

**SEMO  
MOD\_02\_17  
UNSECURED BAD DEBT TIMELINES**

**7<sup>th</sup> Feb 2017  
10:30 -12:30**



## UNSECURED BAD DEBT (ENERGY & CAPACITY)

### Modification Proposal - Timelines in the event of Unsecured Bad Debt

Trade & Settlement Code V.18 Section 6.50.5 & Agreed Procedure 15

- Calculate & Issue Debit Notes by 17:00 4WD after Invoice Date
- Pay Self Billing Invoice less Debit Note by 17:00 4WD after Invoice Date

Amendments to Trade & Settlement Code V.18 Section 6.50 & Agreed Procedure 15

- Calculate & Issue Debit Notes by **17:00 5WD** after Invoice Date
- Pay Self Billing Invoice less Debit Note by **17:00 5WD** after Invoice Date

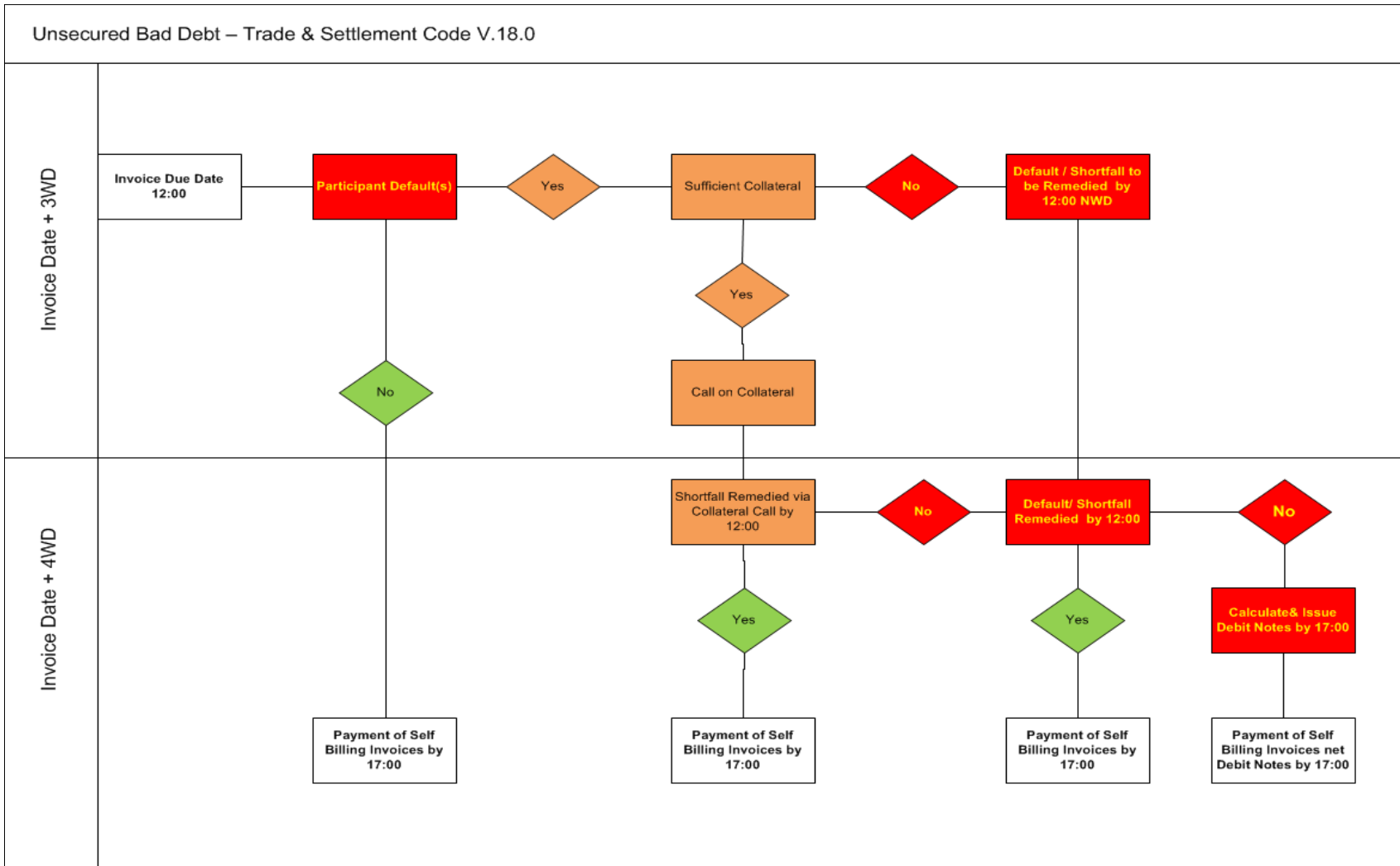


## UNSECURED BAD DEBT (ENERGY & CAPACITY)

### Proposal Justification

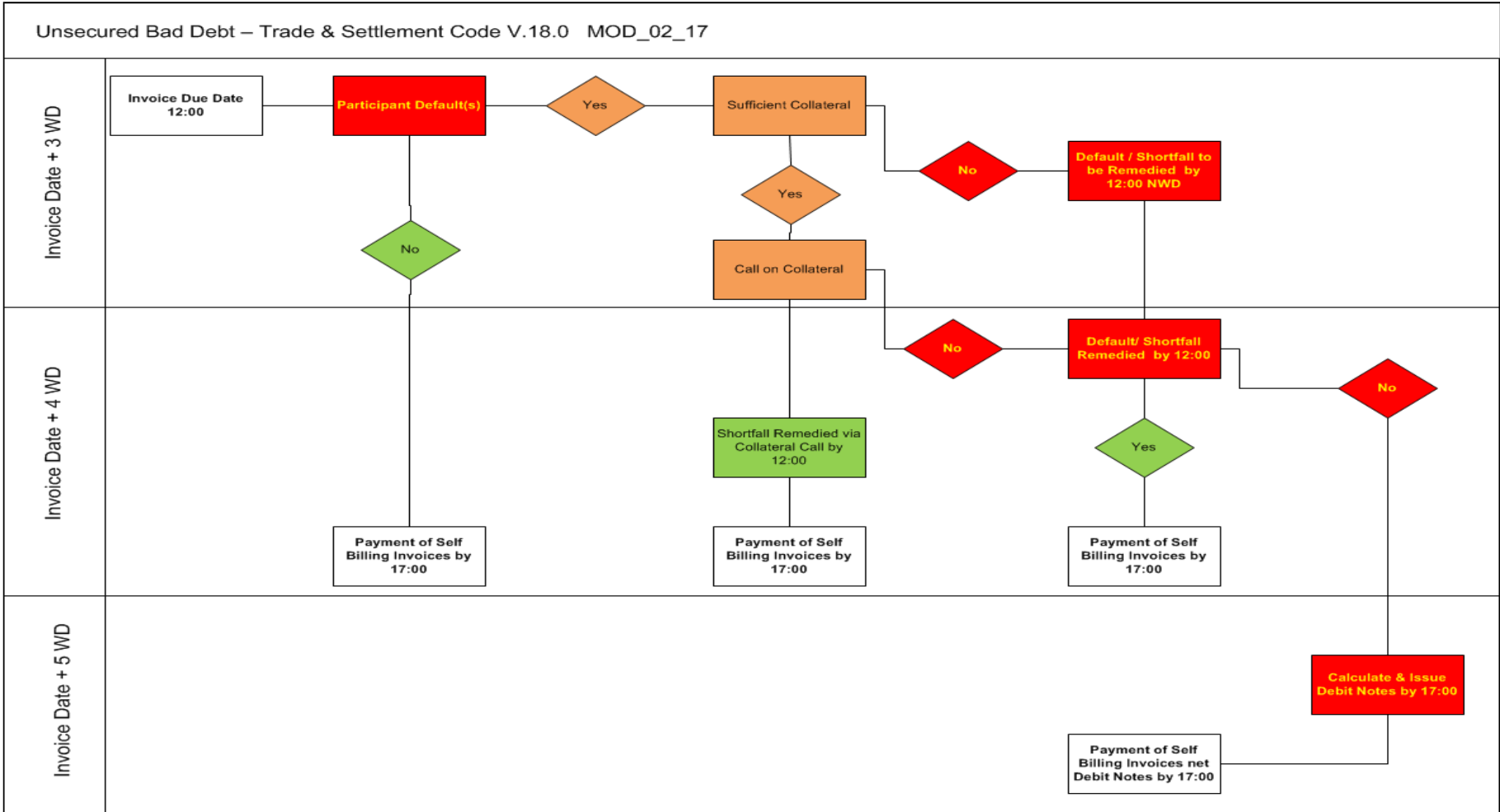
- Implementing process within SEM Central Market System – Uninterruptable
- SEM Market – Growth of the SEM (Increased processing timelines )
- System Functionality – Protracted system process ( 2Hrs – 5Hrs)
- External Timelines – Code obligations undeliverable due to external timelines (**14:30 cut-off Banking Payment Approvals**)
  
