

SEM Agreed Procedure

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1. INTRODUCTION

1.1. BACKGROUND AND PURPOSE

This Agreed Procedure describes the specific procedures for the invoicing of the payments and charges in the Single Electricity Market administered by the Market Operator (MO), and with which Parties to the Trading and Settlement Code (the “Code”) must comply.

1.2. SCOPE OF AGREED PROCEDURE

This Agreed Procedure is a definition of procedural steps to be followed by the MO and Participants. It forms an annexe to, and is governed by, the Code. This document is a statement of process and procedure. Parties’ rights and obligations are set out in the Code.

1.3. DEFINITIONS

Save as expressly defined, words and expressions defined in the Code shall have the same meanings when used in this Agreed Procedure.

References to particular sections relate internally to this Agreed Procedure unless specifically noted.

1.4. COMPLIANCE WITH AGREED PROCEDURE

Compliance with this Agreed Procedure is required under the terms as set out in paragraph 1.7 of the Code.

2. DESCRIPTIVE OVERVIEW

2.1. GENERAL DESCRIPTION

2.1.1. Introduction

This Agreed Procedure describes the process for calculating and issuing Settlement Statements, Self Billing Invoices, Debit Notes and Invoices for the payments and charges of the SEM. The general rules for Settlement and Invoicing calculations are defined in the Code.

The invoicing process starts with the calculation of Settlement amounts in respect of given timetables and given calculation rules and ends with the financial settlement of the market. The regular and automatic invoicing tasks of the SEM are detailed in section 3.1. The invoicing tasks for Resettlements are detailed in section 3.2. Section 3.3 details the invoicing procedure associated with payment default.

Invoices and Self Billing Invoices will be created for each active Participant that operates in the Single Electricity Market in respect of its Generator Units and/or Supplier Units. The Invoice and Self Billing Invoice presents a line by line summary of amounts by charge or payment type. The Invoice and Self Billing Invoice is issued in the Participant's currency and includes the applicable VAT and Settlement Reallocation amounts.

Each Invoice and Self Billing Invoice will span different periods dependent on the type of charge / payment.

- For Trading Payments and Trading Charges, the Billing Period will be one week – starting on a Sunday at 00:00 and ending on the next Saturday at 24:00.
- For Capacity Payments and Capacity Charges, the Capacity Period will be a calendar month, starting at 00:00 on the first day of the month, and ending at 24:00 on the last day of the month.
- For Fixed Market Operator Charges, the period will be a calendar month, starting at 00:00 on the first day of the month, and ending at 24:00 on the last day of the month.
- For Variable Market Operator Charges, the period will be a Billing Period

The invoicing process is initiated on the completion of an Initial Settlement Statement for the last Settlement Day of the Settlement Period.

2.1.2. Categories of Settlement

In this Agreed Procedure where reference is made to Settlement Statements this includes the financial settlement statements and Participation Information Reports as detailed in Appendix F of the Code. Each Settlement Statement contains details per Trading Period by Generator Unit or Supplier Unit and amounts to be paid by or to Participants.

There are three categories of Settlement Statements:

Ex-Post Indicative Settlement Statement – The Ex-Post Indicative Settlement Statement is not used for payment purposes. For Trading Payments / Trading Charges the Ex-Post Indicative Settlement Statement is issued by 17:00 one Working Day after the end of each Settlement Day. For Capacity Payments / Capacity Charges the Ex-Post Indicative Settlement Statement is issued by 17:00 one Working Day after the end of each Capacity Period.

Initial Settlement Statement – The calculated Settlement amounts in the Initial Statements will be used in the Invoice / Self Billing Invoice in respect of the Initial Settlement Statements for the Settlement Period. For Trading Payments / Trading Charges the Initial Settlement Statement is issued by 12:00 five Working Days after the end of each Settlement Day. For Capacity Payments / Capacity Charges the Initial Settlement Statement is issued by 12:00 five Working Days after the end of each Capacity Period.

Settlement Rerun Statement– Timetabled Settlement Reruns are completed within the fourth and thirteenth month after the invoice in respect of the Initial Settlement Statement of a Billing Period or Capacity Period. The Capacity Period or Billing Period is defined with reference to the last day of that Settlement Period. Invoices and Self Billing Invoices from Settlement Rerun Statements are issued to all Participants for all applicable charges and payments. The Timetabled Settlement Rerun shall be based on the data then available to the Market Operator at the time of its production. This will include any change based on a resolved Data Query, Settlement Query or Settlement Dispute to be judged to be of Low Materiality.

