



Single Electricity Market

FINAL RECOMMENDATION REPORT

MOD_07_23 COLLECTION OF MONIES M+4 UPDATE

22 JUNE 2023

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Document History

Version	Date	Author	Comment
1.0	6 th July 2023	Modifications Committee Secretariat	Issued to Modifications Committee for review and approval
2.0	13 th July 2023	Modifications Committee Secretariat	Issued to Regulatory Authorities for final decision

Reference Documents

Document Name
Trading and Settlement Code
Modification Proposal Form

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1. MODIFICATIONS COMMITTEE RECOMMENDATION

RECOMMENDED FOR APPROVAL– UNANIMOUS VOTE

Recommended for Approval by Unanimous Vote		
Colm Oireachtaigh	Supplier Member	Approve
Richard Crowley	Generator Alternate	Approve
Eoghan Cudmore	Supplier Alternate	Approve
Nick Heyward	Flexible Participant Alternate	Approve
Robert McCarthy	DSU Member	Approve
Therese Murphy	Generator Alternate	Approve
David Caldwell	Supplier Alternate	Approve
Eoin Murphy	Assetless Alternate	Approve
Sean McParland	Generator Alternate	Approve
Eamonn Boland	Renewable Generator Alternate	Approve
Stacy Feldmann (Chair)	Generator Member	Approve

2. BACKGROUND

This Modification Proposal was raised by CRU and Uregni and received by the Secretariat on 8th June 2023. The Proposal was raised and voted on at Meeting 117 on 22nd June 2023.

This Modification is being raised by the Regulatory Authorities (RAs) to amend the timeline included in Mod_03_22 Collection of Monies. The original Mod was intended to provide a mechanism for SEMO to collect monies incorrectly paid out due to incorrect data submissions on the part of market participants. The modification was raised and voted on at Meeting 109 on 10th February 2022.

The original modification set the M+13 timeframe as the earliest opportunity for the recovery of monies process to be initiated. The M+13 provision was intended to guarantee that the relevant settlement data necessary for the calculation of the monies to be recovered was no longer subject to any change arising from a resettlement process.

The final Legal Drafting of the original modification included the following wording: “The Form for Collection of Monies shall be submitted by the RAs to the MO only after 20 Working Days following a publication of the M+13 Settlement Statements for the period to which the overpayment relates.”

Subsequent cases progressed by the MMU have shown the M+13 timeframe to be a significant time period which may in certain cases fall across two subsequent tariff years. It also means that the lapse of time between the identification of issues with commercial offers and the eventual recovery of monies to be unreasonably long. It is therefore suggested to amend the wording to change the Settlement Statement to M+4 from M+13.

Analysis conducted by the settlements team has shown that there is little deviation between M+4 and M+13 Settlement Statements. For example, the analysis showed the total value of M+13 in 2021 was €349,698,350, while the M+4 value was €349,492,471, a difference of 0.06%. Additional analysis shows that in most cases brought by MMU with the possibility of enacting this mechanism, the Imbalance Settlement Price is not always used as part of the calculations for repayment, and therefore there is little value in waiting on the end of the invoicing cycle. To that end, the RAs understand M+4 to be the best compromise between using the absolute latest information and progressing the recovery of monies in a timely fashion.

As with the original mod, the figure for repayment via the mod will still be agreed between the RAs and the affected participant prior to the enactment of it.

3. PURPOSE OF PROPOSED MODIFICATION

3A.) JUSTIFICATION OF MODIFICATION

This Modification is required to address a substantial time lapse between an instance of breach of license obligation by a Participant which has resulted in the over recovery of monies from the market and this money being recovered back to the market for the subsequent tariff year. Due to the timings, in some cases, this will result of two tariff years before it will be back in the Market via Imperfections.

3B.) IMPACT OF NOT IMPLEMENTING A SOLUTION

If this Modification is not progressed, there will be a significant delay in recovering monies which have been overpaid to Participants due to the incorrect submission of data. This delay, in some circumstances, will have the knock-on effect for two tariff years before it is paid back to market through Imperfections if left for waiting on M+13.

3C.) IMPACT ON 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 the mechanism to be enacted in a timely manner 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 in a more timely manner.

4. WORKING GROUP AND/OR CONSULTATION

N/A

5. IMPACT ON SYSTEMS AND RESOURCES

N/A

6. IMPACT ON OTHER CODES/DOCUMENTS

N/A

7. MODIFICATION COMMITTEE VIEWS

MODIFICATIONS MEETING 117 – 22ND JUNE 2023

The Proposer gave a [presentation](#) on this Modification Proposal and also provided a summary of the changes included. It was advised that the main objective was to avoid delays in recovering payments. Support was given for the Proposal, but a concern was raised relating to new plant converting to the system that may not benefit by the time M+4 comes around.