- Complex process within Market Operator
- All Settlement runs may be processed due to Defaulting Participants
- Meticulous Internal Checks & Approvals required
- Potential Disruption to Participants Internal Processes
  
- Provide a deliverable end to end smearing process regarding Unsecured Bad Debt

# Unsecured Bad Debt – Current Timelines



# Unsecured Bad Debt – New Proposed Timelines

Unsecured Bad Debt – Trade & Settlement Code V.18.0 MOD\_02\_17



## UNSECURED BAD DEBT (ENERGY & CAPACITY)

### Trade & Settlement Code. Current & Amendments

### Version 18.0 , Section 6.50

5. the Market Operator shall, subject to the provisions of the Code, pay each Self Billing Invoice less any applicable Debit Note to any Participant who is a SEM Creditor by paying the amount due from the SEM Trading Clearing Account or SEM Capacity Clearing Account as applicable to the SEM Creditor's designated bank account or bank accounts for full value by the Self Billing Invoice Due Date. The Self Billing Invoice Due Date is 17:00, 4 Working Days after the date of the Self Billing Invoice.
5. the Market Operator shall, subject to the provisions of the Code, pay each Self Billing Invoice, ~~less any applicable Debit Note~~ to any Participant who is a SEM Creditor by paying the amount due from the SEM Trading Clearing Account or SEM Capacity Clearing Account as applicable to the SEM Creditor's designated bank account or bank accounts, for full value by the Self Billing Invoice Due Date ~~which is 17:00, 4 Working Days~~ after the date of the Self Billing Invoice.
6. the Market Operator shall, subject to the provisions of the Code, only in the event of Unsecured Bad Debt, pay each Self Billing Invoice less any applicable Debit Note to any Participant who is a SEM Creditor by paying the amount due from the SEM Trading Clearing Account or SEM Capacity Clearing Account as applicable to the SEM Creditor's designated bank account or bank accounts for full value by Self Billing Invoice Due Date which is 17:00, 5 Working Days after the date of the Self Billing Invoice. The Market Operator shall implement Unsecured Bad Debt as per provisions set out in Paragraph 6.56 – 6.61

## UNSECURED BAD DEBT (ENERGY & CAPACITY)

### Agreed Procedure 15

11.7	Market Operator establishes whether there is any Shortfall. If there is no Shortfall go to step 11.14. Otherwise go to step 11.8.	By 17:00, 4 WD after the issue of the Self Billing Invoice
11.9	Calculate and Issue Debit Note for Participants in respect of their Generator Units.	By 17:00 4 WD after the issue of the Self Billing Invoice
11.10	Pay the net of the Self Billing Invoice and the Debit Note to each Participant with a Self Billing Invoice.	By 17:00 4 WD after the issue of the Self Billing Invoice
11.14	Payment of Self Billing Invoices.	By 17:00 4 WD after the issue of the Self Billing Invoice

### Agreed Procedure 15 Amendment

11.9	Calculate and Issue Debit Note for Participants in respect of their Generator Units.	By 17:00 <u>54</u> WD after the issue of the Self Billing Invoice <u>in the event of Unsecured Bad Debt.</u>
11.10	Pay the net of the Self Billing Invoice and the Debit Note to each Participant with a Self Billing Invoice.	By 17:00 <u>54</u> WD after the issue of the Self Billing Invoice <u>in the event of Unsecured Bad Debt.</u>

## UNSECURED BAD DEBT (ENERGY & CAPACITY)

### Alternative Options

Trade & Settlement Code V.18 Section 6.50.5 & Agreed Procedure 15

- Amend current deadline of time to remedy Default :  
12:00 next Working Day to **17:00** same Working Day
- Amend current deadline of time to remedy Default :  
12:00 next Working Day to **07:00** next Working Day

Increase chances of Unsecured Bad Debt

Decrease time given to Participants to Remedy Default

Irreversibility of Bad Debt smearing process – Remain and carry unnecessary financial risk





## UNSECURED BAD DEBT (ENERGY & CAPACITY)

### Modification Resolution

7<sup>th</sup> Feb – 21<sup>st</sup> Feb : 10 Working Days – Open for comments

22<sup>nd</sup> Feb - 27<sup>th</sup> Feb: – MO review comments

28<sup>th</sup> Feb: – Conference Call : Discuss / Vote



# QUESTIONS?

