



Mr Michael Kelly,
Head of Trading,
Single Electricity Market Operator,

ROI: The Oval, 160 Shelbourne Road,
Ballsbridge,
Dublin 4

NI: Castlereagh House,
12 Manse Road,
Belfast

28 April 2020

Re: Derogation from repricing obligations of Section E.3.8 pursuant to interim provision H.13.1 of the SEM Trading and Settlement Code

Dear Michael,

The Regulatory Authorities received a submission from SEMO on 5 March 2020 seeking a derogation from its obligations to reprice for the period of 1 October 2018 to 11 June 2019 under the Trading and Settlement Code.

The Regulatory Authorities note that, following a SEM Committee Consultation and Decision process, in SEM-19-068 the SEM Committee set out its view that repricing should not be carried out for the period between 1 October 2018 and 11 June 2019. In order to give effect to this Decision, a Modification to the Trading and Settlement Code was raised to provide a process to allow SEMO to seek relief from its obligations under Section E.3.8 of the Code on a temporary basis. This Modification temporarily amends Section B.14 of the Trading and Settlement Code in relation to Obligations on Parties. The Modification requires that any request for derogation must set out;

- (a) the obligation(s) in Section E.3.8 from which a derogation is requested;
- (b) the rationale for the requested derogation including clear supporting evidence demonstrating how the criteria in B.14.1.6 are met;

- (c) the requested period of derogation from a specific obligation, from the date on which any non-compliance first arose or is expected to arise. A derogation may not be granted for a period greater than 12 months;
- (d) a detailed plan and implementation timeline to rectify the issue (unless otherwise agreed with the Regulatory Authorities); and
- (e) an assessment of the consequences of granting and not granting the derogation on the SEM.

The Regulatory Authorities have reviewed SEMO's submission, which includes a letter setting out the nature of the derogation request, the rationale and supporting evidence to demonstrate the need for the request and an assessment of the burden this issue would place on SEMO if a derogation is not granted. SEMO has also submitted a detailed plan and implementation timeline to rectify the issue which the Regulatory Authorities understand has also been shared and discussed with Market Participants. The Regulatory Authorities are of the view that SEMO's submission meets the requirements set out in Section B.14.1.7 of the Code regarding a request for derogation.

Under Section B.14.1.8 of the TSC, the Regulatory Authorities are required to consult with the Modifications Committee prior to approving a derogation request from SEMO. In the case of this request, given that a SEM Committee Consultation Process and discussion with the Modifications Committee concerning the implementation of Mod_23_19 V2 has already taken place, the Regulatory Authorities consider that this requirement has been fulfilled for the purpose of this derogation request.

For the reasons set out in SEM-19-068, in the Modification raised by the RAs and in the request submitted by SEMO, the RAs are of the view that a derogation should be granted to SEMO from its obligations to reprice for the period of 1 October 2018 to 11 June 2019. SEMO's submission to the Regulatory Authorities in this respect is published with this Decision Letter.

As per Section B.14.1.9 of the Code, from the date of this letter, SEMO is required to report to the RAs on a monthly basis on progress towards rectifying the issues which have resulted in this derogation. SEMO is required to publish this report on its website when submitting this report to the Regulatory Authorities. The RAs request that the following information is included as part of this report;

- The number of ad-hoc resettlements carried out per month, including the numbers for the previous five calendar months.
- The number of manifest errors outstanding in pricing at the end of each month.
- The expected resolution timeline for each manifest error.

- The number of periods in each month due to be repriced.
- Any updates or deviations to the published repricing calendar and repricing participant guide.

If you have any questions, please don't hesitate to contact me.

Yours sincerely,

Barry Hussey,

Wholesale Electricity Markets Manager

Sent by email