



Trading and Settlement Code Modifications Committee
C/O Marie-Therese Campbell
SMO Modifications Committee Secretariat
The Oval
160 Shelbourne Rd
Dublin 4

9th July 2009

Our Ref: 38625

**SEM Committee Decision for the Regulatory Authorities in relation to Mod_19_09
(Recommendation Report FRR_19_09)**

Dear Marie-Therese,

On 29th June 2009, the Modifications Committee submitted its Modification Recommendation Report with regard to a Modification Proposal, Mod_19_09 (Change to Currency Costs Smearing Rules), in accordance with paragraph 2.231 of the SEM Trading and Settlement Code (the Code).

This Modification Proposal, proposed by the Market Operator, seeks to align the Code with current provisions in Agreed Procedure 15 and the SEM Central Market Systems to correct an issue raised during the 2008 audit. The Code requires Currency Cost smearing of the energy market to be done against daily trade however the SEM Central Market Systems carries out this smearing on a billing period basis. In addition, it is noted that appendix 2 of Agreed Procedure 15 which aligns with the Central Market Systems and deals with Payment Period currency cost is not consistent with the rules as set out in the Code. This disparity arose due to the need to develop the market systems at the same time as the Code was being developed.

The SEM Committee notes that the Modifications Committee believes that the Modification Proposal aims to further the Code Objective 'to provide transparency in the operation of the Single Electricity Market' and voted to recommend the Modification Proposal to the Regulatory Authorities (RAs). The Modification Committee also recommends that Mod_19_09 should be implemented on a Settlement Day basis on the next Working Day after the decision is made.

Considering the above, and in accordance with paragraph 2.218 of the Code, the SEM Committee decides that a modification be made in accordance with the Final Recommendation Report of the Modifications Committee (FRR_19_09), for the avoidance of doubt, based upon the legal drafting set out in Appendix 1, together with the further changes set out in Section 10 of that report. The RAs therefore direct that the Modification as set out in FRR_19_09, 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 'Sheenagh Rooney', is written over a horizontal line.

Sheenagh Rooney, Manager
Wholesale Electricity Markets