



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

27 September 2021

Our Ref: F/23/456

SEM Committee Decision for the Regulatory Authorities in relation to Mod_16_21 (Final Recommendation FRR_16_21)

Dear Esther,

On 27 September 2021, the Modifications Committee submitted its Final Recommendation Report (FRR) with regard to Modification Proposal Mod_16_21 '*Temporary use of the Market Backup Price where an Interconnector Trade Quantity and Price are submitted*' in accordance with Paragraph B.17.18.1 of Part B of the SEM Trading and Settlement Code (TSC). The Modification Proposal Mod_16_21 was submitted to the Modifications Committee by the CRU and UR as an Urgent Modification on 17 September 2021 and discussed and voted on at Emergency Modifications Committee Meeting 106B on 21 September.

The Regulatory Authorities raised this Urgent Modification following the events of 6, 8, 9, 10 and 14 September, during which Cross Zonal Actions resulted in high Imbalance Prices, above the Reliability Option Strike Price. These high Imbalance Prices have led to significant Difference Charges in the market. Another modification, Mod_02_21, was approved by the SEM Committee in August 2021 and introduces a flag for such Cross Zonal actions i.e. where an Interconnector Trade Quantity and Price is submitted. However, the Decision on Mod_02_21 stated that '*the SEM Committee direct that Mod_02_21 is implemented and should be made*

effective on the first available date following the delivery of the required system changes'. The Regulatory Authorities understand that SEMO is working to implement Mod_02_21 in late November 2021, earlier than previously scheduled for release I in April 2021.

Mod_16_21 therefore places a temporary limit on prices above the RO strike price in the circumstances described above, pending the full implementation of Mod_02_21 in systems. For the avoidance of doubt, this Mod_16_21 will only be implemented until such time as Mod_02_21 is fully implemented in systems.

Mod_16_21 sets the Imbalance Settlement Price equal to the price associated with the Day-Ahead Trade Quantities for the Imbalance Settlement Period, determined in accordance with section E.5.1.3 of the Code, where an SO Interconnector Trade Quantity and Price is submitted which exceeds the Strike Price. SEMO provided an update at Meeting 106B on the existing internal processes which would be used to implement this Modification once approved with no requirement for system changes.

The Regulatory Authorities note the useful discussion which took place at Meeting 106B and feedback received from Members of the Committee on whether such a temporary Modification should apply to all Cross-Zonal Actions, or only to those actions priced above the Strike Price, for this temporary period, to limit the impact of such a change on the market. Legal drafting changes based on the discussion with the Committee were included as part of the Final Recommendation Report. The Regulatory Authorities also note that this Modification was approved by a majority vote of the Modifications Committee.

Considering the above, and in accordance with Paragraph B.17.20 of the Code, the SEM Committee direct that a Modification, as set out in FRR_16_21, is implemented on a Trading Day basis with effect from two Working Days after the date of this Decision.

Yours sincerely,

Grainne Black
Manager
Wholesale Electricity Markets
Commission for Regulation of Utilities

Leigh Greer
Manager
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