



**A Bright Alternative...**

***Response to Repricing and Price Materiality Threshold Parameter  
Consultation***

***SEM-19-042***

**Go Power**

**24<sup>th</sup> September 2019**

## 1. Introduction

Go Power welcomes the opportunity to comment on the consultation paper relating to the Repricing and Price Materiality Threshold Parameter Consultation.

Go Power is one of the leading Electricity and Gas suppliers to the industrial and commercial sector in Ireland and as such views this consultation proposal from the perspective of a standalone supplier and a representative of the customer.

## 2. Go Power Response

### Price Materiality Threshold

*Consultation Question 1: Is your preference for repricing from 1 October 2018 to 11 June 2019 (and from 11 June 2019 onwards) to proceed based on the current price materiality threshold of 5%?*

*Consultation Question 2: Do you agree with the proposal to apply a 0% price materiality threshold on a temporary basis?*

Go Power will address consultation question 1 and 2 jointly. The response to questions 1 and 2 is only valid if repricing does indeed go ahead. We will express our views on this separately when answering question 3 below.

Our preference is to agree with the proposal to proceed based on the current price materiality threshold of 5%. We think that it is important to adhere to the parameters approved by the Regulatory Authorities and deviating from these in this instance may set a precedent for future deviations. While we acknowledge that this may cause a delay in the repricing past M+13 resettlement, it is worth noting that this only occurs due to the lack of an appropriate IT solution being in place for ISEM Go-Live and the manual process which now has to be implemented.

The 5% materiality threshold will also deter participants who may be incentivised to raise minor disputes. We think it is important to keep this deterrent so that we don't get into a situation whereby the costs of applying minor repricing outweighs any benefits seen by the market.

### Amend Section E.3.8 of Trading and Settlement Code

*Consultation Question 3: Interested stakeholder's views are invited in relation to the option to raise an urgent modification to the Trading and Settlement Code. This would entail an amendment to Section E.3.8 of the Code to either remove the requirement for repricing for the period from 1 October 2018 to 11 June 2019 (Option 3) or to require any repricing to be completed by the 13th month of the Settlement Calendar at the latest (Option 4), which would have the effect of repricing not being carried out for the period from October 2018 to October 2019 based in a commencement date of M+13 resettlement in November 2019. For both options, the detailed legal drafting of any change would be raised and discussed through the Trading and Settlement Code Modifications Committee.*

Our preferred option in response to this consultation is Option 3, to raise an urgent modification to the Trading and Settlement Code, to amend Section E.3.8 and remove the requirement for repricing to be completed for the period 1 October 2018 to 11 June 2019 ("the effected period"). As a supplier in ISEM, pricing certainty is of the upmost importance for us. In particular, as we offer a "cost plus" model to our customers whereby their bill will be reflective of any changes to the energy price. If the repricing were to result in a significantly different SEMO bill for the effected period, our understanding is that legally, as we have already billed and our customers have paid for their usage during this period, there is no scope for our business to back charge our customers and any potential loss would be for our account. In a business environment which operates on tight margins, repricing has the potential to have a significantly detrimental impact on our business.

Whilst Option 3 remains our preferred approach, it only offers scope for the effected period. We think it is important for the Regulatory Authorities to consider an enduring solution to account for future repricing events such as this. Option 4 provides a sensible solution for this and we believe the optimal solution to this consultation would be to apply both Option 3 and Option 4, so that we achieve price certainty for the effected period and that the enduring solution is for no repricing to be carried out post the M+13 resettlement date.