An ad-hoc Settlement Rerun will be run if;

- a Data Query, Settlement Query or Settlement Dispute is upheld and the value of change to Settlement items is judged to be of High Materiality, or
- if the matter is resolved after the final Timetabled Settlement Rerun.

2.1.3. Invoices

Five Working Days after the completion of the Billing Period or Capacity Period, the Initial Settlement Statement amounts are aggregated to calculate the Invoices and Self Billing Invoices from the Initial Settlement Statement for that Settlement Period. These Invoices and Self Billing Invoices are issued to Participants by post and are available for viewing and download via the Market Participant Interface.

A Participant is entitled to lodge a Data Query with the MO in relation to the Ex-Post Indicative Settlement Statement. If the Data Query is unresolved in the Initial Settlement Statement, this does not alter the obligation to make full payment on the Invoice or Self Billing Invoice.

The timeline for the Market Operator Charge Invoice is set out in the Settlement Calendar and these Invoices will be due 7 days after it is issued.

2.1.3.1 Types of Invoices

Although it is the norm for the supplier of goods or services to issue an invoice to the purchaser of the goods or services, it is also permissible, for the purchaser to self bill the supplier. Instead of an invoice this document is referred to as a “Self Billing Invoice”.

The MO will issue Invoices to Participants in respect of their Supplier Units for the purchases by these Units from the SEM. The MO will issue a Self Billing Invoice to Participants in respect of their Generator Units for the sales to the SEM from these Units.

The MO will issue Invoices, Self Billing Invoices or Debit Notes to Participants in respect of the following types of charges and payments:

- Trading – This includes Energy Payments, Constraint Payments, Uninstructed Imbalance Payments and Make Whole Payments as well as Energy Charges, Imperfection Charges and Testing Charges. This invoice will be issued to relevant Participants for each Billing Period. A Participant will receive separate invoices for its Supplier Units and Generator Units.
- Capacity – This includes Capacity Payments and recovery of Capacity Charges. This invoice will be issued to relevant Participants for each Capacity Period. A Participant will receive separate invoices for its Supplier Units and Generator Units.
- Market Operator Charges – This includes charges to recover MO operating costs. There will be a weekly Invoice for the Variable Market Operator Charge for each Billing Period. The Charges on this Invoice will be calculated at a rate per MWh and will be invoiced to Participants in respect of their Supplier Units. The Fixed Market Operator Charge will be a monthly Charge to all Participants based on the annual Charge set out for each Generator Unit and Supplier Unit. The Fixed Market Operator Charge will be included in the first weekly Invoice for the Variable Market Operator issued for the first Billing Period of each calendar month.

- Debit Note – This includes the Charges for Unsecured Bad Energy Debt and the Charge for Unsecured Bad Capacity Debt. Debit Notes will be issued on an ad hoc basis, only in the event of an Unsecured Bad Energy Debt or Unsecured Bad Capacity Debt. These charges are levied on each Participant in respect of their Generator Units based on their respective proportionate entitlement as stated in the Code.
- Self Billing Invoice for Unsecured Bad Debt – This includes payments as a consequence of recovering any Unsecured Bad Energy Debt or Unsecured Bad Capacity Debt. This Invoice will be issued on an ad hoc basis, only in the event recovery of Unsecured Bad Debt. These payments are credited to each Participant in respect of their Generator Units.

All Invoices and Self Billing Invoices will include an amount in respect of the Currency Cost incurred by the MO in settling the dual currency market with the exception of Debit Notes and Self Billing Invoices for Unsecured Bad Debt.

2.1.4. Timings

The MO will publish a Settlement Calendar each year, four months before the beginning of the year. This is an annual calendar which contains the actual dates for Ex-Post Indicative Settlement Statements and Initial Settlement Statements for all types of Settlement Statements; Self Billing Invoices and Invoices including Invoice Due Dates and Self Billing Invoice Due Dates as well as the dates for the Timetabled Settlement Reruns.

For a Billing Period, the timing of the Ex-Post Indicative Settlement Statement, Initial Settlement Statement and the Invoices and Self Billing Invoices in respect of the Initial Settlement Statements are shown below in Diagram 1 for example purposes.

