

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>
EirGrid	29 th October 2025	Urgent	Mod_04_25
Contact Details for Modification Proposal Originator			
Name	Telephone number	Email address	
John Tracey	-		
Modification Proposal Title			
Amendment to Payment Deferral			
Documents affected <i>(delete as appropriate)</i>	Section(s) Affected	Version number of T&SC or AP used in Drafting	
T&SC T&SC Glossary	F22.3.1	T&SC Version 30 T&SC Glossary Version 30	
Explanation of Proposed Change <i>(mandatory by originator)</i>			
With this Urgent Modification, SEMO is trying to address potential issues identified with the calculation of Payment Deferral and is proposing a more harmonised, equitable approach for the Market. Although the occurrence of Payment Deferral in F.22.3 of the Trading & Settlement Code has not been required to date, SEMO believes the likelihood of utilising this section of the Code has increased in light of recent market outputs. On the 22nd of October, SEMO received approval for an increase in the Contingent Capital Requirement from €150m to €200m. This was based on the forecasted outgoings for the SEM at that point. However, the increase in outgoings continued beyond expectations to the point that SEMO could exhaust even this increased level of funding which would lead to the enactment of Payment Deferral. A review of the Payment Deferral calculation revealed realistic scenarios where Participants that were due to receive money in their Settlement Documents, would have been required to pay money in the market to cover the obligations under Payment Deferral. SEMO believes that, should this happen, there is a real risk to businesses cash flow and ultimately their viability to maintain operations. The current Payment Deferral methodology is only applicable to those registered Market Participants who provide Metered Generation to the grid. The implications of Payment Deferral are therefore confined to a subset of Market Participants and not harmonised across all those impacting the funding shortfall. SEMO believes that this is an inequitable and discriminatory method to implement Payment Deferral and will have a significant negative impact on a subset of Participants. This Modification has been raised as Urgent because, at the current rate of outgoings, there is a plausible risk that SEMO would be required to enact the current Payment Deferral methodology before the timelines for raising a Standard Modification. As a prudent Market Operator, SEMO is of the opinion that should the calculation remain as it is written in the Code, it will produce unfair outcomes, therefore this Modification should be treated as Urgent under T&SC B.17.16 : (a) <i>if not made, it can reasonably be anticipated that the event or circumstance with which the Modification Proposal is concerned would imminently:</i> (i) <i>threaten or prejudice safety, security or reliability of supply of electricity; or</i>			

The example below shows a potential scenario where, due to the application of the current algebra for Payment Deferral, a Participant that would have expected a payment for its generation, is being required to provide payments to the Market.

The current methodology is only applicable to Market Participants who are due to receive a payment but have also provided Metered Generation to the grid. All Market Participants who are due to receive a payment but have not provided any Metered Generation to the grid are not impacted by the current Payment Deferral methodology within the T&SC.

The proposed modification will harmonise Payment Deferrals across all Market Participants who are due to receive a payment. SEMO deem this approach to be the most fair and equitable should a Payment Deferral scenario be required. As evinced in the examples below, the proposed methodology would assess the percentage shortfall relative to the available working capital. If there was a deficit of 25% with respect to all outgoing payments in comparison to the available working capital, then the proposed modification would apply a 25% reduction to all Participants due to receive a net payment from SEMO. In essence, the shortfall is applied to all Market Participants who are due to receive a net payment from SEMO.

As per current iteration of T&SC, Payment Deferral is calculated as per below: Payment Available Working Capital Amount Minus the Settlement Document (SD) Amount Multiplied by each participants Metered Generation* divided by total generation* on the island. i.e. TSC currently refers Payment Deferral paragraph to algebra from Shortfalls and Unsecured Bad Debt in section G.2.7:

$$CCBDUE_{pb} = CBDUE_{pb} \times \frac{\sum_{y \text{ in } b} (\sum_{u \text{ in } p} \text{Max}(QM_{uy}, 0))}{\sum_p (\sum_{y \text{ in } b} (\sum_{u \text{ in } p} \text{Max}(QM_{uy}, 0)))}$$

In this Proposal, SEMO is only seeking to add a new algebra for Payment Deferral while leaving the Unsecured Bad Debt as is.

SEMO proposes revising the Payment Deferral algebra to ensure that all participants owed funds receive an evenly distributed, proportionally reduced payment. This Modification will impact all Participants who are due to receive payments from the market as per their Settlement Document i.e. including Generators, Assetless Units, Supplier Units etc. it will lead to a more equitable and non-discriminatory outcome as per the following example.

The below table is based upon a market shortfall of €20M which represents 25% less than the required working capital to issue all payments to market participants.

Based upon the current algebra, the Metered Generation is the catalyst for determining the deferral amounts applied to participants. The 'Original SD' column are the amounts owed to these participants based on the Settlement Document. The 'Current Payment Deferral Logic' column indicates the amount these participants would be paid, or have to pay, based on the current Payment Deferral algebra. The 'Payment with new Algebra' column indicates the amount these participants would be paid based on the proposed modification.

