

MODIFICATION PROPOSAL FORM			
Proposer <i>(Company)</i>	Date of receipt <i>(assigned by Secretariat)</i>	Type of Proposal <i>(delete as appropriate)</i>	Modification Proposal ID <i>(assigned by Secretariat)</i>
CRU / UR	3rd February 2022	Standard	Mod_03_22 v2.0
Contact Details for Modification Proposal Originator			
Name	Telephone number	Email address	
Conall Heussaff		cheussaff@cru.ie	
Modification Proposal Title			
Modification to allow for collection of monies due to incorrect submission of data by a participant			
Documents affected <i>(delete as appropriate)</i>	Section(s) Affected	Version number of T&SC or AP used in Drafting	
T&SC Part B, Agreed Procedure 15 Settlement & Billing and Agreed Procedure 17 Banking and Participant Payments	T&SC Part B Section G.2	Version 25.0 November 2021	
Explanation of Proposed Change <i>(mandatory by originator)</i>			
<p>Background</p> <p>This Modification is being raised by the RAs' Market Monitoring Unit (MMU) to provide the mechanism for SEMO to collect monies incorrectly paid out due to incorrect data submissions on the part of market participants leading to settlement errors.</p> <p>The need for this modification has arisen following MMU investigations as it has been identified that there is no clear mechanism under the Code to enable a Participant to pay money back to the Market Operator in circumstances where monies have been incorrectly paid out due to incorrect data being submitted by that Participant.</p> <p>The Modification introduces a new process in circumstances where the Regulatory Authorities and a Participant have come to an agreement that a specified amount of funds are to be repaid to the Market Operator as a result of incorrect data being submitted by a Market Participant.</p> <p>It is proposed that this process is added to Agreed Procedure 15: Settlement and Billing, with changes also made to Section G of the Code 'Financial and Settlement'. This Modification introduces a new Form for the Collection of Monies to be Repaid by a Participant that may be submitted by the Regulatory Authorities to the Market Operator to request the Market Operator to collect the incorrectly paid out monies. A Manual Settlement Document is also introduced to facilitate the collection of monies.</p> <p>Proposed Process</p> <ol style="list-style-type: none"> 1. This process will begin with the RAs and the Participant agreeing a specified amount to be repaid by the Participant where it is agreed that incorrect data has been submitted and a resultant over payment is identified. This amount will be calculated by the RAs and agreed with the Participant. 2. A Form for the Collection of Monies to be Repaid by a Participant, with a template to be included in AP15, will then be submitted to the Market Operator by the RAs requiring collection to be Repaid by a Participant of the monies to be repaid. The information to be provided on the form will include the RAs reference number, Participant name, Unit ID, period to which the repayment relates and the amount to be repaid. 3. The Market Operator will then issue a Manual Settlement Document to the Participant reflecting the information in the form submitted by the RAs and allowing for a payment period of 10 Working Days. This will be in a similar format to all other Settlement Documents. 			

4. The Market Operator will inform the RAs within 5 Working Days once the funds have been received. If funds are not received within the specified 10 Working Day period, then within 5 working days the MO will inform the RAs, who will follow up with the Participant.

Issues relevant to this process

It is proposed that:

- This process and any Manual Settlement Documents issued will not add to the Participant's Credit Cover Requirements.
- Any unpaid amounts notified to the RAs as part of this process will not be taken into account in Credit Cover calculations and the MO will not initiate Shortfall in relation to such amounts.
- There will be no VAT on such Manual Settlement Documents as this process falls under the Settlement Document rules for MO VAT arrangements with the respective revenue authorities.
- Upon receipt of the Manual Settlement Document, the payment will be made by the Participant within 10 Working Days into the SEM Account, as specified on the Manual Settlement Document.
- The repaid monies will be directed by SEMO to reducing Imperfections Charge for the following Tariff Year in order to return the money to the consumer.

Legal Drafting Change

*(Clearly show proposed code change using **tracked** changes, if proposer fails to identify changes, please indicate best estimate of potential changes)*

The following changes are proposed to the Code:

G.2.5. 6 (new) The Market Operator shall produce and issue Manual Settlement Documents upon submission by the Regulatory Authorities of a Form for the Collection of Monies to be Repaid by a Participant, in accordance with AP15, requesting the Market Operator to collect overpaid monies from a Participant. Completion of this form will follow investigation by the Regulatory Authorities into submission of incorrect data to the Market Operator by a Participant which resulted in an overpayment having been identified.

