Integrated Single Electricity Market

(I-SEM)

ESB's Proposed Revisions to Directed Contracts Master Agreement & Subscription Rules

Decision Paper

SEM-17-083

15th November 2017

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ACRONYMS

CBI: Central Bank of Ireland;

CfD: Contract for Difference;

CRM: Capacity Remuneration Mechanism;

CSA: Credit Support Annex;

DAM: Day ahead Market;

DCs: Directed Contracts;

EFET: European Federation of Energy Traders;

EMIR: European Market Infrastructure Regulation;

GB: Great Britain;

GTMA: Grid Trade Master Agreement;

ISDA: International Swaps and Derivatives Association;

I-SEM: Integrated Single Electricity Market;

NAET: Nordic Association of Electricity Traders;

NDCs: Non-Directed Contracts;

PSO: Public Service Obligation;

RAs: Regulatory Authorities;

RO: Reliability Option;

S&P; Standard & Poor's;

SEM: Single Electricity Market;

SMP: System Marginal Price;

TSO: Transmission System Operator;

UTI: Unique Trader Identifiers.

1 INTRODUCTION

1.1 The current policy underpinning the market power mitigation strategy in the Single Electricity Market (SEM) is partially based on the imposition of Directed Contracts (DCs) obligations on incumbent generators with large market shares in order to mitigate their potential to exert market power.

1.2 Currently, only two entities have a licence requirement to offer DCs to eligible suppliers in SEM (i.e. ESB Power Generation ("ESB") and Power NI Power Procurement Business ("Power NI PPB"), with ESB being the only entity obliged to actively offer DCs to suppliers due to its current market share.

1.3 The terms and conditions associated with ESB's DCs are detailed in the DC Master Agreement (SEM-14-082) and DC Subscription Rules (SEM-14-084).

1.4 Following the publication of the SEM Committee's decision paper (SEM-14-085a) on a high level design for I-SEM, the SEM Committee has undertaken a number of actions to facilitate I-SEM Go-Live and the revised SEM trading arrangements including the publication of decision papers regarding the:

i. Trading & Settlement Code (SEM-17-024);
ii. Market Power (SEM-16-024);
iii. I-SEM's Capacity Remuneration Mechanism (CRM) (e.g. SEM-15-103, SEM-16-022, SEM-16-039); and
iv. Financial trading within I-SEM (SEM-17-015).

1.5 Notwithstanding the revised SEM arrangements arising from I-SEM implementation, ESB will continue to be required to offer DCs to suppliers based on their expected ownership concentration.

1.6 Given such decisions, the SEM Committee deemed it prudent that ESB undertake a review of the existing DC Master Agreement and DC Subscription Rules, and provide proposed revisions to the SEM Committee for approval to ensure the documents are compatible with market changes under I-SEM.

1.7 For clarification, the basis for this approval from Condition 3 (Directed Contracts) of CRU's existing Generation Licence to ESB. Specifically, Condition 3:2 and 3:4 state the following:

Condition3:2: *"The form of any Directed Contracts; the price at which such Directed contracts are offered to Suppliers and Northern Ireland Suppliers; the applicable megawatt contract quantities and the method of allocation of such Directed Contracts among Suppliers and Northern Ireland Suppliers shall be determined by the Commission from time to time and notified to the Licensee."*

Condition 3:4: *"The Licensee shall, no later than such date as the Commission shall direct, submit to the Commission for approval guidelines which outline the procedure to be observed by Suppliers and Northern Ireland Suppliers to whom Directed Contracts have been offered and who* *wish to enter into such contracts (the "Subscription Guidelines") during the first subscription period and any related supplemental subscription period for Directed Contracts".*

Given that the form of ESB's DCs and Subscription Guidelines impact on SEM, it is considered a SEM matter.

1.8 As part of ESB's review of the existing DC Master Agreement and DC Subscription Rules, ESB was requested to consider issues such as (but not limited to):

i. Amending the contracts to reflect the appropriate reference price (i.e. I-SEM Day Ahead Market (DAM) Price); and

ii. Amending the contracts to reflect the introduction of a Reliability Option (RO) under I-SEM, which will cap the exposure of suppliers up to the strike price arising in the Capacity Remuneration Auction.

1.9 Following its review, ESB made the requested changes by changing the reference to the DAM Price, and by creating an amended product for DCs, which involves ESB selling a 2-way Contracts for Difference (CfD) that is linked to a Call Option (i.e. a 1-way CfD).[1]

1.10 Additionally, ESB also sought the SEM Committee's approval to replace the existing DC Master Agreement and Subscription Rules with what ESB describe as an industry standard functional model that is line with those used in other European wholesale electricity markets.