Diagram 1

	Billing Period One							Billing Period Two						
Calendar Day	Sun 4 Nov 2007	Mon 5 Nov 2007	Tue 6 Nov 2007	Wed 7 Nov 2007	Thu 8 Nov 2007	Fri 9 Nov 2007	Sat 10 Nov 2007	Sun 11 Nov 2007	Mon 12 Nov 2007	Tue 13 Nov 2007	Wed 14 Nov 2007	Thu 15 Nov 2007	Fri 16 Nov 2007	Sat 17 Nov 2007
Settlement Day	Sun-1	Mon-1	Tue-1	Wed-1	Thu-1	Fri-1	Sat-1	Sun-2	Mon-2	Tue-2	Wed-2	Thu-2	Fri-2	Sat-2
Indicative Settlement Published +1WD		Sun-1	Mon-1	Tue-1	Wed-1	Thu-1			Fri-1	Mon-2	Tue-2	Wed-2	Thu-2	
Initial Settlement Published +5WD						Sun-1		Sun-2	Mon-1	Tue-1	Wed-1	Thu-1	Fri-1	Sat-1

Indicative Settlement for Sunday 4th Nov is published by 17:00 one working day after the Trading Day.

Initial Settlement for Sunday 4th Nov is published by 12:00 five working day after the Trading Day.

All Initial Settlement Statements are aggregated for Initial Invoicing five working days after the end of the Billing Period.

Publish Initial Invoice for Billing Period 1

2.1.5. Interest

Interest is applicable whenever the Settlement Rerun increases or decreases the total amount payable for a Billing Period or Capacity Period. The interest rate applied to the change in settlement amounts is based on the interest paid on the deposits in Euro and Pounds Sterling in the SEM Capacity Clearing Account and the SEM Trading Clearing Accounts as appropriate.

2.1.6. Jurisdictions

The Jurisdiction registered by the Participant will determine the VAT and Currency of its Settlement Statements and invoices.

2.1.7. Currency Cost

The MO manages the Currency Cost for the Participants.

Currency Costs as incurred will include the following.

- Invoice Period Currency Cost which represents the costs or benefits incurred managing the change in exchange rates between each Trading Day and the exchange rate in force on the date of issue of the Invoices;
- Payment Period Currency Cost which represents the costs or benefits incurred managing the change in exchange rates between the date of issue of the Invoices and the dates on which the invoices are finally settled;

The Currency Cost for a given Settlement Period is the sum of the Invoice Period Currency Cost and the Payment Period Currency Cost. The distinction between the two components of the invoicing cycle is outlined in Appendix 2 – Currency Cost.

This Agreed Procedure sets out the calculation of the Billing Period Currency Cost and Capacity Period Currency Cost as well as the method for distributing this cost amongst the Participants.

The MO will prepare a statement of the Currency Cost for each Billing Period and Capacity Period. The statement will be published on the MO Website.

2.2. SETTLEMENT STATEMENT COMPONENTS

Settlement Statements and Participant Information Reports contain both the input data and the calculated Settlement data by Trading Period and by Generator Unit or Supplier Unit.

Trading Payments Settlement Statement contains;

- Loss-Adjusted Metered Generation, Actual Availability, Eligible Availability, Market Schedule Quantities, Dispatch Quantity, System Marginal Prices.
- Energy Payments, Constraint Payments, Uninstructed Imbalance Payments, Make Whole Payments, Testing Charges.

Trading Charges Settlement Statement contains;

- Loss-Adjusted Metered Demand, Loss-Adjusted Net Demand, System Marginal Prices.
- Energy Charges, Imperfections Charges.

Capacity Payments Settlement Statement contains;

- Eligible Availability
- Capacity Payments

Capacity Charges Settlement Statement contains;

- Loss-Adjusted Net Demand
- Capacity Charges

Market Operator Charge Settlement Statement contains;

- Fixed Market Operator Charges (as applicable)
- Variable Market Operator Charges

Both Ex-Post Indicative Settlement Statements and Initial Settlement Statements in respect of Trading Payments and Trading Charges are prepared and published daily on a Working Day basis. Each daily Settlement Statement in respect of Trading Payments and Trading Charges will contain the components detailed above with the exception of Make Whole Payments which are calculated on a Billing Period basis. As such, Make Whole Payments are only calculated and published with the Settlement Statements for the last Settlement Day of the Billing Period. For the avoidance of doubt, the Make Whole Payments will appear on both the Ex-Post Indicative Settlement Statement and Initial Settlement Statements for the last Settlement Day of the Billing Period.


