

Liam Ryan,
Operations Manager,
Single Electricity Market Operator,
The Oval,
160 Shelbourne Road
Ballsbridge
Dublin 4.

20th October 2009

Our Ref: 38954

SEM Committee Decision for the Regulatory Authorities in relation to Administered Settlement

Dear Liam,

On 13th October 2009, the Regulatory Authorities (RAs) received the Market Operator's (SEMO's) document setting out its formal proposal for the methodology to be adopted in the case of the initiation of Administered Settlement under the SEM Trading and Settlement Code (the Code)¹.

The SEM Committee had previously published SEMO's "Options for Administered Settlement"² for consultation on 8th July 2009. Six responses were received from Market Participants. The paper submitted to the RAs for approval on 13th October summarised the responses and proposed the adoption of "option 2". Option 2 proposes that, in the case of Administered Settlement initiated by MSP Failure, SEMO should select a previous day that most reasonably matches the day that the schedule is to apply to, and should use that day as the basis for the Trading Day of MSP Failure with the additional step of setting every Modified Interconnector Unit Nomination to zero. SEMO identifies that the Code already specifies the calculations to be undertaken for the other circumstance of Administered Settlement, Electrical System Collapse and therefore no new methodology is required for that circumstance.

Based upon the comments from respondents and the analysis presented by SEMO, the SEM Committee concludes that SEMO's proposal represents a proper balance between the principles for Administered Settlement set out in paragraph 6.247 of the Code.

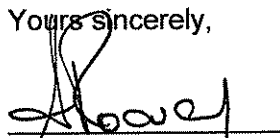
Considering the above, the SEM Committee approves the methodology set out in SEMO's proposal of 13th October, such approval to be considered to represent compliance with paragraph 6.247.4 of the Code.

The SEM Committee intends to publish both SEMO's paper and this letter on the All Island Project website (www.allislandproject.org). The SEM Committee also requests that SEMO publish these documents on their own website to comply with paragraph 6.247.5 of the Code.

¹ Document: SEMO Options for Administered Settlement - Request for Approval v1.03.

² SEM-09-074

Yours Sincerely,

A handwritten signature in black ink, appearing to read 'Sheenagh Rooney', written over a horizontal line.

Sheenagh Rooney
Manager – Wholesale Electricity Market

CC: David Stevens, Manager of Market Development, SEMO and Aodhagan Downey, Market Development, SEMO.