



30th September 2020

Agreed Procedure Notification

Mod_09_20 Number of days for Interest Calculation

1 MODIFICATIONS COMMITTEE MEETING 100 MINUTES

Proposer SEMO

The Proposer provided some background on this Modification noting that there was an error in the drafting of the current version of AP15 which would be corrected by changing the word “previous” to “original”. The current version of the AP is not correct and to fix this will cause no impact to Settlement Systems which have been implemented according to the proposed interpretation and in line with the main body of the T&SC and the previous market.

A Generator Alternate asked if the interest should be calculated on the previous settlement in M+4 and M+13. The Proposer explained why this would not be the case noting that the Participant should be paid correctly the first time around so the interest calculation should always refer back to the Initial Settlement Document.

The Proposer summarized that this Modification’s aim was to tidy up an inconsistency between the AP and the main body of the T&SC which has the correct wording and there was agreement amongst the Committee that this Modification could achieve this and that a vote could be taken.

2 NOTIFICATION

As per Section B.17.21.2 of the T&SC, the Modifications Committee wishes to notify the RAs of the effective date for Mod_09_20 Number of days for Interest Calculation to be the third Working Day following publication of AP notifications unless a veto is received from the Regulatory Authority. This Notification was published on 30th September 2020.

3 LEGAL DRAFTING

As set out in the legal drafting section of [Mod_09_20](#) Number of days for Interest Calculation with the agreed legal drafting changes below:

Part B Agreed Procedure 15: Settlement and Billing to be amended as follows:

APPENDIX 1: INTEREST CALCULATION EXAMPLE

Interest is applied when a Settlement Rerun increases or decreases the total amount payable for a Billing Period and/or a Capacity Period.

For Settlement Reruns, the net adjustment amounts are calculated and shown on the Settlement Document. Interest is calculated by applying a daily interest rate to the adjustment amount on the Settlement Document.

The revised interest calculation includes following steps:

1. **Adjustment Amounts for a Settlement Rerun** are calculated for each Settlement Document line item amount as the difference between the previous amount and the current amount for the relevant line item.
2. **Total Adjustment Amount for a Settlement Rerun** is calculated as sum of all adjustment amounts for each Settlement Document line item
3. **Total Adjustment Amount for a Settlement Rerun** for Interest calculation is determined as the sum of adjustment amounts for each Settlement Document line item excluding those flagged as “No Interest on revised amounts”. These line items are flagged as zero interest rate.
4. **Daily Interest Rate** is calculated as the interest rate, which is charged at LIBOR + 1%, divided by the number of days in the year configured in the system.
5. The number of days for interest calculation will be determined as the number of days in the period between the date of issue of the **previous original** Settlement Document and the date of issue of the latest Settlement Document.

The interest amount for the Settlement Rerun will be calculated as the **Daily Interest Rate** (found in step 4) multiplied by the **Total Adjustment Amount for a Settlement Rerun for Interest** (found in step 3) multiplied by the number of days (found in step 5) for interest calculation