Settlement Statements for Capacity Charges and Capacity Payments will be prepared at the end of the Capacity Period for each Settlement Day within that period. For the avoidance of doubt there will be a Settlement Statement for each Settlement Day within the Capacity Period.

2.3. PARTICIPANT INVOICE COMPONENTS

With respect to the Energy Invoice, Capacity Invoice and Market Operator Charge Invoice, each Invoice is composed of an Invoice Header and Invoice Body sections

A sample Invoice for Trading Payments showing the components of the Invoice is shown in Diagram 2.

Diagram 2

Invoice Header				
		From : Company Name Company Address		
Invoice Desc - Self Billing Invoice		Account Number		
To: SMO SMO Address Details				
Invoice # Settlement Type - Initial Invoice Type - Energy		Date of Issue Due Date Billing Period		
Invoice Body				
Charge_ID	Charge_Type	Net Amt	VAT	Gross Amt
	Energy Payments			
	Constraint Payments			
	Uninstructed Imbalance Payments			
	Make Whole Payments			
	Testing Charges			
	Currency Cost			
	Total Invoice			
	Currency Cost Adjustment (Reallocations)			
	Grand Total Amount			
	Settlement Reallocation(s)			
	Amount Due			

2.3.1. Invoice Header

The Invoice Header will contain the following components –

- Invoice description – indicating if it is an Invoice or a Self Billing Invoice;
- Address of the issuing company – this will be the MO in the case of an Invoice and the Participant in the case of a Self Billing Invoice;
- Address of the receiving company – this will be the Participant in the case of an Invoice and the MO in the case of a Self Billing Invoice;
- Invoice number;
- Date of Issue of the invoice;
- Payment Due Date;
- Settlement Type – indicating if this invoice relates to Initial Settlement Statements or a Settlement Rerun Statements;
- Billing Period or Capacity Period – indicating the duration to which the invoice relates;

- Invoice Type - indicating if it is an invoice for Energy Invoice, Capacity Invoice, Market Operator Charges Invoice etc.
- VAT registration numbers. This is the VAT number of the issuer of the Invoice. This will only appear on the Market Operator Charge Invoice.

2.3.2. Invoice Body Components

The Invoice Body will contain the following components.

2.3.2.1 Charges and Payments

The Invoice and Self Billing Invoice will contain an aggregation across the Billing Period or Capacity Period of calculated Settlement Statement amounts. The charges and payments included in the invoice will vary depending on the type of invoice;

- Trading
 - Energy Payment / Energy Charge
 - Constraint Payment
 - Uninstructed Imbalance Payment
 - Make Whole Payment
 - Imperfections Charge
 - Testing Charges
- Capacity
 - Capacity Payment / Capacity Charge
- Market Operator Charges
 - Variable Market Operator Charge
 - Fixed Market Operator Charge

2.3.2.2 Currency Cost

The Participant's share of Currency Cost is incorporated in the Invoice and Self Billing Invoice as a separate line item. The Currency Cost is a gain or a loss to the market and the invoiced amount will be displayed accordingly as a positive or negative amount.

2.3.2.3 Interest

Interest is applicable to Invoices and Self Billing Invoices in respect of all types of Settlement Rerun invoices. Interest is calculated on the difference between the amount in the Invoice or Self Billing Invoice in respect of the Initial Settlement Statements and the amount in the Invoice or Self Billing Invoice in respect of the Settlement Rerun Statements for a Settlement Period.

Interest will also be included in Self Billing Invoices for Unsecured Bad Debt where interest has been recovered from the Defaulting Participant.

2.3.2.4 VAT

VAT is applied to Participants through the invoicing system according to the Jurisdiction in which they are registered and the charge type. VAT will apply to Trading Payments, Trading Charges, Capacity Payments, Capacity Charges and Market Operator Charges. VAT will not be applied to Interest or Settlement Reallocation amounts. See Appendix 3 – VAT Treatment in SEM.

2.3.2.5 Settlement Reallocation

When two Participants have entered into a Settlement Reallocation Agreement, one Participant (called the Debited Participant) will effectively transfer an amount in respect of payments due from the MO to another Participant (called Credited Participant).

