



Department of Communications, Energy and Natural Resources
Roinn Cumarsáide, Fuinnimh agus Acmhainní Nádurtha



Department of
**Enterprise, Trade
and Investment**
www.detini.gov.uk

JS March 2013

Commission for Energy Regulation
The Exchange
Belgard Square North
Tallaght
Dublin 24
Ireland

Utility Regulator
Queen's House
14 Queen Street
Belfast
BT1 6ED

Dear Chair and Members of the SEM Committee,

As you will be aware, a meeting of the All Island Joint Steering Group (JSG) was held in Belfast on 8 February last to consider the SEM Committee's draft Next Steps Decision Paper on the Implementation of the European Target Model for the Single Electricity Market.

At the meeting, the Department of Enterprise, Trade & Investment and the Department of Communications, Energy & Natural Resources indicated to NIAUR and CER (as representatives of the SEM Committee), their verbal acceptance of the recommendations contained in the draft SEM Committee Decision Paper, including the recommendation that the project now proceed to phase two. This letter formally confirms the acceptance, by the Departments, of the SEM Committee's recommendations.

In formally communicating this acceptance, the Departments note the obligations on the Governments of both the UK and Ireland under EU legislation. Firstly, to achieve compliance with *Regulation (EC) 2003/1228 on conditions for access to the network for cross border exchanges in electricity*. Secondly, to ensure compliance with the obligations as required by *Regulation (EC) 714/2009 concerning common rules for the internal market in electricity*, and further elaborated in the network codes currently in development. Furthermore, the SEM Committee will be aware that the proposed extension to 31 December 2016 for compliance with these obligations under EU Regulation 714/2009 relates only to the forthcoming network code on capacity allocation congestion management and rules.

In order to ensure good governance of the project to implement the EU Target Model for the SEM, the Departments have also endorsed the attached governance framework. Having convened an initial meeting on 12 March, the Departments will now proceed to formally establish the JSG Sub-Committee tasked with the oversight of the project. The Departments, along with the Department of Energy & Climate Change (DECC), will also now formally establish the UK/Ireland Steering Group provided for in this framework. The Departments request the SEM Committee to proceed to



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formally establish the UK/Ireland Regulators Group and the Stakeholder Groups on Network Codes and SEM Market Redesign, which, until now, have been operating on an informal basis.

In light of the critical importance of stakeholder engagement, the Departments also request that the SEM Committee publishes this letter on the All Island Project website beside the already published Next Steps Decision Paper and governance document.

Fiona Hepper

Director, Energy Division,

DETI

Ken Spratt

Assistant Secretary

DCENR