



Trading and Settlement Code Modifications Committee
c/o Esther Touhey
SEMO Modifications Committee Secretariat
The Oval
160 Shelbourne Rd
Dublin 4

18 April 2018

Our Ref: D/18/6320

SEM Committee Decision for the Regulatory Authorities in relation to Mod_16_17 (Final Recommendation FRR_16_17)

Dear Esther

On 23 March 2018, the Modifications Committee submitted its Final Recommendation Report (FRR) with regard to Modification Proposal Mod_16_17: "Funding in relation to EirGrid/SONI payment obligations" in accordance with paragraph B.17.18.1 of Part B of the SEM Trading and Settlement Code (the Code).

Modification Proposal Mod_16_17 was submitted to the Modifications Committee by EirGrid plc and SONI Ltd in their capacity as TSOs on 28 November 2017. The Modification seeks to clarify what actions should be taken by the Market Operator in the event that revenue from Market Operator Charges is insufficient to make all payments as they fall due as a result of funding gaps.

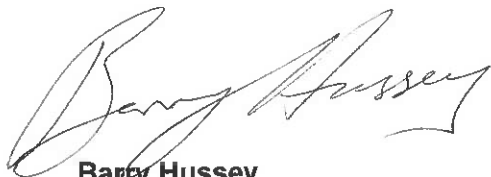
The Modification provides for SEMO to put in place an amount of contingent capital to meet temporary funding gaps, thus allowing payments to be managed in a transparent and orderly way. The Modification also allows payments due to generators to be suspended and accrued in that unlikely event that the revenue from market operator charges plus the available contingent capital is insufficient to make all payments as they fall due. It also obliges SEMO to maintain a record of the available working capital, and allows them to propose to the Regulatory Authorities for approval a change to the Contingent Capital Requirement.

The Regulatory Authorities note that a presentation was made to the Modifications Committee on 12 December 2017 summarising the requirement for this proposal. Following discussion of the Modification Proposal at three Modifications Committee meetings and after amendments

were made to the original Modification Proposal, a majority of Members of the Modification Committee were of the view that the Modification Proposal would better facilitate the achievement of the Code Objective to facilitate the efficient, economic and coordinated operation, administration and development of the Single Electricity Market in a financially secure manner.

Considering the above, the SEM Committee direct that, in line with the recommendation from the Modifications Committee in FRR_16_17, the Modification Proposal Mod_16_17 should be made and shall become effective on a Trading Day basis two Working Days after the date of this letter.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Barry Hussey', written in a cursive style.

Barry Hussey
Manager
Wholesale Electricity Markets