Settlement Reallocation amounts will be applied to the Invoices and Self Billing Invoices in respect of Initial Settlement Statement and will reduce the amount of payment due to the Debited Participant and amount payable by a Credited Participant.

The process for Settlement Reallocation is described in Agreed Procedure 10 "Settlement Reallocations".

2.3.2.6 Amount Due

The sum of all of the Invoice components is the amount due for payment.

2.4. DATA QUERY / SETTLEMENT QUERY

A Participant is entitled to raise a Data Query or a Settlement Query with the MO regarding the items on its Settlement Statements associated with their Generator Units or Supplier Units. If a Data Query is resolved after the calculation of the Initial Settlement Statements, it will then be incorporated in a Settlement Rerun. The timing of the Settlement Rerun will depend on the materiality of the queried item.

Further details of the Data Query and Settlement Query process are provided in Agreed Procedure 13, “Query Generation”.

2.5. SETTLEMENT DISPUTES

A Settlement Dispute can be raised by a Participant that has previously raised a Settlement Query (or Data Query) in relation to the disputed Settlement data. If a Settlement Dispute is upheld, then the amended Settlement data will be included in either the next Timetabled Settlement Rerun or a dedicated Settlement Rerun, depending on the materiality of the Settlement Dispute.

Further details of the Settlement Dispute process are provided in Agreed Procedure 14 “Dispute Process”.

3. PROCEDURE DEFINITION

3.1. INVOICING FOR INITIAL SETTLEMENT STATEMENTS

Ex-Post Indicative Settlement Statements will be prepared and issued to the Participant via the Market Participant Interface by 17:00 one Working Day after the end of each Settlement Day or Capacity Period as appropriate.

Initial Settlement Statements will be prepared and issued to the Participant via the Market Participant Interface by 12:00 five Working Days after the end of each Settlement Day or Capacity Period as appropriate.

Five Working Days after the completion of the Billing Period or Capacity Period, the Initial Settlement Statement amounts are aggregated to calculate the Invoices and Self Billing Invoices from the Initial Settlement Statement for that Settlement Period. These Invoices and Self Billing Invoices are issued to Participants by post and are available for viewing and download via the Market Participant Interface by 12:00 five working days after the end of the Billing Period or Capacity Period.

Payment is due;

- three Working Days after the Invoice has been issued.
- four Working Days after the Self Billing Invoice has been issued.

Where there is a payment default the process as described in 3.3 shall be followed.

3.2. INVOICING FOR SETTLEMENT RERUN STATEMENTS

Timetabled Settlement Rerun Statements and associated Invoices and Self Billing Invoices are calculated and issued by the Market Operator to Participants within the fourth and thirteenth month after the invoice in respect of the Initial Settlement Statement for the Settlement Period. Invoices and Self Billing Invoices from Settlement Rerun Statements are issued to all Participants for all charges and payments.

An ad-hoc Settlement Rerun based on resolutions of Settlement Queries or Disputes can be completed at any time.

Settlement Rerun amounts are calculated for each charge and payment type. Presented on the Settlement Rerun Invoice and Self Billing Invoice, for each charge or payment are,

- the Settlement Rerun amount,
- the previous Settlement Statement Invoice amount, and
- the change in the Settlement amounts.

Where there is a payment default the process as described in 3.3 shall be followed.

3.3. PAYMENT DEFAULT

Financial Default

In the event that a Participant fails to fully pay an Invoice by the due date, the MO will draw down on the Posted Credit Cover of the Participant to cover the Shortfall. See Agreed Procedure 9 “Management of Credit Cover and Credit Default” for further details. The Shortfall is the amount that a Participant has failed to pay by the Invoice Due Date. The proceeds of the drawn down Credit Cover will be used to complete the outstanding payments.

The MO will apply interest to any amounts overdue from the time the payment is due.

Unsecured Bad Debt Charge

Where an Invoice in respect to Trading Charges or Capacity Charges is not fully paid and the drawn down Credit Cover does not cover the Shortfall by the Self Billing Invoice Due Date, the unpaid amount is referred to as Unsecured Bad Debt. The MO will be required to reduce the amount of Participant payments so as to balance Settlement for that Settlement Period. This will be the Unsecured Bad Debt Charge. This charge will be offset against the Self Billing Invoice issued by the MO in respect of that Settlement Period for each Participant in respect of their Generator Units. These Participants are known as the Reduced Participants and the Participant who has incurred the Shortfall is known as the Defaulting Participant. The MO will issue a Debit Note to the Reduced Participant by post and fax which will include details of the reduced payment. There will be no electronic version of the Debit Note. The amount included on this Debit Note will represent the amount by which the original Self Billing Invoice will be reduced.

