



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

27 April 2020

Our Ref: F/19/653

SEM Committee Decision for the Regulatory Authorities in relation to Mod_03_20 (Final Recommendation FRR_03_20)

Dear Esther,

On 24 April 2020, the Modifications Committee submitted its Final Recommendation Report (FRR) with regard to Modification Proposal Mod_03_20 'Temporary Modification to Section B.18.3.2 to introduce an RA approval process for all Suspension Orders' in accordance with Paragraph B.17.18.1 of Part B of the SEM Trading and Settlement Code (TSC).

Mod_03_20 was raised as an Urgent Modification by the Regulatory Authorities and was received by the Secretariat on 8 April 2020. The proposal was voted on at Extraordinary Meeting 97B on 16 April 2020.

This Modification proposes to make a temporary amendment to Section B.18.3.2 of the Trading and Settlement Code, for an initial three month period, (to be added via Section H 'Interim Arrangements'), in order to amend the process for the Market Operator to issue a Suspension Order during the COVID-19 crisis to require RA approval before any Suspension Orders are issued.

The Modification was raised to address the risk of a Suspension Order being issued to a Party automatically due to an issue which has arisen during these unusual market circumstances, which may be resolved relatively quickly. The aim of this temporary change to the TSC is to minimise disruption to consumers and avoid the issuing of Suspension Orders as much as possible during this time.

The Regulatory Authorities are aware of the concerns raised in particular by Generator Members of the Modifications Committee in relation to the potential impact of this Modification on Unsecured Bad Debt if a decision to issue a Suspension Order is not made quickly enough. As discussed at Extraordinary Meeting 97B, a limit on the number of days for a decision to be made was not included in the Modification as each case would be reviewed individually and a time constraint might be counterproductive in ad-hoc exceptional circumstances. Following discussion, six Committee Members voted to reject the Modification while four voted to approve the Modification.

The Regulatory Authorities have put in place regular weekly calls with SEMO in order to ensure early notice of any potential credit cover issues and a process for decision making has been developed associated with this Modification, a high-level summary of which was presented at the Meeting. As suggested during Extraordinary Meeting 97B, the Regulatory Authorities will also request that SEMO reports on any Warning Limits which have been issued as part of this process.

Where any decisions arise under this temporary Modification, the Regulatory Authorities will account for the risk of Unsecured Bad Debt in their decision-making process and the potential impacts on Market Participants.

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_03_20, is implemented on a Settlement day basis following receipt of this Decision.

Yours sincerely,

Barry Hussey

Manager, Wholesale Electricity Markets

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