



An Coimisiún
um Rialáil Fóntas
Commission for
Regulation of Utilities



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

26 September 2018

Our Ref: D/18/16996

SEM Committee Decision for the Regulatory Authorities in relation to Mod_02_17 (Final Recommendation Report FRR_02_17v2)

Dear Esther

On 14 September 2018, the Modifications Committee submitted its Final Recommendation Report with regard to Modification Proposal Mod_02_17 “Unsecured Bad Energy Debt and Unsecured Bad Capacity Debt timelines version 2” in accordance with Paragraph 2.213 of Part A of the SEM Trading and Settlement Code (TSC).

Mod_02_17 was originally submitted to the Modifications Committee by the Single Electricity Market Operator (SEMO) on 24 January 2017.

The Modification Proposal sought to amend the Trading and Settlement Code timelines in the event of an Unsecured Bad Debt. Under the revised timelines, SEM Creditors would not receive payments until five Working Days after the date of the Self Billing Invoice.

The Regulatory Authorities note that presentations were made to the Modifications Committee meeting 72 and 73. Substantial consideration was given to the Proposal at these meetings, as well as at meeting 74, where the Modifications Committee took a vote on the Proposal.

The Regulatory Authorities note that the Modifications Committee voted on a majority basis not to recommend Mod_02_17 for approval.

On 28 February 2018, the SEM Committee directed the Modifications Committee that further work is required in respect of Mod_02_17. This is considered a material issue, particularly since it will continue after the Go-Live of the revised SEM arrangements.

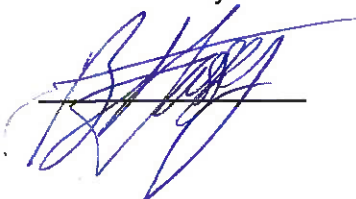
A revised version of the Modification Proposal was raised by SEMO on 2 August 2018. The revised Proposal seeks to amend the requirement on SEMO, in the event of an Unsecured Bad Debt only, from payment being made on invoice day plus four Working Days to payment being *instructed* on invoice day plus four Working Days. The Regulatory Authorities understand that this means that in the unlikely event of Unsecured Bad Debt arising in the market, generators under Part A of the Code can still expect amounts due to be paid no later than first thing in the morning after the normal payment day.

The Regulatory Authorities note that a presentation was made to the Modifications Committee on 16 August 2018. The Regulatory Authorities also note that the members of the Modifications Committee voted on a unanimous basis that the Modification Proposal would better facilitate the efficient, economic and coordinated operation, administration and development of the Single Electricity Market in a financially secure manner.

The Regulatory Authorities further note that while this Modification Proposal seeks to make a change only to Part A of the TSC, the issue addressed by this Modification Proposal also applies under Part B of the TSC and that a separate Modification Proposal has been raised to address that problem.

Considering the above, and in accordance with Paragraph 2.218 of Part A of the TSC, the SEM Committee direct a Modification in accordance with Section 9 of FRR_02_17v2. This Modification shall become effective on a Settlement Day basis one Working Day after the date of this letter.

Yours sincerely

A handwritten signature in blue ink, consisting of several overlapping loops and strokes, positioned below the text "Yours sincerely".

Barry Hussey

Manager

Wholesale Electricity Markets