Where the Unsecured Bad Debt is an Unsecured Bad Energy Debt or an Unsecured Bad Capacity Debt, the payments to Participants will be reduced in accordance with the methodology set out in the Code.

Recovery of Unsecured Bad Debt Charge

Where Unsecured Bad Debt is later partially or fully recovered from the Defaulting Participant, the Reduced Participants are paid their share of the recovered Unsecured Bad Debt. The Market Operator shall calculate and produce a Self Billing Invoice to the Reduced Participants in accordance with the methodology set out in the Code. The MO will issue a Self Billing Invoice to each of the Reduced Participants by post and fax. There will be no electronic version of this Self Billing Invoice. The Self Billing Invoice will be paid in line with the Invoices and Self Billing Invoices for the next Billing Period or Capacity Period as appropriate.

Unpaid Market Operator Charge

The MO will bear the cost of unpaid Market Operator Charges and these will be included in the calculation of the Market Operator Charge for subsequent years. For the avoidance of doubt, unpaid Market Operator Charges are not included within Unsecured Bad Debt. The unpaid Market Operator Charges are a debt of the relevant participant that ranks *pari passu* with other Shortfall and Unsecured Bad Debt and will be recovered by the Market Operator from available Credit Cover or, if none is available, as part of the Market Operator Charge in subsequent years

3.4. PROCEDURAL STEPS

3.4.1. Procedural Steps for Invoices and Self Billing Invoices in respect of Billing Period Initial Settlement Statements

#	Procedural Step	Timing	Method	From / By	To	
I1.1	Produce & Issue Ex-Post Indicative Settlement Statements for each Settlement Day. For the last day of the Billing Period, this will include Make Whole Payments.	By 17:00, one Working Day after Settlement Day.	Type 2 Channel / Type 3 Channel	Market Operator	Participant	
I1.2	Validate and if required raise Data Queries in accordance with Agreed Procedure 13 “Query Generation”.	By 17:00, four Working Day after Settlement Day.	In accordance with AP13	Participant		
I1.3	Produce & Issue Initial Settlement Statements for each Settlement Day. For the last day of the Billing Period, this will include Make Whole Payments.	By 12:00, five Working Days after Settlement Day.	Type 2 Channel / Type 3 Channel	Market Operator	Participant	
I1.4	Validate and if required raise Settlement Queries in accordance with Agreed Procedure 13 “Query Generation”	In accordance with Agreed Procedure 13 “Query Generation”	In accordance with AP13	Participant		
I1.5	Produce & Issue Invoices and Self-Billing Invoices from: <ul style="list-style-type: none"> the Initial Settlement Statements, the Invoice Period Currency Cost for this Billing Period The Payment Period Currency Costs for the previous Billing Period Validated Settlement Reallocation Agreements. 	By 12:00, five Working Days after the end of the Billing Period.	Type 1 Channel / Type 2 Channel / Type 3 Channel	Market Operator	Participant	
I1.6	Payment of Participant Invoices.	By 12:00 3 WD after the issue of the Invoices	In accordance with AP17	Participants	Market Operator	

