



Trading and Settlement Code Modifications Committee
c/o Esther Touhey
SEMO Modifications Committee Secretariat
The Oval
160 Shelbourne Rd
Dublin 4

4 July 2019

Our Ref: F/19/783

SEM Committee Decision for the Regulatory Authorities in relation to Mod_05_19 (Final Recommendation FRR_05_19)

Dear Esther,

On 7 June 2019, the Modifications Committee submitted its Final Recommendation Report (FRR) with regard to Modification Proposal Mod_05_19 – Amendment to Uninstructed Imbalance Charge to correct for negative price scenarios.

Modification Proposal Mod_05_19 was submitted to the Modifications Committee by the Single Electricity Market Operator (SEMO) on 6 February and presented on 20 February 2019 and subsequently on 11 April 2019.

The RAs understand that the purpose of this modification is to correct for omissions from the existing settlement algebra relating to the application of Uninstructed Imbalance charges to generators who do not follow dispatch instructions. The existing algebra accommodates only positive prices and has led to under-charging off premia and discounts since Go Live of the revised SEM arrangements.

The RAs note that the Modification resolves the perverse incentive for generators not to follow dispatch instructions from the TSO in negative price scenarios. It also ensures that SEMO correctly charges premia and discounts to generators to avoid under-charging of Uninstructed Imbalance Charges.

The RAs note that this modification was unanimously recommended for approval at Modifications Meeting 90 on 11 April 2019 based on a revised version of the modification being submitted which incorporated a number of minor changes agreed at the Modifications meeting.

Considering the above, the SEM Committee direct that, in line with the recommendation for the Modifications Committee in FRR_05_19, the Modification Proposal Mod_05_19 should be implemented.

This Modification shall become effective on a Settlement Day basis following receipt of this decision letter.

Yours sincerely,

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

Barry Hussey

Manager,

Wholesale Electricity Markets