



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

4th September 2012

Our Ref: D/12/14178

**SEM Committee Decision for the Regulatory Authorities in relation to Mod_12_12
(Recommendation Report FRR_12_12)**

Dear Sherine,

On 27th June 2012, the Modifications Committee submitted its Modification Recommendation Report with regard to Modification Proposal, Mod_12_12 (Mandating Adherence to the Bidding Code of Practice by all Price Maker Generator Units) in accordance with paragraph 2.213 of the SEM Trading and Settlement Code (the Code).

Modification Proposal Mod_12_12 was raised by the Elasticity and seeks to make specific reference to the Bidding Code of Practice in the Trading and Settlement Code and would mandate adherence to it by all Price Maker Generator Units.

The SEM Committee notes that the proposal was discussed at the Modifications Committee on 29th May 2012. The proposer presented the background to the proposal, which related to the SEM Committee decision on Mod_36_10 "Removal of connection between Supplier Units and DSUs". In that decision, the SEM Committee noted the need to ensure that Demand Side Units should comply with the Bidding Code of Practice and that this would be achieved by requiring that the registration of a Demand Side Unit would be subject to regulatory approval. This would enable the registration of Demand Side Units in both jurisdictions as soon as the Regulatory Authority is in the position to give the necessary approval.

The decision letter identifies that the criteria for the Regulatory Authority approval in Ireland is the holding of an Electricity Supply Licence by the applicant Demand Side Unit. The criteria in Northern Ireland are under consideration. The proposer stated that he raised the modification in order to "mitigate the inter-jurisdictional differences between ROI and NI regarding licensing of DSUs, by specifically mandating in the T&SC adherence to the Bidding Code of Practice for all Price Maker Generator Units".

The SEM Committee notes that members felt that the Bidding Code of Practice was a matter for a licence, not for the Code and did not support the proposal. The Modifications Committee voted unanimously to recommend the rejection of the proposal.

The SEM Committee is eager to enable the registration of Demand Side Units in both jurisdictions but continues to believe that such Units must be required to comply with cost

reflective bidding requirements; the Modifications Committee specifically recommended this within the Final Recommendation Report for Mod_36_10. The SEM Committee also believes that the effective enforcement the bidding obligations must be in the hands of the Regulatory Authorities. The SEM Committee further notes that the Utility Regulator is in discussion with the appropriate Government Department on licensing issues.

Considering the above, and in accordance with paragraph 2.218 of the Code, the SEM Committee directs that no Modification be made as recommended in the Final Recommendation Report of the Modifications Committee (FRR_12_12).

Yours sincerely,



Sheenagh Rooney
Manager
Wholesale Electricity Market