

Mr. Ronan Doherty,
Chief Executive Officer,
ElectroRoute Energy Trading,
Market House,
Market Square,
Letterkenny,
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Ireland

20th January 2015

**Re: Proposed Modifications to the Trading and Settlement Code: Mod_09_14 and Mod_10_14
(Make Whole Payments)**

Dear Ronan,

I refer to your letter dated 17 December 2014 to Garrett Blaney and Jenny Pyper. This response is on behalf of both the Commission for Energy Regulation and the Utility Regulator (together the Regulatory Authorities).

Your letter refers to two Modification Proposals (Mod_09_14 and Mod_10_14) submitted to the Modifications Committee by the Regulatory Authorities. These Modification Proposals are now under development by the Modifications Committee. In addition, two Modification Proposals proposed by Electroroute Energy Trading (Mod_11_14, Pay-As-Bid/Paid-as-Bid for IC Units and Mod_12_14, Amendments to Make Whole Payments to remove Settlement Periods of simultaneous import and export flows) are also under development by the Modifications Committee.

The SEM Trading and Settlement Code (the Code) Modifications Process is set out in paragraphs 2.147 to 2.236 of the Code. This is the only process by which changes to the Code can be made. Paragraph 2.149 sets out the functions of the Modifications Committee and the procedure for developing Modification Proposals is set out in paragraphs 2.192 to 2.202. These duties and processes do not distinguish between normal Modification Proposals based upon the proposer of the proposal. All Modification Proposals are treated alike.

The Modification process, which is under the control of the Modifications Committee, results in a fully developed proposal together with a Final Recommendation Report (FRR) addressed to the Regulatory Authorities proposing either the rejection or the approval of the Modification Proposal. The consideration of any deficiencies in any Modification Proposal that may be identified during the development process is an important part of the Modifications Committee role. It is expected that the Modifications Committee will make any changes necessary to correct such deficiencies if considered necessary.

The Modifications Committee has a number of options available to it as part of the development of the Modification proposal including setting up a Working Group or issuing a consultation.

The Modification Committee will put its FRR to the Regulatory Authorities. The FRR will be based, if necessary, on an amended Proposal. The FRR (which includes all statements and communication in respect of the Proposal) is considered by the Regulatory Authorities; they may reach one of three Decisions following receipt of the FRR: to direct a Modification; to reject the recommendation; or to direct the Modifications Committee that further work is required.

As mentioned above, the review of the various Modifications Proposals that you refer to is a matter for the Modifications Committee and, on receipt of the Report (or Reports) from the Modifications Committee, the Regulatory Authorities will need to consider whether that review has been adequately completed or whether further work is required. In considering any such report the Regulatory Authorities will base their decision on the report received except where there are factors beyond the scope of the Modifications Committee, for example the Regulators' Statutory Duties.

The Regulatory Authorities note that the Code permits the withdrawal of a Modification Proposal in certain cases and with the agreement of the Modifications Committee. However, in the circumstances, they take the view that it would be preferable that the Modifications Committee is permitted to continue with its process, taking into account any concerns which you may have, so that the Regulatory Authorities can reach a better informed decision at the appropriate stage. Therefore, we recommend that you make your views known to the Modifications Committee, so that they may take account of them in their development work and in their recommendation.

I note that your letter to Garrett Blaney and Jenny Pyper is not marked as confidential. We propose to share this letter and your letter with the Modifications Committee unless you would prefer that your letter isn't shared. Can you get back to Clive Bowers by the end of 23 January 2015 if you do not wish for us to share your letter with the Modifications Committee?

Yours Sincerely



Laura Brien
Director Energy Markets
CER



Jo Aston
Director of Wholesale Energy
Utility Regulator

Cc: Garrett Blaney (CER)
Jenny Pyper (UR)
Clémence Hermann (Ofgem)