



Trading and Settlement Code Modifications Committee
C/O Aisling O'Donnell
SMO Modifications Committee Secretariat
The Oval
160 Shelbourne Rd
Dublin 4

16th August 2010

Our Ref: D/10/13217

**SEM Committee Decision for the Regulatory Authorities in relation to Mod_46_09_V3
(Recommendation Report FRR_46_09_V2)**

Dear Aisling,

On 13th August 2010, the Modifications Committee submitted its Modification Recommendation Report with regard to a Modification Proposal, Mod_46_09_V3 (Treatment of UIs in Pumped Storage Units when pumping) in accordance with paragraph 2.213 of the SEM Trading and Settlement Code (the Code).

This Modification Proposal, proposed by ESB Power Generation, seeks to exclude Pumped Storage Units from the imposition of Uninstructed Imbalances when in pumping mode. It does this by setting the Dispatch Quantities to the Actual Output for the relevant Trading Period. The SEM Committee understands that the motivation behind the Modification is that the Pumped Storage Units currently operating in the market have limitations in terms of controllability of load in pumping mode and that the form of the Dispatch Instruction does not recognise this but merely instructs the Unit to pump.

The SEM Committee notes that the Modifications Committee agreed unanimously that the Modification Proposal furthers the Code Objectives "*to facilitate the participation of electricity undertakings engaged in the generation, supply or sale of electricity in the trading arrangements under the Single Electricity Market*", "*to ensure no undue discrimination between persons who are parties to the Code*" 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*" and that the Modification should be implemented in line with the SEM Central Market Systems release plan and on a Settlement Day basis.

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_46_09_V2), for the avoidance of doubt based upon the legal drafting set out in Section 10 of that report. The SEM Committee recognises that these modified rules may not be appropriate for any future Pumped Storage Unit and therefore considers it appropriate that, should further Pumped Storage Units be planned, the revised rules implemented as part of this Modification will be re-examined.

The Regulatory Authorities therefore direct that a Modification as set out in FRR_46_09_V2, be made on a Settlement Day basis with effect from the date of the scheduled release of the Central Market Systems which includes the required software changes. The RAs direct that the Market Operator shall publish the date of the relevant release of the Central Market Systems (together with details of all the Modifications which shall come into effect on that date) on its website no less than one week in advance of that date.

Yours sincerely,

A handwritten signature in black ink that reads "Dana Kelleher". The signature is fluid and cursive, with a long horizontal flourish extending to the right.

Dana Kelleher,
Analyst - Wholesale Electricity Market