1.11 This functional model includes an umbrella framework agreement (i.e. Financial Energy Master Agreement), a Schedule of credit terms, a Credit Support Annex (CSA) based on that used by the European Federation of Energy Traders (EFET) and a Confirmation document that aligns with the International Swaps and Derivatives Association (ISDA) 2005 commodity definitions.

1.12 On the 4th of September 2017, the SEM Committee published a consultation (SEM-17-065) on "*ESB's Proposed Revisions to Directed Contracts Master Agreement & Subscription Rules*", the "Consultation Paper". Details of ESB's Proposal was set out in the following documents:

i. Explanatory Note (SEM-17-065a);

ii. Framework Agreement (SEM-17-065b) based on the Nordic Association of Electricity Traders (NAET) Financial Energy Master Agreement (FEMA);

iii. Credit Support Annex (SEM-17-065c);

iv. Confirmation document (SEM-17-065d); and

v. Revised Subscription Rules (SEM-17-065e).

[1] The Contract for Difference Commodity Call Option ("Call Option") is a one-way CfD that the counterparty to the DC offers to ESB. This Call Option will prevent ESB from having a double pay-out (i.e. to the Transmission System Operator (TSO) under the RO and to suppliers under the 2-way CfD) when prices are above the RO strike price for the relevant calculation period.

1.13 Interested parties were invited to respond to the Consultation Paper (deadline 29th September 2017), presenting their views on ESB's Proposal.

1.14 To facilitate responses to the Consultation Paper, ESB scheduled industry conference calls (13th & 26th September) in order to respond to industry queries and provide clarifications.

1.15 Following a review of respondents' comments to the Consultation Paper, and consideration of ESB's responses to such comments, the SEM Committee is issuing this Decision Paper (SEM-17-083), which includes its direction under Part II Section C, Condition 3 of ESB's Generation Licence reference GEN 2013/05-02.

2 RESPONDENTS' COMMENTS

2.1 OVERVIEW OF COMMENTS RECEIVED

2.1.1 This section provides a summary of responses to the Consultation Paper, which was published on 4th September 2017.

2.1.2 The SEM Committee received a total of 9 responses to the Consultation Paper. Table 2.1 below lists respondents whose responses can be obtained from the SEM Committee website.

Table 2.1: List of Respondents to Consultation Paper

BG Energy	PPB
Electroroute	PrePayPower
Energia	SSE
ESB	Tynagh Energy
Power NI	

2.1.3 In general respondents were supportive of ESB's Proposal to adopt a more flexible but standardised contract form. However, some respondents expressed concerns over:

i. the timing of the Consultation Paper;

ii. the rationale for ESB's Proposal;

iii. the linking of a Call Option with a 2-way CfD and the lack of rationale for using the DAM Price as the DC reference price;

iv. the reporting requirements associated with 2-way CfD and Call Option;

v. the transaction costs; and

vi. aspects of ESB's credit and collateral requirements.

2.1.4 Section 2.2 of this Decision Paper summaries the main comments the SEM Committee received regarding the Consultation Paper. Any other comments received are directly addressed by ESB in their summary note of responses, which is being published in conjunction with this Decision Paper.

2.2 SUMMARY OF RESPONDENTS' COMMENTS

Timing of the Consultation Paper

2.2.1 The majority of respondents expressed concerns over the timeframe allocated for stakeholders to respond to the Consultation Paper. Such respondents stated that the timeframe permitted for the consultation undermined their ability to complete a comprehensive legal review of ESB's Proposal and expressed disappointment that the Consultation Paper "*came this late in the wider I-SEM project plan*". Additionally, one respondent stated that a consultation on ESB's Proposal should be deferred "*until post go-live of ISEM*", as it "*is an unnecessary complication at a critical time for participants in preparing for Market Trials in two months' time, and ISEM go-live*".

Rationale for ESB's Proposal

2.2.2 In principle, respondents generally supported ESB's Proposal and "*the move towards a more standardised form of agreement*". In particular, some respondents indicated that offering a bespoke DC contract would not be feasible/appropriate under the revised trading arrangements arising from I-SEM implementation and that "*the existing contract does not provide for any further negotiation around credit, which has been a stumbling block under SEM*". Additionally, some respondents noted that a standard agreement could increase liquidity in the market by encouraging new market participants to participate in SEM.

