

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

19 April 2016

Our Ref: D/16/6016

**SEM Committee Decision for the Regulatory Authorities in relation to Mod_21_12
(Recommendation Report FRR_21_12)**

Dear Esther,

On 21st November 2012, the Modifications Committee submitted its Modification Recommendation Report with regard to Modification Proposal, Mod_21_12 (Amendments to Available Transfer Capacity (ATC) Definition) in accordance with paragraph 2.213 of the SEM Trading and Settlement Code (the Code).

Modification Proposal Mod_21_12 was raised by the Transmission System Operators (TSO) and is stated to seek to allow the TSOs to curtail the flow on the Interconnector should an unforeseen Interconnector or transmission system event occur. Version 2 of the proposal, as set out in Appendix 1 of FRR_21_12, does not permit changes to the ATC for Transmission System reasons after the closure of the EA1 Gate Window for the relevant Trading Day.

The SEM Committee notes that the Modifications Committee voted, with one detailed dissenting view, that the Modification Proposal would fulfill the Code Objectives to “facilitate the efficient, economic and coordinated operation, administration and development of the Single Electricity Market in a financially secure manner”, to “provide transparency in the operation of the Single Electricity Market” 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”. The Modifications Committee further recommended that the Modification should be implemented on a Trading Day basis with effect from one Working Day after the SEM Committee decision.

Despite this, the SEM Committee raised a number of concerns regarding the detailed underlying rationale for the Proposal, in particular, that the FRR gave neither a concise summary of why exactly the modification was raised nor the issue to be addressed by implementing the proposal. In addition to this, the SEM Committee noted that the proposal seeks to allow the TSO to curtail

the flow on the Interconnector should an unforeseen Interconnector or transmission system event occur despite the TSOs already having the power to physically reduce the transfer capacity should it need to do so. This led the SEM Committee to conclude that reducing the ATC in the TSC was a commercial issue rather than a transmission security issue and that this should be addressed in the Final Recommendation Report. The SEM Committee also raised concerns regarding the extent to which alternative approaches to the identified problem had been considered by the TSO and why such approaches were rejected.

In light of these issues, the SEM Committee issued a direction on 07 August 2013 for the Modification Committee to do further work on the modification to address these concerns.

At the December 2015 Modifications Committee meeting, the Modification Proposer advised that the main objective of this modification should be covered within the new environment of I-SEM and that the modification would not be progressed any further. The Secretariat then asked the Committee were they satisfied that this proposal would not be progressed further. The Committee agreed and the Secretariat referred this proposal to the SEM Committee for a final decision.

In accordance with paragraph 2.218 of the Code, considering the above and that no further work will be done to address the concerns raised in the RAs' letter to the Modifications Committee of 07 August 2013, the RAs reject this Modification.

Yours sincerely,



Clive Bowers
Wholesale Electricity Market