

Fintan Slye,  
Director of Operations,  
EirGrid Plc,  
The Oval,  
160 Shelbourne Road,  
Dublin 4

Robin McCormick,  
General Manager,  
SEMO,  
SONI Ltd,  
Castlereagh House  
12 Manse Road  
Belfast  
BT6 9RT

4th March 2011

Our Ref: D/11/3760

**Re: SEM Committee decision on High Level Design for Intraday**

Dear Fintan and Robin,

We are writing to inform you of the decision of the SEM Committee ('SEMC') on the High Level Design for Intraday Trading in SEM. The SEMC at their meeting on March 2nd has considered the design as outlined by you at its November meeting (and as recommended by the Modifications Committee, Modification 18/10) together with the costs and timelines submitted to date and has decided to approve the following:

1. The implementation of an intraday trading solution for SEM as outlined in the High Level Design;
2. The central market system changes which are required for intraday trading which will commence in tandem with Modification Committee discussions on the required drafting changes to the TSC. All changes to the TSC will be subject to a final Modifications Committee vote and subsequently approved or otherwise by SEMC, as is the normal process; and,
3. The timeframe for roll out of the intraday solution for SEM being mid 2012.

The SEMC is aware of the significant costs associated with the roll out of this solution which is a major market change. In light of the level of costs involved the SEMC would like additional engagement between SEMO / SOs and the Regulatory Authorities ('RAs') prior to finalising the project costs. In relation to SEMO costs and the links to the SEMO price control the point of contact is Jean Pierre Miura, UR. In relation to the EirGrid costs the point of contact is Sheenagh Rooney, CER and the SONI costs is Billy Walker (UR). The SEMC insist that all costs in relation to the project are minimised where possible from their current level to the benefit of the all Island customer. In addition the SEMC wishes to have in place a mechanism to incentivise efficient expenditure on this project. Relevant to this the SEMC would be grateful if it could be clarified whether an incentive mechanism exists in relation to this project between ABB and SEMO, both within the existing contract and any proposed extension and what are

the opportunities for the customer to benefit in this regard. The SEMC further understands that best efforts have been made to date to minimise the ABB system development costs and required hardware/software costs. Further information on this may be required by the RAs.

This required interaction to finalise costs should take place over the next month and be finalised in advance of the next SEMC meeting, 29th March 2011. The SEMC has decided that this engagement should not delay work on the project or the implementation of the project within the timeframe required. Please confirm when any additional external contractual arrangements need to be signed.

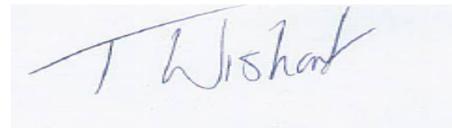
For information Sheenagh Rooney (CER) will continue to be the point of contact in relation to this project. It is intended that this letter shall be published by the RAs and MO.

A hard copy shall follow by post.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Eugene Coughlan". The signature is fluid and cursive, with a large initial 'E'.

Eugene Coughlan – Director, CER

A handwritten signature in blue ink, appearing to read "T Wishart". The signature is cursive and written on a light blue background.

Tanya Wishart – Director, UR