The final amount of overpaid monies for collection will be agreed between the Regulatory Authorities and the Participant concerned in advance of the Regulatory Authorities submitting the form under AP15. Any unpaid amount identified as part of this process will not be considered as Shortfall. Upon receipt of the Manual Settlement Document, the payment will be made by the Participant within 10 Working Days into the SEM Account, as specified on the Manual Settlement Document. The repaid monies shall be directed by SEMO to reduce the Imperfections Charge for the following Tariff Year.

The following changes are proposed to Agreed Procedure 15: Settlement and Billing:

2.3 Issuing of Settlement Documents and Manual Settlement Documents

2.3.1 Settlement Documents in relation to Charges and Payments

The procedure in relation to Settlement Documents for Billing Period Initial Settlement and Settlement Rerun is set out at section 3.1 below and the procedure in relation to Settlement Documents for Capacity Period Initial Settlement and Settlement Rerun is set out at section 3.2 below.

Settlement Documents and Market Operator invoices are issued in the Participant's designated currency and include the applicable VAT and Settlement Reallocation amounts.

Five Working Days after the completion of an Initial Settlement Billing Period, the Settlement Statement amounts are aggregated to calculate the Settlement Documents.

The timetable of publication of Settlement Documents will be set out in the Settlement Calendar in accordance with chapter G of the Code. Each Settlement Document will include all Trading Payments, Trading Charges, Capacity Payments and Capacity Charges that have not yet been included in a Settlement Document. These may relate to Trading Payments, Trading Charges, Capacity Payments and Capacity Charges arising from an Initial Settlement run, a Timetabled Settlement Rerun or an ad-hoc Settlement Rerun.

These Settlement Documents are issued to Participants for viewing and download via the Balancing Market Interface.

As noted above, each Settlement Document may contain charges and payments relating to different Billing Periods dependent on the type of charge / payment:

- (a) For Trading Payments and Trading Charges, the Billing Period will be one week commencing at 00:00 each Sunday.
- (b) For Capacity Payments and Capacity Charges, the Capacity Period will be a Month commencing at 00:00 on the first day of each Month.

The Market Operator will issue Settlement Documents to Participants covering all applicable charges and payments in respect of a Participants Units, as set out below. Details of charges and payments are outlined in section F.1.2 to section F.1.4 of the Code.

- (a) **Trading Payments and Trading Charges:** this includes Imbalance Component Payment Premium Component Payments and Discount Component Payments, Offer Price Only Accepted Offer Charge or Payment, Bid Price Only Accepted Bid Charge or Payment, Curtailment Charge or Payment, Uninstructed Imbalance Charge and Information Imbalance Charge, Fixed Cost Payments, Testing Charges, Imperfections Charges, Currency Adjustment Charges, Total Difference Charge, and Achievable Difference Payments.
- (b) **Capacity Payments and Capacity Charges:** this includes Capacity Payments and Capacity Charges, and Difference Payments Socialisation Charges.
- (c) **Debit Note:** this includes the charges for Unsecured Bad Energy Debt and the charge for Unsecured Bad Capacity Debt. Debit Notes will be issued on an ad-hoc basis.
- (d) **Settlement Document for Unsecured Bad Debt:** this includes payments arising as a consequence of recovery of any Unsecured Bad Energy Debt or Unsecured Bad Capacity Debt. This Settlement Document will be issued on an ad-hoc basis.

2.3.2 Manual Settlement Document

Where incorrect data has been submitted to the Market Operator by a Participant and a resultant overpayment is identified by the Regulatory Authorities, the Regulatory Authorities may submit to the Market Operator a Form for the Collection of Monies to be Repaid by a Participant, as contained in Appendix 2 below, requesting the Market Operator to issue a Manual Settlement Document to the Participant for collection of the overpaid monies. The amount of overpaid monies for collection will be agreed between the Regulatory Authorities and the Participant concerned before submission of the form. Any unpaid amount identified as part of this process will not be considered as Shortfall.

The Market Operator will issue a Manual Settlement Document to the Participant within 10 Working Days after the Regulatory Authorities have submitted the form, allowing for a payment period of 10 Working Days. The Manual Settlement Document for the collection of monies as a result of such overpayment will be in a similar format to all other Settlement Documents.

