



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

16th March 2010

Our Ref: 39068

**SEM Committee Decision for the Regulatory Authorities in relation to Mod_24_09
(Recommendation Report FRR_24_09 Version 1.2)**

Dear Stephanie,

On 15th January 2010, the Modifications Committee submitted its Modification Recommendation Report with regard to a Modification Proposal, Mod_24_09 (Definition of Tariff Year and Correction of Loss Factor Timelines), in accordance with paragraph 2.213 of the SEM Trading and Settlement Code (the Code).

This Modification Proposal, raised by the TSOs, seeks to change the basis on which TLAFs are calculated on from a calendar Year to a Tariff Year basis. This would align the timescales for the setting of Transmission Loss Adjustment Factors (TLAFs) and Distribution Loss Adjustment Factors (DLAFs) under the Code.

The SEM Committee notes that the Modifications Committee believes that the Modification Proposal furthers the Code Objective 'to facilitate the efficient, economic and coordinated operation, administration and development of the Single Electricity Market in a financially secure manner' and voted unanimously to recommend the Modification Proposal to the Regulatory Authorities (RAs).

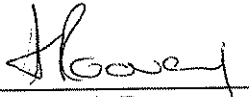
The Modifications Committee recommended that Mod_24_09 should be implemented on a Settlement Day basis on 1st January 2010; however this date had passed on the date of receipt of the Modification Recommendation Report. Following discussion between the RAs and the Secretariat of the Modifications Committee, the SEM Committee understands that it is now recommended that the Modification should be implemented shortly after an RA decision.

Regarding the proposed legal drafting, the SEM Committee notes that some additions to the proposed drafting of the original Modification Proposal are set out in Section 10 of FRR_24_09 (Version 1.2). The SEM Committee further notes that to ensure TLAFs are calculated on a tariff year basis from 1st October 2010, the interim provisions implemented as part of Mod_17_09 should expire. Therefore, an additional change to the legal drafting is required to paragraphs 7.61 to 7.66 inclusive (which were amended as part of Mod_17_09) by replacing "35" with "29" so that these paragraphs expire on 1st April 2010.

In addition, the SEM Committee notes that there is a previously outstanding error in the legal drafting of Table K.2 of Appendix K of the current Code, where, adjacent to "Number of Data Transactions", this should read "One containing data for each Generator Unit that is not an Interconnector Unit per Trading Period for the Tariff Year and data for each Interconnector per Trading Period for the Tariff Year".

Considering the above, and in accordance with paragraph 2.218 of the Code, the SEM Committee directs that a modification be made in accordance with the Final Recommendation Report of the Modifications Committee (FRR_24_09 Version 1.2), for the avoidance of doubt, based upon the legal drafting set out in Appendix 1 and Section 10 of that report, plus the additional amendments to Appendix K and to Section 7 set out in this letter. The Regulatory Authorities therefore direct that the Modification 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', written over a horizontal line.

Sheenagh Rooney
Manager – Wholesale Electricity Market