2.2.3 However, some respondents indicated that ESB's Proposal is not consistent with the minimal change approach associated with I-SEM implementation. Such respondents also stated that ESB's Proposal will not facilitate DC's liquidity (i.e. will fail to attract new counterparties in the GB market), and that ESB's Proposal is based on a standard document that is only common to the Nordic market. Furthermore, one respondent stated that ESB's Proposal may act as a barrier to new entrants, especially GB counterparts, given that it is not in use in the GB market.

Inclusion of a Call Option & Use of DAM Price

2.2.4 Respondents expressed mixed comments regarding ESB's Proposal to the linking of a Call Option with the 2-way CfD in order to avoid a double pay-out (i.e. to the TSO under the RO and to suppliers under the 2-way CfD) when prices are above the RO strike price for the relevant calculation period. Some respondents agreed with the design of the Call Option linked with the 2-way CfD. However, other respondents were of the view that insufficient evidence has been provided to warrant the need for the inclusion of the Call Option element in the FEMA, "*particularly as Reliability Option (RO) strike price events are anticipated to occur closer to real time rather than in the day-ahead market and the frequency of such events occurring being forecasted to be low*".

2.2.5 Respondents disagreeing with the linking of a Call Option with a 2-way CfD stated ESB could have adopted a "*simple solution*" to accommodate the RO. Specifically, such respondents stated that ESB could sell a truncated CfD (i.e. where ESB's payments to suppliers under the 2-way CfDs is capped at the RO strike price), thereby avoiding "*the unnecessary complication related to the complex two-way Cfd with a linked Commodity Call option*". Additionally, such respondents disagreed with the rationale (e.g. ensure compliance with Ministerial Specifications & EMIR reporting obligations) that was put forward by ESB for not embedding the Call Option within the 2-way CfD. In particular, such respondents also queried ESB's reference to the Central Bank of Ireland (CBI) consultation paper (which attempts to promote transparency in CfD markets), as a rationale for linking the Call Option with the 2-way CfD as this consultation paper pertains to measures related to the sale and distribution of CfDs to retail clients.

2.2.6 One respondent also stated that that the Call Option should have a value attached to it, as DC counterparties are selling a risk mitigation tool to ESB, which provides no benefit to DC counterparties. In particular, the respondent suggested that the DC pricing formula be discounted to reflect the value of a Call Option (derived from a transparent methodology).

Furthermore, the respondent stated that it is possible that ESB plant involved in the DC subscription process do not all hold RO contracts and that there is a risk that ESB may be reimbursed by counterparty DC suppliers for money ESB has not paid out under the RO.

2.2.7 With reference to use of the DAM Price as the DC reference price, one respondent queried why the DC reference price should be 100% related to the DAM Price.

Reporting Requirements

2.2.8 Some respondents expressed concerns over increased reporting requirements that would materialise from implementation of ESB's Proposal. One respondent recommended that alternative options be explored to avoid reporting difficulties arising from having a 2-way CfD linked with a Call Option, and that if these cannot be developed then the RAs/TSO should "outline/confirm the reporting requirements". Additionally, another respondent sought confirmation that ESB will continue to report European Market Infrastructure Regulation (EMIR) trades, which include reporting of the Call Option (assuming the Call Option is retained within ESB's Proposal).

Transaction Costs

2.2.9 Concerns were expressed regarding potential increased transaction costs arising from ESB's Proposal. In particular, one respondent stated that "*the cost to participants in the administration and adaptation of the IT systems required to cater for the Call Option may well outweigh the actual financial benefit of the Call Option itself*".

2.2.10 However, other participants stated that "*to maintain the existing DC master agreement (albeit significantly amended) would introduce significant transaction costs and barriers to entry for suppliers*" as ESB intend to generally use the same contract framework for Non-Directed Contracts (NDCs), e.g. suppliers would need to get two sets of documents reviewed.

Credit and Collateral Requirements

2.2.11 While some respondents recognised that ESB's Proposal provided greater flexibility regarding the negotiation of credit arrangements when purchasing DCs (e.g. ESB's ability to review collateral arrangements where cross-product close out netting and margining may be requested by suppliers in accordance with ESB's Group risk policy), others expressed concerns that ESB has too much discretion regarding the determination of credit cover requirements and did not go far enough in easing credits arrangements for counterparties to ESB's DC contracts.