The steps in this procedure are set out in section 3.4 below.

3.4 Manual Settlement Documents for collection of monies due to incorrect data submission by Market Participant

<u>Step</u>	<u>Step Description</u>	<u>Timing</u>	<u>Method</u>	<u>From / By</u>	<u>To</u>
1	<u>Agreement on amount to be collected by Market Operator following identification by Regulatory Authorities of overpayment due to incorrect data submission by Participant.</u>	<u>As required</u>	<u>Email / Direct Engagement</u>	<u>Regulatory Authorities</u>	<u>Participant</u>

2	<u>Submit Form for the Collection of Monies to be Repaid by a Participant, as contained in Appendix 2, to the Market Operator requesting the collection of monies.</u>	<u>As soon as practicable</u>	<u>Email</u>	<u>Regulatory Authorities</u>	<u>Market Operator</u>
3	<u>Issue of Manual Settlement Document by the Market Operator for the collection of monies.</u>	<u>Within 10 WD of receipt of Form for Collection of Monies to be Repaid by a Participant</u>	<u>Email</u>	<u>Market Operator</u>	<u>Participant</u>
4	<u>Payment of Manual Settlement Document.</u>	<u>Within 10 WD days of receipt of Manual Settlement Document.</u>	<u>In accordance with Agreed Procedure 17 "Banking and Participant Payments"</u>	<u>Participant</u>	<u>Market Operator</u>

APPENDIX 2: FORM FOR THE COLLECTION OF MONIES TO BE REPAID BY A PARTICIPANT

1. This Appendix 2 contains a standard template for a Form for the Collection of Monies to be Repaid by a Participant following identification of an overpayment to a Participant due to incorrect data submission by the Participant.

TEMPLATE FOR FORM FOR COLLECTION OF MONIES TO BE REPAID BY A PARTICIPANT

<u>FORM FOR THE COLLECTION OF MONIES TO BE REPAID BY A PARTICIPANT</u>		
<u>Date</u>	<u>dd/mm/yyyy</u>	
<u>RA Reference Number</u>		
<u>Participant Name</u>		
<u>Unit ID</u>		
<u>Period to which the payment relates</u>	<u>dd/mm/yyyy</u>	<u>dd/mm/yyyy</u>
<u>Amount to be repaid</u>	<u>€</u>	

The following changes are proposed to Agreed Procedure 17: Banking and Participant Payments:

2.4.1 Method of Payment

In relation to payment of Settlement Documents, payment shall be made within 3 Working Days of issuing a Settlement Document. Therefore, based on the payment cycles above, to ensure payments are made on time:

- a) a BACS instruction must be made on the Settlement Document issue date;
- b) SEPA instruction before the Settlement Document issue date +1 Working Day;
- c) a CHAPS or TARGET2 instruction must be made before the Settlement Document issue date +2 Working Days; and
- d) a Faster Payment instruction must be made before noon on the Settlement Document issue date +3 Working Days (subject to confirmation of sending institution).

In relation to payment of Manual Settlement Documents, payments shall be made within 10 Working Days of issuing a Manual Settlement Document.

Glossary

Introduction of a new definitions for the Form for the Collection of Monies to be Repaid by a Participant and a Manual Settlement Document.

<p><u>Form for the Collection of Monies to be Repaid by a Participant</u></p>	<p><u>means a form, contained in Agreed Procedures 15: Settlement and Billing, Appendix 2, to be submitted by the Regulatory Authorities to the Market Operator following agreement with a Participant on an amount to be repaid due to incorrect data submission by the Participant.</u></p>
<p><u>Manual Settlement Document</u></p>	<p><u>means a Manual Settlement Document issued by the Market Operator to a Participant in relation to the collection of monies to be repaid due to incorrect data submission by the Participant. A Manual Settlement Document will be issued upon submission of a Form for the Collection of Monies to be Repaid by a Participant by the Regulatory Authorities to the Market Operator.</u></p>

Modification Proposal Justification
(Clearly state the reason for the Modification)

This Modification is required to address a gap identified in the Code related to overpayment due to incorrect submission of data by a Market Participant.