#	Procedural Step	Timing	Method	From / By	To	
I1.7	Market Operator establishes whether there is any Shortfall. If there is no Shortfall go to step I1.14. Otherwise go to step I1.8.	By 17:00, 4 WD after the issue of the Self Billing Invoice	-	Market Operator		
I1.8	Draw down Credit Cover of any Participant with a Shortfall and follow Agreed Procedure 9 “Credit Risk Management” to re-establish Credit Cover if required. If Credit Cover draw down covers the whole of the Shortfall prior to payment of the Self Billing Invoice go to step I1.14. Otherwise go to step I1.9.	By 17:00 4 WD after the issue of the Self Billing Invoice	-	Market Operator		
I1.9	Calculate and Issue Debit Note for Participants in respect of their Generator Units.	By 17:00 4 WD after the issue of the Self Billing Invoice	Type 1 Channel	Market Operator	Reduced Participant	
I1.10	Pay the net of the Self Billing Invoice and the Debit Note to each Participant with a Self Billing Invoice.	By 17:00 4 WD after the issue of the Self Billing Invoice	In accordance with AP17	Market Operator	Participant	
I1.11	Issue a Default Notice to the Participant and if appropriate, initiate steps under Suspension in Agreed Procedure 1 "Participant and Unit Registration and Deregistration".	By 17:00 4 WD after the issue of the Self Billing Invoice	Type 1 Channel	Market Operator	Defaulting Participant	
I1.12	Market Operator attempts to recover Unsecured Bad Debt. Whenever Unsecured Bad Debt is recovered Market Operator issues a Self Billing Invoice for Unsecured Bad Debt.	In timescales for the next Self Billing Invoices for a Billing Period after recovery of monies.	Type 1 Channel	Market Operator	Reduced Participant	
I1.13	Market Operator pays Self Billing Invoice for Unsecured Bad Debt. If there is still Unsecured Bad Debt go to step I1.12. Otherwise end of process.	In timescales for the next Self Billing Invoices for a Billing Period after recovery of monies.	In accordance with AP17	Market Operator	Reduced Participant	

#	Procedural Step	Timing	Method	From / By	To	
I1.14	Payment of Self Billing Invoices.	By 17:00 4 WD after the issue of the Self Billing Invoice	In accordance with AP17	Market Operator	Participant	

3.4.2. Procedural Steps for Invoices and Self Billing Invoices in respect of Capacity Period Initial Settlement Statements

#	Procedural Step	Timing	Method	From / By	To	
I2.1	Produce & Issue Ex-Post Indicative Settlement Statements for the Capacity Period.	By 17:00, one Working Day after Capacity Period	Type 2 Channel / Type 3 Channel	Market Operator	Participant	
I2.2	Validate and if required raise Data Queries in accordance with Agreed Procedure 13 “Query Generation”.	By 17:00, four Working Day after Capacity Period	In accordance with AP13	Participant		
I2.3	Produce & Issue Initial Settlement Statements for the Capacity Period.	By 12:00, five Working Days after Capacity Period	Type 2 Channel / Type 3 Channel	Market Operator	Participant	
I2.4	Validate and if required raise Settlement Queries in accordance with Agreed Procedure 13 “Query Generation”.	In accordance with Agreed Procedure 13 “Query Generation”	In accordance with AP13	Participant		
I2.5	Produce & Issue Invoices and Self-Billing Invoices from: <ul style="list-style-type: none"> the Initial Settlement Statements, the Invoice Period Currency Cost for this Billing Period The Payment Period Currency Costs for the previous Billing Period Validated Settlement Reallocation Agreements. 	By 12:00, five Working Days after the end of the Capacity Period.	Type 1 Channel / Type 2 Channel / Type 3 Channel	Market Operator	Participant	
I2.6	Payment of Participant Invoices.	By 12:00 3 WD after the issue of the Invoices	In accordance with AP17	Participants	Market Operator	
I2.7	Market Operator establishes whether there is any Shortfall. If there is no Shortfall go to step I2.14. Otherwise go to step I2.8.	By 17:00 4 WD after the issue of the Self Billing Invoice	-	Market Operator		

#	Procedural Step	Timing	Method	From / By	To	
I2.8	Draw down Credit Cover of any Participant with a Shortfall and follow Agreed Procedure 9 “Credit Risk Management” to re-establish Credit Cover if required. If Credit Cover draw down covers the whole of the Shortfall prior to payment of the Self Billing Invoice go to step I2.14. Otherwise go to step I2.9.	By 17:00 4 WD after the issue of the Self Billing Invoice	-	Market Operator		
I2.9	Calculate and Issue Debit Note for Participants in respect of Generator Units.	By 17:00 4 WD after the issue of the Self Billing Invoice	Type 1 Channel	Market Operator	Participant	
I2.10	Pay the net of the Debit Note and Self Billing Invoice to each Participant with a Self Billing Invoice.	By 17:00 4 WD after the issue of the Self Billing Invoice	In accordance with AP17	Market Operator	Participant	
I2.11	Issue a Default Notice to the Participant and initiate steps under Suspension in Agreed Procedure 1 "Participant and Unit Registration and Deregistration".	By 17:00 4 WD after the issue of the Self Billing Invoice	Type 1 Channel	Market Operator	Defaulting Participant	
I2.12	Market Operator attempts to recover Unsecured Bad Debt. Whenever Unsecured Bad Debt is recovered Market Operator issues a Self Billing Invoice for Unsecured Bad Debt.	In timescales for the next Self Billing Invoices for a Capacity Period after recovery of monies.	Type 1 Channel	Market Operator	Reduced Participant	
I2.13	Market Operator pays Self Billing Invoice for Unsecured Bad Debt. If there is still Unsecured Bad Debt go to step I2.12. Otherwise end of process.	In timescales for the next Self Billing Invoices for a Capacity Period after recovery of monies.	In accordance with AP17	Market Operator	Reduced Participant	
I2.14	Payment of Self Billing Invoices.	By 17:00 4 WD after the issue of the Self Billing Invoice	In accordance with AP17	Market Operator		

