



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

26 September 2018

Our Ref: D/18/17011

SEM Committee Decision for the Regulatory Authorities in relation to Mod_21_18 (Final Recommendation Report FRR_21_18)

Dear Esther,

On 21 September 2018, the Modifications Committee submitted its Modification Recommendation Report with regard to Modification Proposal Mod_21_18 - Application of Settlement Reallocation Agreement to Market Operator charges - in accordance with Paragraph B.17.18.1 of Part B of the SEM Trading and Settlement Code (TSC).

The Modification Proposal Mod_21_18 was submitted to the Modifications Committee by SEMO on 9 August 2018.

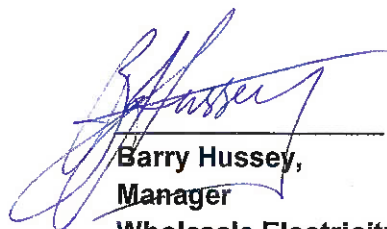
The Trading and Settlement Code rules do not currently provide for Settlement Reallocation Agreements to apply to transfer of amounts owing related to Market Operator Charges. Since the agreement during the Market Rules Working Groups was that Market Operator Charge should be included, this proposal aims to reflect that this position.

The Regulatory Authorities note that a presentation was made to the Modifications Committee meeting on 16 August 2018 summarising the requirement for this proposal (previously having been discussed at Modification Committee meeting number 84 on 21 June 2018). At this meeting the Proposer confirmed that the Settlement Reallocation Agreements (SRAs) should cover all periodical financial obligations including Market Operator Charges but that the approach presented at Meeting 84 was no longer feasible due to issues with SEMO's existing VAT agreements with the relevant tax authorities. The Proposer presented a revised draft of the Modification which required more substantive changes to the Code, including changes that required the resubmission of existing SRAs. The Proposer set out a number of mitigants to the additional workload that this created in the lead up to Go Live.

The Regulatory Authorities also note that the Members of the Modifications Committee voted unanimously to approved this Modification on the basis that the Modification Proposal would better facilitate the achievement of four of the Code Objectives and should be recommended for approval.

Considering the above, and in accordance with Paragraph B.17.20 of the Code, the SEM Committee direct that a Modification, as set out in Appendix 1 of FRR_21_18, is implemented on a Trading Day basis with effect from one Working Day after the date of this letter.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'B. Hussey', is written over a horizontal line. The signature is stylized and cursive.

**Barry Hussey,
Manager**

Wholesale Electricity Markets