



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

27th October 2010

Our Ref: D/10/16507

**SEM Committee Decision for the Regulatory Authorities in relation to Mod_39_10
(Recommendation Report FRR_39_10_V1.0)**

Dear Aisling,

On 15th October, the Modifications Committee submitted its Modification Recommendation Report with regard to a Modification Proposal, Mod_39_10 (Change of ESU algebra from Section 7 to Section 4) in accordance with paragraph 2.213 of the SEM Trading and Settlement Code (the Code).

This Modification Proposal, proposed by the Regulatory Authorities, seeks to replace the 'interim' Section 7 algebra with the 'enduring' Section 4 algebra when calculating the Loss-Adjusted Net Demand for Error Supplier Units. The original Modification suggested that the proposal be implemented at the same time as the revised treatment of losses i.e. 1st October 2010. However after the Market Operator impact assessed the matter it became apparent that the earliest implementation date for the Modification through the normal system release process is April 2011. The SEM Committee, at its meeting of 26 October 2010, noted the other options considered for earlier implementation but has decided that the next scheduled system release is the more appropriate timing.

The SEM Committee notes that the Modifications Committee agreed unanimously that the Modification Proposal furthers the Code Objective "to facilitate the efficient, economic and coordinated operation, administration and development of the Single Electricity Market in a financially secure manner" and that the Modification should be implemented on the 9th Scheduled Release Deployment Date (circa April 2011).

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_39_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_39_10_V1.0, be made on a Settlement Day basis with effect from the date of the scheduled release of the Central Market Systems which includes the required software changes (the 9th Scheduled Release). The RAs direct that the Market Operator shall publish the date of the relevant release of the Central Market Systems (together with details of all the Modifications which shall come into effect on that date) on its website no less than one week in advance of that date.

Yours sincerely,

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

Dana Kelleher,
Analyst - Wholesale Electricity Market