



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/18/17014

SEM Committee Decision for the Regulatory Authorities in relation to Mod_22_18 (Final Recommendation Report FRR_22_18)

Dear Esther,

On 05 September 2018, the Modifications Committee submitted its Modification Recommendation Report with regard to Modification Proposal Mod_22_18 - Credit Cover signage and subscript correction - in accordance with Paragraph B.17.18.1 of Part B of the SEM Trading and Settlement Code (TSC).

The Modification Proposal Mod_22_18 was submitted to the Modifications Committee by SEMO on 07 June 2018.

The Proposed Modification aims to correct a subscript error contained within the Part B drafting to ensure the TSC fully reflects system operation. Subscript b was used to denote the Historical Assessment Period even though this subscript was already used to denote a Billing Period in Part B. The proposed modification also seeks to address an issue whereby the application of standard deviation to average Billing Period Cashflow amounts and Metered Quantities for undefined exposure calculations does not account correctly for the signage of the average values or for the fact that the averages can be either positive or negative and will be more likely to apply in both directions under imbalance arrangements.

The Regulatory Authorities note that a presentation was made to the Modifications Committee meeting on 21 June 2018 summarising the requirement for this proposal. If this proposal is not implemented the subscript issue it aims to address will remain resulting in inaccuracy and a lack of clarity in the paragraphs which use variables with a Historical Assessment Period subscript. In addition, undefined exposure period calculations will contain algebra which applies the Standard deviation in the incorrect direction for scenarios where the credit requirement is

negative indicating an exposure. The Modification Proposal Mod_22_18 addresses these two issues and provides clarity as to the operation of these calculations.

The Regulatory Authorities note that the Members of the Committee voted on a unanimous basis to approve this Modification, agreeing that it would further the transparent and efficient operation of the SEM.

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_22_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.

Barry Hussey,
Manager
Wholesale Electricity Markets