8. PROPOSED LEGAL DRAFTING

As per Appendix 1.

9. LEGAL REVIEW

N/A

10. IMPLEMENTATION TIMESCALE

It is recommended that this Modification is implemented on a Settlement Day basis on the second Settlement Day following publication of RAs decision.

1 APPENDIX 1: MOD_07_23 COLLECTION OF MONIES M+4 UPDATE

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>
UR / CRU	8 th June 2023	Standard	Mod_07_23
Contact Details for Modification Proposal Originator			
Name	Telephone number	Email address	
Ross McFaul		Ross.Mcfaul@uregni.gov.uk	
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	T&SC Part B Section G.2	Version 27.0 7 December 2022	
Explanation of Proposed Change <i>(mandatory by originator)</i>			
<p>Background</p> <p>This Modification is being raised by the Regulatory Authorities (RAs) to amend the timeline included in Mod_03_22 Collection of Monies. The original Mod was intended to provide a mechanism for SEMO to collect monies incorrectly paid out due to incorrect data submissions on the part of market participants. The modification was raised and voted on at Meeting 109 on 10th February 2022.</p> <p>The original modification set the M+13 timeframe as the earliest opportunity for the recovery of monies process to be initiated. The M+13 provision was intended to guarantee that the relevant settlement data necessary for the calculation of the monies to be recovered was no longer subject to any change arising from a resettlement process.</p> <p>The final Legal Drafting of the original modification included the following wording: “The Form for Collection of Monies shall be submitted by the RAs to the MO only after 20 Working Days following a publication of the M+13 Settlement Statements for the period to which the overpayment relates.”</p> <p>Subsequent cases progressed by the MMU have shown the M+13 timeframe to be a significant time period which may in certain cases fall across two subsequent tariff years. It also means that the lapse of time between the identification of issues with commercial offers and the eventual recovery of monies to be unreasonably long. It is therefore suggested to amend the wording to change the Settlement Statement to M+4 from M+13.</p>			

Analysis conducted by the settlements team has shown that there is little deviation between M+4 and M+13 Settlement Statements. For example, the analysis showed the total value of M+13 in 2021 was €349,698,350, while the M+4 value was €349,492,471, a difference of 0.06%. Additional analysis shows that in most cases brought by MMU with the possibility of enacting this mechanism, the Imbalance Settlement Price is not always used as part of the calculations for repayment, and therefore there is little value in waiting on the end of the invoicing cycle. To that end, the RAs understand M+4 to be the best compromise between using the absolute latest information and progressing the recovery of monies in a timely fashion.

As with the original mod, the figure for repayment via the mod will still be agreed between the RAs and the affected participant prior to the enactment of it.

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 change is proposed to the code:

G.2.5.6 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 Form for Collection of Monies shall be submitted by the RAs to the MO only after 20 Working Days following a publication of the **M+13** Settlement Statements for the period to which the overpayment relates.

The amount to be recovered from the Participant will be final and not subject to recalculation after the M+4 settlement.

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 redirected by SEMO to reduce the Imperfections Charge for the following Tariff Year.

Modification Proposal Justification

(Clearly state the reason for the Modification)

This Modification is required to address a substantial time lapse between an instance of breach of license obligation by a Participant which has resulted in the over recovery of monies from the market and this money being recovered back to the market for the subsequent tariff year. Due to the timings, in some cases, this will result of two tariff years before it will be back in the Market via Imperfections.

Code Objectives Furthered	
<i>(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)</i>	
<p><i>to facilitate the efficient, economic and coordinated operation, administration and development of the Single Electricity Market in a financially secure manner;</i></p> <p>This Modification provides the mechanism to be enacted in a timely manner to address the scenario described above with clear responsibilities between the RAs, Participants and SEMO.</p> <p><i>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.</i></p> <p>The process introduced through this Modification will ensure that any overpayments through incorrect data submissions can be resolved through engagement with relevant Participants in a more timely manner.</p>	
Implication of not implementing the Modification Proposal	
<i>(State the possible outcomes should the Modification Proposal not be implemented)</i>	
<p>If this Modification is not progressed, there will be a significant delay in recovering monies which have been overpaid to Participants due to the incorrect submission of data. This delay, in some circumstances, will have the knock-on effect for two tariff years before it is paid back to market through Imperfections if left for waiting on M+13.</p>	
Working Group	Impacts
<i>(State if Working Group considered necessary to develop proposal)</i>	<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	N/A
<p>Please return this form to Secretariat by email to balancingmodifications@sem-o.com</p>	