Element:	Long Name:	Amount
AWCA	Available Working Capital Amount	€20,000,000
SDApbc	Aggregate Settlement Document	€40,000,000
SPSD	Summation of all Payments	€80,000,000
SLEpb + SLCCpb	Summation of all Charges	-€40,000,000

Example PT (Payments only)	Original SD	% Meter Generation	Current Payment Deferral Logic	% of reduction to Original SD	Payment with new algebra	% of reduction to Original SD	Comment
PT1	€30,000,000	6%	€28,800,000	-4%	€22,500,000	-25%	PT with large SD amount and low Meter Gen %. Small reduction in SD (<10%) on current logic.
PT2	€15,000,000	6%	€13,800,000	-8%	€11,250,000	-25%	PT with large SD amount and low Meter Gen %. Small reduction in SD (<10%) on current logic.
PT3	€2,000,000	19%	-€1,800,000	-190%	€1,500,000	-25%	PT with small SD amount and large Meter Gen %. Payment turns into charge on current logic
PT4	€500,000	15%	-€2,500,000	-600%	€375,000	-25%	PT with small SD amount and large Meter Gen %. Payment turns into charge on current logic
PT5	€5,500,000	0%	€5,500,000	0%	€4,125,000	-25%	PT with zero generation. No impact to SD on current logic
PT6	€2,000,000	0%	€2,000,000	0%	€1,500,000	-25%	PT with zero generation. No impact to SD on current logic
PT7	€5,000,000	15%	€2,000,000	-60%	€3,750,000	-25%	PT with small SD amount and large Meter Gen %. Large reduction in SD (>20%) on current logic.
PT8	€7,000,000	11%	€4,800,000	-31%	€5,250,000	-25%	PT with small SD amount and large Meter Gen %. Large reduction in SD (>20%) on current logic.
PT9	€8,000,000	10%	€6,000,000	-25%	€6,000,000	-25%	PT with small SD amount and large Meter Gen %. Large reduction in SD (>20%) on current logic.
PT10	€5,000,000	18%	€1,400,000	-72%	€3,750,000	-25%	PT with small SD amount and large Meter Gen %. Large reduction in SD (>20%) on current logic.
SPSD	€80,000,000	100%	€60,000,000	-25%	€60,000,000	-25%	

*Generation per billing week

Legal Drafting Change

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

F.22.3.1 Notwithstanding anything else in this Code:

- (b) the maximum aggregate amount that the Market Operator is required to pay Participants in respect of any Billing Period by way of Settlement Payments is equal to the Available Working Capital Amount for that Billing Period to the extent that amount is positive;
- (c) the Market Operator shall have no liability to pay Settlement Payments in respect of a Billing Period to the extent that doing so would result in the Available Working Capital Amount for that Billing Period being negative;

- (d) each Participant agrees that the Market Operator shall be entitled to reduce payments to Participants under this Code in order to give effect to paragraphs F.22.3.1(a) and (b), and ~~in so doing, so far as practicable and mutatis mutandis, apply the provisions of section G.2.7.3, G.2.7.4, G.2.7.5, G.2.7.6 and G.2.7.7 as if the shortfall was an Unsecured Bad Debt (and ignoring references to the Defaulting Participant(s), a Default and Default Interest); and~~

the Market Operator shall procure that any reduction in the amount payable to a Participant p for Billing Period b due to Payment Deferral (CPDA) shall be calculated as follows:

$$CPDA = \left(AWCA - \sum_p SDApbc \right) \times \frac{SPSD}{\sum_p SPSPD}$$

where:

- (i) AWCA is Available Working Capital Amount;
 - (ii) SDA_{pbc} is Aggregate Settlement Document amount covering Trading Payments, Trading Charges, Capacity Payments and Capacity Charges (SDA_{pbc}) for Participant p for each Billing Period b and Capacity Period c calculated in accordance with paragraph G.5.7.5;
 - (iii) SPSP is Settlement Payments calculated by the Market Operator as being payable to Participants for that Billing Period;
 - (iv) $\sum_p$ is the summation across all Participants p.
- (e) all Participants agree that the payment of a reduced amount in place of the unadjusted amount in accordance with this paragraph F.22.3.1 does not constitute a breach or default of this Code on the part of the Market Operator.

Amendments to T&SC Glossary:

Topic:	Element:	Long Name:	Definition/Description:	Units:
Variable	AWCA	Available Working Capital Amount	For a Billing Period, means the amount calculated under Paragraph F.22.2.2.	€
Variable	CPDA	Payment Deferral Amount Reduction	Reduction for Participant p, in a Billing Period b, due to Payment Deferral	€
Variable	SPSP	Settlement Payments in Settlement Document	Settlement Payments calculated by the Market Operator as being payable to Participants for that Billing Period	€

Modification Proposal Justification

(Clearly state the reason for the Modification)

This Modification would not potentially penalise some Participants due the level of generation they produce and is seeking to evenly distribute the Payment Deferral amount across all Participants who are receiving Settlement Document payments.

Code Objectives Furthered

(State the Code Objectives the Proposal furthers, see Section 1.3 of T&SC for Code Objectives)

The modification furthers the following code objective:

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

This Modification would enable a fairer way to implement Payment Deferral to Market Participants if this scenario occurred.

Implication of not implementing the Modification Proposal

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

If not implemented and Payment Deferral scenario occurs, then some Participants could be negatively impacted in a disproportionate way such as example 2 above.

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)</i>
No working group required to develop proposal.	There would be no immediate system updates required to facilitate this modification. If a payment deferral scenario arose, the Settlements team would produce a manual settlement documents and credit note for all impacted participants. SEMO may seek an Impact Assessment to automate the process in the future. This will be reported back to the Committee and will be subject to SEMC Approval
Please return this form to Secretariat by email to modifications@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 Appendix D "List of Agreed Procedures".
T&SC / Code:	means the Trading and Settlement Code for the Single Electricity Market
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 the Code (and 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.