



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

1 March 2019

Our Ref: F/18/673

**SEM Committee Decision for the Regulatory Authorities in relation to Mod\_25\_18 (Final Recommendation Report FRR\_25\_18)**

Dear Esther,

On 20 December 2018, the Modifications Committee Secretariat submitted its Final Recommendation Report with regard to Modification Proposal Mod\_25\_18 "Part B Unsecured Bad Energy Debt and Unsecured Bad Capacity Debt Timelines and Correction" in accordance with Paragraph B.17.18.1 of Part B of the SEM Trading and Settlement Code (TSC).

Mod\_25\_18 was raised by SEMO at Meeting 85 of the Modifications Committee on 16 August 2018 and voted on at Meeting 87 on 24 October 2018. The Modification aims to remove any wording inconsistencies and clarify the process for unsecured bad energy debt. It seeks to do this through making a change to the payment obligation timing under Part B of the Code from payment being made by the Market Operator by close of business on the fourth working day after invoices have been issued to payment being instructed by midnight on the fourth working day after invoices have been issued. The RAs understand that a similar issue was addressed in Part A of the Code through Modification 02\_17.

This modification also seeks to address incorrect references to Unsecured Bad Debt which may lead to a reduction in payments out to SEM Creditors, as the approach to Unsecured Bad Debt

is to reduce payment or increase charges on Generator units on a pro rata basis on metered quantities and under the new balancing market arrangements such units may be SEM Debtors or SEM creditors. Under Part A, the reduction was applied to SEM Creditors on a pro rata basis on payments due and the reference to recovery from SEM Creditors only was retained in error. This inconsistency is corrected through this Modification by introducing a reference to a SEM Debtor and Increased Participant.

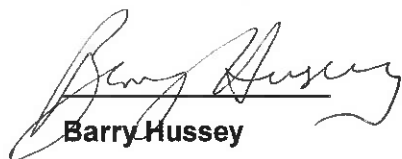
At Meeting 87, the Modifications Committee took the view that the Modification Proposal would better facilitate the achievement of the following Code objectives:

- to facilitate the efficient, economic and coordinated operation, administration and development of the Single Electricity Market in a financially secure manner;
- to provide transparency in the operation of the Single Electricity Market.

This modification clarifies the rules for unsecured bad debt in relation to who is affected and how their receipts and payments from SEMO are impacted. The RAs understand that if this is not implemented, the TSC rules governing the treatment of Unsecured Bad Debt will include a payment timeline that cannot be guaranteed by SEMO and the wording and formulae within the code will be inconsistent.

Considering the above, and in accordance with Paragraph B.17.20 of Part B of the TSC, the SEM Committee direct a Modification in accordance with the 'Legal Drafting Change' section of FRR\_25\_18. This Modification shall become effective on the trading day after the date of this letter.

Yours sincerely



**Barry Hussey**

**Manager**

**Wholesale Electricity Markets**