

Trading and Settlement Code Modifications Committee
C/O Sherine King
SMO Modifications Committee Secretariat
The Oval, 160 Shelbourne Rd
Dublin 4

03 April 2012

Our Ref: D/12/3872

**SEM Committee Decision for the Regulatory Authorities in relation to Mod_36_10
(Recommendation Report FRR_36_10)**

Dear Sherine,

On 22nd February 2011, the Modifications Committee submitted its Modification Recommendation Report with regard to a Modification Proposal, Mod_36_10 (Removal of connection between Supplier Units and DSU's), in accordance with paragraph 2.213 of the SEM Trading and Settlement Code (the Code).

This Modification Proposal, which was raised by Activation Energy Ltd, seeks to amend the Code so as to remove connection between Demand Side Units (DSUs) and Supplier Units by removing the requirement that the Registrant of the DSU must be the Supplier at each Demand Site.

The SEM Committee notes that the Modifications Committee agreed unanimously that the Modification Proposal furthers the Code Objectives "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", "to promote competition in the single electricity wholesale market on the island of Ireland", "to ensure no undue discrimination between persons who are parties to the Code", and "to promote the short-term and long-term interests of consumers of electricity on the island of Ireland with respect to price, quality, reliability, and security of supply of electricity".

The Modification Proposal was unanimously 'Recommended for Approval' by the Modifications Committee subject to the recommendation that the Regulatory Authorities should ensure that Demand Side Units (DSU) are bound by the Bidding Code of Practice (BCOP). The Modifications Committee also recommended that the Modification Proposal should be made effective one working day after the day on which the Regulatory Authority decision is made, and proposed that this Modification should be made on a Trading Day basis.

Since receiving the FRR, further consideration has been given to methods by which DSUs could be bound to the BCOP. The Commission for Energy Regulation has recently concluded a consultation process which has resulted in an additional section in the Electricity Supply license which binds suppliers to the BCOP where they act as DSUs¹. Formal arrangements are not yet

<http://www.cer.ie/en/electricity-retail-market-current-consultations.aspx?article=cbe8d0cb-d3ba-43ef-abf7-b30a07bc48bf>

in place in Northern Ireland. Given the above, the SEM Committee has decided to include a provision in the drafting of the proposed Modification which will make the registration of a DSU subject to Regulatory approval. This will enable the registration of DSUs in both jurisdictions as soon as the Regulatory Authority is in a position to give the relevant approval. This approval will require that DSUs will be bound by the BCOP. The additional drafting is set out in red below;

2.34 A Party (or Applicant, as applicable) shall, on registration of a Generator Unit, specify if the Unit is:

1. a Wind Power Unit;
2. an Energy Limited Generator Unit;
3. a Pumped Storage Unit;
4. a Demand Side Unit provided the Party has the approval of the Regulatory Authorities in accordance with paragraph 2.34b;
5. a Netting Generator Unit;
6. an Interconnector Unit; or
7. Dual Rated Generator Unit provided the Party has the approval of the Regulatory Authorities in accordance with paragraph 2.34a.

2.34B A Party (or Applicant, as applicable) may register a Generator Unit as a Demand Side Unit provided that the Regulatory Authorities have given their written consent for the registration of the relevant Generator Unit by the Party (or Applicant) as a Demand Side Unit.

The criteria for Regulatory Authority approval under 2.34B in the Republic of Ireland will be the holding of an Electricity Supply Licence by the applicant DSU. The criteria for Northern Ireland are under consideration and will be notified in due course.

Therefore, in accordance with paragraph 2.218 of the Code, the SEM Committee directs that a Modification, as set out in Appendix 2 of FRR_36_10 with the inclusion of the above additional drafting, be made on a Trading Day basis with effect from one working day after the date of this letter.

Yours sincerely,



Sheenagh Rooney
Manager - Wholesale Electricity Market