2.2.12 Respondents highlighted various amendments that could be made to ESB's Proposal in order to provide greater flexibility and transparency for counterparties to ESB's DC contracts, including:

- increasing the turnaround time for changes to Letters of Credit from 3 to 5 business days;
- an extension to the timeframe allowed to respond to a Notification for increased credit (i.e. 5:30pm on the day after the Notification rather than 1pm);
- reducing the credit rating requirements (i.e. A- from S&P and A3 from Moodys) for participants who wish to use Letters of Credit from their bank, as most banks in Ireland do not have a credit rating this high;
- reducing the "A" credit rating standards for the provision of Parental Company Guarantees;

- reviewing the 15% margin requirement in the CSA; and
- ensuring the availability of elements of ESB Group's risk policy that are relevant to the determination of collateral.

2.2.13 Additionally, some respondents indicated that a potential exposure exists for counterparties to DCs if ESB becomes unable to make payments, and that some provision should be made to capture this risk (e.g. ESB is only exempt from providing collateral when ESB's beneficial ownership by the Irish State is at 50% or more, and when the credit rating of the long-term senior unsecured debt of ESB or its Credit Support Provider is below a certain threshold). One respondent stated that it is not appropriate for ESB to be the Calculation Agent on a termination/event of default where ESB is the defaulting party.

Other Issues

2.2.14 Respondents sought a variety of other amendments to ESB's Proposals (e.g. correction to definition of Mid-Merit Product in ESB's Confirmation Document, amendment to definition of Business Days, extension to the timeframe for submitting DC subscription forms, removal of references to a Put Option under the calculations clause in the Call Option, etc).

2.2.15 Additionally, respondents sought clarifications on aspects of ESB's Proposal (e.g. application of netting arrangements, the options available for submitting ESB's subscription forms, resolution of disputes regarding the value of credit cover, and aspects of clauses within the FEMA Main Agreement, Schedule, and CSA, etc.).

2.2.16 One respondent stated that a "Non Speculation Clause" should not be included in NDC contracts, while another respondent recommended that the "No Fault Termination" clause be removed from ESB's proposed FEMA agreement on the basis that ESB is permitted to terminate the agreement for any reason, which undermines the security of the FEMA contract for contracting parties.

2.2.17 A number of respondents also expressed concern regarding their ability to approve and enter into the new form of contract in a timely manner.

3. SEM COMMITTEE RESPONSE

Timing of the Consultation Paper

3.1.1 The SEM Committee notes respondents' concerns regarding the 4 week consultation window that was allocated for the Consultation Paper. However, the SEM Committee is of the view that an extension to the 4 week consultation was not feasible, as it could have potentially delayed the first round of DCs under the revised SEM arrangements (scheduled for December 2017).

3.1.2 From the SEM Committee's perspective, an extension to the Consultation Paper would have delayed the publication of this Decision Paper (as the SEM Committee would require further time to review responses), which could potentially have had a negative knock-on effect on the scheduling of the first round of DCs under the revised SEM arrangements.

3.1.3 Specifically, a delay to the publication of this Decision Paper would have narrowed the period available for parties to sign relevant DC documentation for the December 2017 DC Round, thereby either potentially excluding participants from December's DC round or delaying the first round of DCs under the revised SEM arrangements until January 2018. Additionally, the SEM Committee notes that some respondents indicated that there has already been a delay in offering DCs under the revised SEM arrangements, and that it "*is imperative that there are no further delays to the process*".

3.1.4 The SEM Committee notes that ESB scheduled conference calls with industry in order to respond to industry queries and provide clarifications, thereby facilitating stakeholders in responding to the Consultation Paper within a 4 week timeframe. Additionally, the SEM Committee notes that some respondents were in a position to provide a detailed response to ESB's Proposal, which indicates that respondents had sufficient time to meaningfully consider ESB's Proposal.

3.1.5 In light of the above, the SEM Committee is satisfied that a 4 week consultation window was appropriate in order to facilitate Go-Live under the revised SEM arrangements. Furthermore, the SEM Committee does not consider it appropriate to defer the consultation until after SEM Go-Live (under the revised trading arrangements), as the existing SEM DC Contracts will terminate at Go-Live. The SEM Committee also notes that the DCs need to be adapted to accommodate several changes for I-SEM, therefore it is not in a position to postpone its decision until after Go-Live.

