisfied that it would have no issue drawing down on a Letter of Credit based on the recommended wording of the Modification Proposal.

Considering the above, and in accordance with paragraph 2.218 of the Code, the SEM Committee directs that a Modification be made in accordance with the Final Recommendation

Report of the Modifications Committee (FRR\_02\_12 V1.0), for the avoidance of doubt based upon the legal drafting set out in Appendix 2 of that report.

The SEM Committee therefore directs that a Modification be made on a Settlement Day basis with effect from the next Working Day after the date of this letter.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'S Rooney', written over a horizontal line.

Sheenagh Rooney  
Manager  
Wholesale Electricity Market