

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

14 February 2012

Our Ref: D/12/2162

**SEM Committee Decision for the Regulatory Authorities in relation to Mod\_14\_11  
(Recommendation Report FRR\_14\_11\_V2.0)**

Dear Sherine,

On 17th January 2012, the Modifications Committee submitted its Modification Recommendation Report with regard to a Modification Proposal, Mod\_14\_11 (Pumped Storage Under Test), in accordance with paragraph 2.213 of the SEM Trading and Settlement Code (the Code).

This Modification Proposal, which was raised by the TSOs, seeks to amend the Code to remove the restriction that precludes Under Test status for Pumped Storage Units. Currently Pumped Storage Units cannot be granted Under Test status under the Code and therefore Testing Tariffs cannot be applied to them.

The SEM Committee notes that the Modifications Committee voted by a majority to recommend to the Regulatory Authorities that the Modification Proposal should be rejected on cost grounds, although accepting that it furthers the Code Objectives "to ensure no undue discrimination between persons who are parties to the Code"

The SEM Committee agrees that in principle Testing Tariffs should be applied to Pumped Storage Units when they are carrying out testing. However, the SEM Committee also notes the concerns of the Modifications Committee namely that the systems costs at €113k (excluding testing) may not represent sufficient value for money at this time. It was discussed that because no new Pumped Storage Units are expected to be commissioned in the short-term and the current structure of Testing Tariffs would mean that no Testing Tariffs would be applied to the existing Pumped Storage Units as each unit is less than 150MW.

At this time the SEM Committee agrees with the majority view of the Modifications Committee that this Modification Proposal may not offer sufficient value for money. However, the SEM Committee agrees with the application of Testing Tariffs to Pumped Storage Units in principle. In light of this the SEM Committee has decided that the Modification should not be made now but that the principles behind it should be borne in mind as part of any wider market changes in the future. This may allow for the implementation of the changes in a more cost effective way.

Considering the above, the SEM Committee directs that a Modification, as set out in FRR\_14\_11\_V2.0, shall not be made.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Sheenagh', written over a horizontal line.

Sheenagh Rooney  
Manager - Wholesale Electricity Market