Rationale for ESB's Proposal

3.1.6 The SEM Committee notes that respondents are concerned that ESB's Proposal may go beyond the minimum change necessary for the revised SEM arrangements arising from I-SEM implementation. However, the SEM Committee notes that ESB's Proposal provides further benefits to market participants in terms of potential standardisation of agreements and greater flexibility in terms of credit/collateral arrangements, thereby mitigating potential barriers to entry for market participants.

3.1.7 The SEM Committee is also cognisant that ESB have expressed concern that any minimum change in itself would require significant changes to DC documentation. From the SEM Committee's perspective, the principle of minimal change for I-SEM implementation is an important one, which has been adhered to throughout the I-SEM development process. On this occasion, we are satisfied that the ESB Proposal can be justified due to the wider market benefits offered by the implementation of ESB's Proposal and the fact that a move to an amended contract form will be required in order to accommodate future consultation and policy development on forwards and liquidity. Additionally, the SEM Committee notes ESB's intention to implement a FEMA style approach for its NDCs, therefore there is significant benefit from the same format being used for both.

3.1.8 With reference to respondents' concerns that ESB's Proposal is only common to the Nordic wholesale electricity market and may act as a barrier to entrants in the GB market, the SEM Committee notes that the GB forward power market trades physically (i.e. the Grid Trade Master Agreement (GTMA) is a physical contract). This is in contrast to SEM (where the Irish forward power market is a financially traded market) and the Nordic power market as it is also a financial market. Consequently, the development of a GB GTMA style agreement would not currently be appropriate for SEM. Furthermore, the SEM Committee notes ESB's confirmation that "*the majority of EU market players use the EFET to facilitate trading in the EU" and that "the EFET GTMA Appendix is typically the contract used to facilitate GB physical power trading under the EFET Power Master Agreement*".

Inclusion of a Call Option & Use of DAM Price

3.1.9 The SEM Committee has considered respondents concerns regarding the merits of linking a Call Option to a 2-way CfD for DCs. Based on this consideration, the SEM Committee has no fundamental objection to ESB's Proposal to include a Call Option in order to accommodate the RO obligation.

3.1.10 Furthermore, the SEM Committee acknowledges that due regard must be given by ESB to its Ministerial Specification, which according to ESB precludes it from offering a capped/truncated 2-way CfD (i.e. ESB is a semi-state company and it is prohibited from engaging in exotic derivatives e.g. contracts which have embedded options, which comprise a combination of derivatives or which are leveraged).

3.1.11 With reference to respondents' comments regarding attaching a value to the Call Option, the SEM Committee is of the view that its value will be reflected in the price of the CfD (therefore there is no need for a separate payment from ESB to the supplier i.e. a premium) and there is no risk of over recovery by ESB. See the SEM Committee's DC Implementation Decision Paper for more details on the pricing of DC products.

3.1.12 Regarding the issue of using the DAM Price as the reference price for DCs, the SEM Committee considers that this is currently the most appropriate approach, given that the DAM will be the primary market for trading under the revised SEM arrangements.

Reporting Requirements

3.1.13 The SEM Committee notes ESB's confirmation that it will continue to report EMIR trades (including the Call Option), and that it will report the ISEM product offering under two separate Unique Trade Identifiers (UTI's) for the 2-way CfD and the Call Option (with a linked Transaction reference number will be set out under the respective Confirmations to provide the requisite cross-references).

3.1.14 Notwithstanding the above, the SEM Committee is of the view that it is the responsibility of each individual market participant to satisfy itself that it is fulfilling its financial reporting obligations, and it is not generally the obligation of the energy regulator to be clarifying market participants' financial reporting obligations.

3.1.15 With reference to alternative options to ESB's Proposal, the SEM Committee notes that the only alternative option identified by respondents was a truncated 2 way CfD. However, the SEM Committee notes ESB's confirmation that it is precluded from entering into such an option under its Ministerial Specification.

Transaction Costs

3.1.16 The SEM Committee is cognisant of market participants' concerns regarding increased transaction costs arising from ESB's Proposal. However, the SEM Committee notes that the harmonisation and standardisation of CfD contracts (e.g. PSO CfDs, DCs and NDCs) could potentially reduce aggregate transaction costs associated with DCs (e.g. the level of commonality between of the each separate agreements should reduce the overall legal costs involved).

3.1.17 Furthermore, the SEM Committee notes ESB's intention to implement a FEMA style approach for its NDCs and that market participants will incur such transaction costs if purchasing NDCs from ESB, irrespective of the SEM Committee's decision regarding ESB's Proposal on DCs.

