



**Energia response to  
SEMC Consultation Paper  
SEM-20-065**

*Trading and Settlement Code  
SEM Operational Parameters  
Credit Cover and Imbalance Settlement 2021*

**16 October 2020**

## 1. Introduction

Energia welcomes the opportunity to respond to the SEM Committee Consultation Paper SEM-20-066 titled “Trading and Settlement Code SEM Operational Parameters Credit Cover and Imbalance Settlement 2021” (the “Consultation Paper”). We have outlined our comments in relation to the Consultation Paper in General Comments and Conclusion sections respectively.

## 2. General Comments

The Consultation Paper outlines a minded to position from the RAs and MOs that the proposed values for the below parameters remain unchanged for 2021;

1. The calculation of Required Credit Cover
2. Imbalance Settlement
3. Price Materiality Threshold

This position is based on the analysis and recommendations for the parameter values to remain unchanged by the MO, which includes the following key points:

### ***Parameters for the Determination of Required Credit Cover***

SEMO’s report reviews the values that have applied since I-SEM implementation and proposes no change to be made to any of the Required Credit Cover parameters.

### ***Imbalance Settlement Parameters***

The analysis indicates that the current parameters will be effective at both providing adequate economic signals and with facilitating imminent change. There is no evidence to suggest that a change to the parameter values is required for 2021.

### ***Price Materiality Threshold***

No change is recommended to the 5% Materiality Threshold until such time that there is evidence that another value would better maintain the balance between the importance to the market of repricing and resettlement of a material error versus the operational overhead and significant resources required to adjust for the error.

Having reviewed the analysis carried out, Energia support both the MO and RA recommendation for the above parameter values to remain unchanged for 2021.

## 3. Conclusion

In summary, Energia agree that the above parameters remain unchanged for 2021. As outlined in the analysis, there is no evidence to suggest that a change to the parameters is required for 2021 and in the absence of any justification for introducing changes, it is prudent to keep these parameters at the current values and review again at a future date.