



Single Electricity Market Committee

Updates to ESB's Public Service Obligation (PSO) CfD Contracting documentation

Information Paper

SEM-18-037

20th July 2018

INFORMATION PAPER

- 1.1 On 21st March 2018 the SEMC published an Information paper (SEM-18-012) which notified market participants of ESB's amendments to the PSO CfD documentation including:
- CfD PSO FEMA (SEM-18-012a);
 - Credit Support Annex (SEM-18-012b); and
 - Confirmation Document (SEM-18-012c)

- 1.2 Following the publication of the Decision Paper (SEM-18-012), ESB have made an amendment to the negative interest provision under the PSO FEMA Credit Support Annex (CSA) in addition to minor technical edits. The amendment restates sub-clause 9(2) to explicitly set out the methodology for calculating the annual Interest Amount under the CSA where the Reference Interest Rate is a negative number. This technique applies the methodology used under the ISDA (International Swaps and Derivatives Association) Negative Interest Protocol with logical amendments to align with the FEMA CSA. Furthermore, the ESB are also taking the opportunity to correct minor typographical errors as noted below.

- 1.3 Additionally, ESB have made a number of technical edits to ESB's PSO FEMA, Schedule and CSA, which are summarised in section 1.4 to 1.6 below:

- 1.4 Edits to ESB's PSO FEMA are summarised below

Section 2.(b) Authorised Persons

The spelling of "**acknowledges**" in line 3 is corrected

Section 2(f) Invoicing

The reference to "5(c)" in subclause (v) is corrected to read "5(a)(c))"

- 1.5 Minor technical changes to ESB's SCHEDULE are summarised below:

Part 6: Interest Rate

The reference to "Due Date" is changed to read "Payment Date"

- 1.6 Details of the change to ESB's PSO FEMA CSA are summarised below:

Clause 9(2): Negative Interest

Restates sub-clause 9.2 as follows:

"If the Reference Interest Rate used to ascertain the Interest Amount for Cash collateral as set out in Clause 9(1) is a negative number, the related absolute value negative Interest Amount as calculated by the Valuation Agent will be used to determine the Interest Amount."

Appendix I Defined Terms: The reference to “Subscription Rules” is corrected to read “Auction Rules” in Line 2 of the definition of Exposure

- 1.7 ESB have advised that it will issue an Updated Agreement to relevant market participants with the edited language to update their existing documents.