3.1.18 Consequently, the SEM Committee is of the view that such potential transaction costs should not dissuade its approval of ESB's Proposal.

Credit & Collateral Requirements

3.1.19 With reference to respondents' comments requesting greater flexibility and transparency on ESB's credit/collateral arrangements, the SEM Committee notes the following views from ESB:

- "*In SEM the Directed Contracts are fully collateralised with cash or a letter of credit and no alternative forms of credit cover are permitted. For I-SEM, ESB GWM has offered to allow alternative forms of credit cover on a case by case basis. While this approach was welcomed, some respondents have suggested that it affords too much discretion to ESB GWM. As ESB is mandated to offer DC contracts and carries all of the risk, without discretion as to the counter party, it must retain full control over its credit exposures. Any counter party can, if it so wishes, continue to provide collateral with cash or a letter of credit as is the case in SEM*"

- *"General guidelines around credit requirements for counterparty eligibility are set out in the Specification, to which ESB must comply. To the extent that ESB Group Risk determines margining arrangements other than those posited under the proposed DC suite of contracts be considered, such arrangements will be discussed and negotiated on a by counterparty basis".*

- "*Details of ESB's Ministerial Specification are available on ESB's website*"

3.1.20 Additionally, the SEM Committee notes ESB's intention to:

- extend the timeframe allowed to respond to a Notification for increased credit (i.e. 5:00pm on the day after the Notification rather than 1pm);

- reject a request to increase the turnaround time for changes to Letters of Credit from 3 to 5 business days; and

- remove itself as the Calculation Agent on a termination/event of default where ESB is the defaulting party, and its subsequent request that the RAs advise on process for determination of an alternative Calculation Agent.

3.1.21 In consideration of respondents' comments, the SEM Committee is of the view that credit and collateral requirements are generally consistent with ESB's existing DC Master Agreement and subscription rules. Furthermore ESB have provided the following measures to improve credit conditions for suppliers:

- an additional form of credit that can be posted by suppliers (i.e. the parent company guarantee);

- have offered to reduce the rounding requirement from €20K to €10k; and

- ESB will facilitate cross-product contractual trading arrangements to aggregate margin, thereby reducing transaction costs for market participants.

3.1.22 Additionally, the SEM Committee notes respondents concerns regarding the lack of collateral obligations imposed on ESB. However, given that ESB is State-owned, and it is not currently envisaged that its state ownership will fall below 50%, the SEM Committee does not currently consider it necessary to review collateral obligations on ESB. However, the SEM Committee may revisit this issue, in conjunction with ESB's other credit and collateral requirements if it is deemed necessary.

3.1.23 With reference to respondents' comments regarding ESB's role as Calculation Agent, the SEM Committee acknowledges that ESB should not be the Calculation Agent in the event of a default by ESB. In the event of such a scenario arising, the SEM Committee will approve the appointment of an independent expert to fulfil the role of the Calculation Agent.

Other Issues

3.1.24 The SEM Committee notes that respondents provided a myriad of other comments regarding ESB's Proposal.

3.1.25 The SEM Committee does not intend to respond to each comment individually, as these are generally operational contractual changes and/or have been addressed by ESB (see ESB's Recommendation Report –SEM-17-084 and SEM-17-084a).

3.1.26 For clarity, ESB have reviewed each of the documents forming part of the ESB Proposal in light of the consultation responses, have prepared a table detailing all of their responses and updated versions of each document.

3.1.27 With reference to respondents request for an extension to the window (10am-12pm) for the issuing of DC Subscription Forms to ESB, the SEM Committee has directed that ESB extend the window to 9am -12pm.

4. SEM COMMITTEE DECISION

4.1.1 Having considered ESB's Proposal and respondents' comments, together with ESB's Recommendation Report and ESB's Amended Proposal, the SEM Committee has decided to approve ESB's Amended Proposal:

i. Framework Agreement (SEM-17-085);
ii. Credit Support Annex (SEM-17-085a);
iii. Confirmation Document (SEM-17-085b); and
iv. Subscription Rules (SEM-17-085c).

4.1.2 The SEM Committee therefore determines that the form of DCs to take effect for the revised SEM arrangements and the terms of the Subscription Guidelines shall be as set out in ESB's Amended Proposal.

4.1.3 Furthermore, the SEM Committee directs ESB to provide it with a detailed report on the operational and administrative effects of its Amended Proposal in January 2019, including issues encountered with suppliers in the intervening period.