



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

12 November 2019

**Our Ref: F/19/229**

**SEM Committee Decision for the Regulatory Authorities in relation to Mod\_38\_18 V4  
(Final Recommendation Report FRR\_38\_18)**

Dear Esther,

On 6 September 2019, the Modifications Committee submitted its Final Recommendation Report with regard to Modification Proposal Mod\_38\_18 V4 "Limitation of Capacity Market Difference Payments to Metered Demand" in accordance with Paragraph B.17.18.1 of Part B of the SEM Trading and Settlement Code (TSC).

The Modification Proposal Mod\_38\_18 was submitted to the Modifications Committee by the Single Electricity Market Operator (SEMO) on 28 November 2018. Following discussion at Modifications Committee meetings 88, 89 and 92, Version 4 of the Modification was voted on at Meeting 93 on 22 August 2019. The RAs understand that the Modification was raised to address a potential issue based on a unique set of circumstances whereby a Supplier Unit trades a volume that is multiples of their metered quantity.

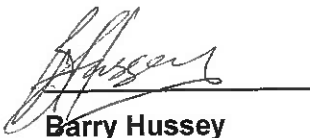
The Regulatory Authorities note that a discussion took place with the Modifications Committee at Meetings 92 and 93 where a number of suppliers noted their concern with the modification and their view of how unlikely it would be for such an event to occur due to the risks involved (including REMIT implications associated with any potential market manipulation) and

associated credit requirements for any party. The RAs understand that SEMO views this modification as being logical by introducing a link between the capacity charging base and the hedged volume for difference payments.

Following discussion of version 4 of the Modification, presented at Meeting 93, this Modification was voted for rejection by all Members of the Modifications Committee. It was suggested by SEMO and by the Chair that as a significant amount of analysis and work has gone into this, it could be used to re-submit this Modification in future in case this type of behaviour is observed in trading in future.

Considering the above, and in accordance with Paragraph B.17.20 of the Code, the SEM Committee direct that a Modification should not be implemented in this case. The RAs note that the issues raised by the Modification should be closely monitored and acknowledge the significant analysis and work conducted as part of the proposed Modification.

Yours sincerely.

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

**Barry Hussey**

**Manager**

**Wholesale Electricity Markets**