Code Objectives Furthered
(State the Code Objectives the Proposal furthers, see Section 1.3 of Part A and/or Section A.2.1.4 of Part B of the T&SC for Code Objectives)

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

This Modification provides for a mechanism to address the scenario described above with clear responsibilities between the RAs, Participants and SEMO.

to promote the short-term and long-term interests of consumers of electricity on the island of Ireland with respect to price, quality, reliability, and security of supply of electricity.

The process introduced through this Modification will ensure that any overpayments through incorrect data submissions can be resolved through engagement with relevant Participants.

Implication of not implementing the Modification Proposal
(State the possible outcomes should the Modification Proposal not be implemented)

If this Modification is not progressed, further circumstances may arise where overpayments are made to certain Participants due to incorrect data submissions, with no clear way for the Market Operator to seek a repayment of such amounts.

Working Group <i>(State if Working Group considered necessary to develop proposal)</i>	Impacts <i>(Indicate the impacts on systems, resources, processes and/or procedures; also indicate impacts on any other Market Code such as Capacity Market Code, Grid Code, Exchange Rules etc.)</i>
	N/A

Please return this form to Secretariat by email to balancingmodifications@sem-o.com

Notes on completing Modification Proposal Form:

1. If a person submits a Modification Proposal on behalf of another person, that person who proposes the material of the change should be identified on the Modification Proposal Form as the Modification Proposal Originator.
2. Any person raising a Modification Proposal shall ensure that their proposal is clear and substantiated with the appropriate detail including the way in which it furthers the Code Objectives to enable it to be fully considered by the Modifications Committee.
3. Each Modification Proposal will include a draft text of the proposed Modification to the Code unless, if raising a Provisional Modification Proposal whereby legal drafting text is not imperative.
4. For the purposes of this Modification Proposal Form, the following terms shall have the following meanings:

Agreed Procedure(s):	means the detailed procedures to be followed by Parties in performing their obligations and functions under the Code as listed in either Part A or Part B Appendix D "List of Agreed Procedures". The Proposer will need to specify whether the Agreed Procedure to modify refers to Part A, Part B or both.
T&SC / Code:	means the Trading and Settlement Code for the Single Electricity Market. The Proposer will also need to specify whether all Part A, Part B, Part C of the Code or a subset of these, are affected by the proposed Modification;
Modification Proposal:	means the proposal to modify the Code as set out in the attached form
Derivative Work:	means any text or work which incorporates or contains all or part of the Modification Proposal or any adaptation, abridgement, expansion or other modification of the Modification Proposal

The terms "Market Operator", "Modifications Committee" and "Regulatory Authorities" shall have the meanings assigned to those terms in the Code.

In consideration for the right to submit, and have the Modification Proposal assessed in accordance with the terms of Section 2 of Part A or Chapter B of Part B of the Code (and Part A Agreed Procedure 12 or Part B Agreed Procedure 12) , which I have read and understand, I agree as follows:

1. I hereby grant a worldwide, perpetual, royalty-free, non-exclusive licence:
 - 1.1 to the Market Operator and the Regulatory Authorities to publish and/or distribute the Modification Proposal for free and unrestricted access;
 - 1.2 to the Regulatory Authorities, the Modifications Committee and each member of the Modifications Committee to amend, adapt, combine, abridge, expand or otherwise modify the Modification Proposal at their sole discretion for the purpose of developing the Modification Proposal in accordance with the Code;
 - 1.3 to the Market Operator and the Regulatory Authorities to incorporate the Modification Proposal into the Code;
 - 1.4 to all Parties to the Code and the Regulatory Authorities to use, reproduce and distribute the Modification Proposal, whether as part of the Code or otherwise, for any purpose arising out of or in connection with the Code.
2. The licences set out in clause 1 shall equally apply to any Derivative Works.
3. I hereby waive in favour of the Parties to the Code and the Regulatory Authorities any and all moral rights I may have arising out of or in connection with the Modification Proposal or any Derivative Works.
4. I hereby warrant that, except where expressly indicated otherwise, I am the owner of the copyright and any other intellectual property and proprietary rights in the Modification Proposal and, where not the owner, I have the requisite permissions to grant the rights set out in this form.
5. I hereby acknowledge that the Modification Proposal may be rejected by the Modifications Committee and/or the Regulatory Authorities and that there is no guarantee that my Modification Proposal will be incorporated into the Code.