

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

20th October 2010

Our Ref: D/10/16528

**SEM Committee Decision for the Regulatory Authorities in relation to Mod_31_10
(Recommendation Report FRR_31_10_V1.0)**

Dear Aisling,

On 15th October 2010, the Modifications Committee submitted its Modification Recommendation Report with regard to a Modification Proposal, Mod_31_09 (Interconnector SEM connection point – Further extension of interim arrangements) in accordance with paragraph 2.213 of the SEM Trading and Settlement Code (the Code).

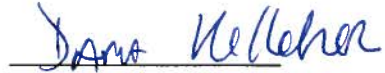
This Modification Proposal, which was raised by SEMO, seeks to extend the interim arrangements that specify that the remote end of an Interconnector is defined as the connection point to the SEM, whereby Interconnector losses are dealt with by incorporating these into the Transmission Loss Adjustment Factor for the Interconnector. The original Modification proposed to extend the interim arrangements for a further 6 months pending further legal clarification. However following their consideration, the Modifications Committee recommended to extend the interim arrangements by a further 12 months, taking the view that seeking an enduring solution was likely to take more than 6 months.

The SEM Committee notes that the Modifications Committee agreed unanimously that the Modification Proposal furthers the Code Objectives “to facilitate the efficient, economic and coordinated operation, administration and development of the Single Electricity Market in a financially secure manner” and “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”, and that the Modification should be made effective on a Settlement day basis. The report does not recommend on which day to implement the decision, however the RAs consider it appropriate for the Modification Proposal to be effective from the next Working Day after the date of this letter.

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_31_10_V1.0), for the avoidance of doubt based upon the legal drafting set out in Section 10 of that report. The Regulatory Authorities therefore

direct that a Modification as set out in FRR_31_10_V1.0, be made on a Settlement Day basis with effect from the next Working Day after the date of this letter.

Yours sincerely,

A handwritten signature in blue ink that reads "Dana Kelleher". The signature is written in a cursive style and is positioned above a horizontal line.

Dana Kelleher,
Analyst - Wholesale Electricity Market