3.4.3. Procedural Steps for Invoices and Self Billing Invoices in respect of Settlement Rerun Statements

#	Procedural Step	Timing	Method	From / By	To	
I3.1	Produce & Issue Settlement Rerun Statements for the whole of the Settlement Period.	In accordance with the published Settlement Calendar	Type 2 Channel / Type 3 Channel	Market Operator	Participant	
I3.2	Produce & Issue Invoices and Self-Billing Invoices from: <ul style="list-style-type: none"> the Settlement Rerun Statements, the latest previous Settlement Statements for the Settlement Period the Invoice Period Currency Cost for this Settlement Period The Payment Period Currency Costs for the previous Settlement Period. 	In accordance with the published Settlement Calendar	Type 1 Channel / Type 2 Channel / Type 3 Channel	Market Operator	Participant	
I3.3	Validate and if required raise Settlement Queries in accordance with Agreed Procedure 13 “Query Generation”.	In accordance with Agreed Procedure 13 “Query Generation”	In accordance with AP13	Participant		
I3.4	Payment of Participant Invoices.	By 12:00 3 WD after the issue of the Invoices	In accordance with AP17	Participants	Market Operator	
I3.5	Market Operator establishes whether there is any Shortfall. If there is no Shortfall go to step I3.12. Otherwise go to step I3.6.	By 17:00 4 WD after the issue of the Self Billing Invoice	In accordance with AP13	Market Operator		
I3.6	Draw down Credit Cover of any Participant with a Shortfall and follow Agreed Procedure 9 “Credit Risk Management” to re-establish Credit Cover if required. If Credit Cover draw down covers the whole of the Shortfall prior to payment of the Self Billing Invoice go to step I3.12. Otherwise go to step I3.7.	By 17:00 4 WD after the issue of the Self Billing Invoice	-	Market Operator		

#	Procedural Step	Timing	Method	From / By	To	
I3.7	Calculate and Issue Debit Note for Participants in respect of Generator Units.	By 17:00 4 WD after the issue of the Self Billing Invoice	Type 1 Channel	Market Operator	Reduced Participant	
I3.8	Pay the net of the Debit Note and Self Billing Invoice to each Participant with a Self Billing Invoice.	By 17:00 4 WD after the issue of the Self Billing Invoice	In accordance with AP17	Market Operator	Participant	
I3.9	Issue a Default Notice to the Participant and if appropriate, initiate steps under Suspension in Agreed Procedure 1 "Participant and Unit Registration and Deregistration".	By 17:00 4 WD after the issue of the Self Billing Invoice	Type 1 Channel	Market Operator	Defaulting Participant	
I3.10	Market Operator attempts to recover Unsecured Bad Debt. Whenever Unsecured Bad Debt is recovered Market Operator issues a Self Billing Invoice for Unsecured Bad Debt.	In timescales for the next Self Billing Invoices for the next Billing Period/ Capacity Period after recovery of monies.	Type 1 Channel	Market Operator	Reduced Participant	
I3.11	Market Operator pays Self Billing Invoice for Unsecured Bad Debt. If there is still Unsecured Bad Debt go to step I3.10. Otherwise end of process.	In timescales for the next Self Billing Invoices for the next Billing Period/ Capacity Period after recovery of monies.	In accordance with AP17	Market Operator	Reduced Participant	
I3.12	Payment of Self Billing Invoices.	By 17:00 4 WD after the issue of the Self Billing Invoice	In accordance with AP17	Market Operator		

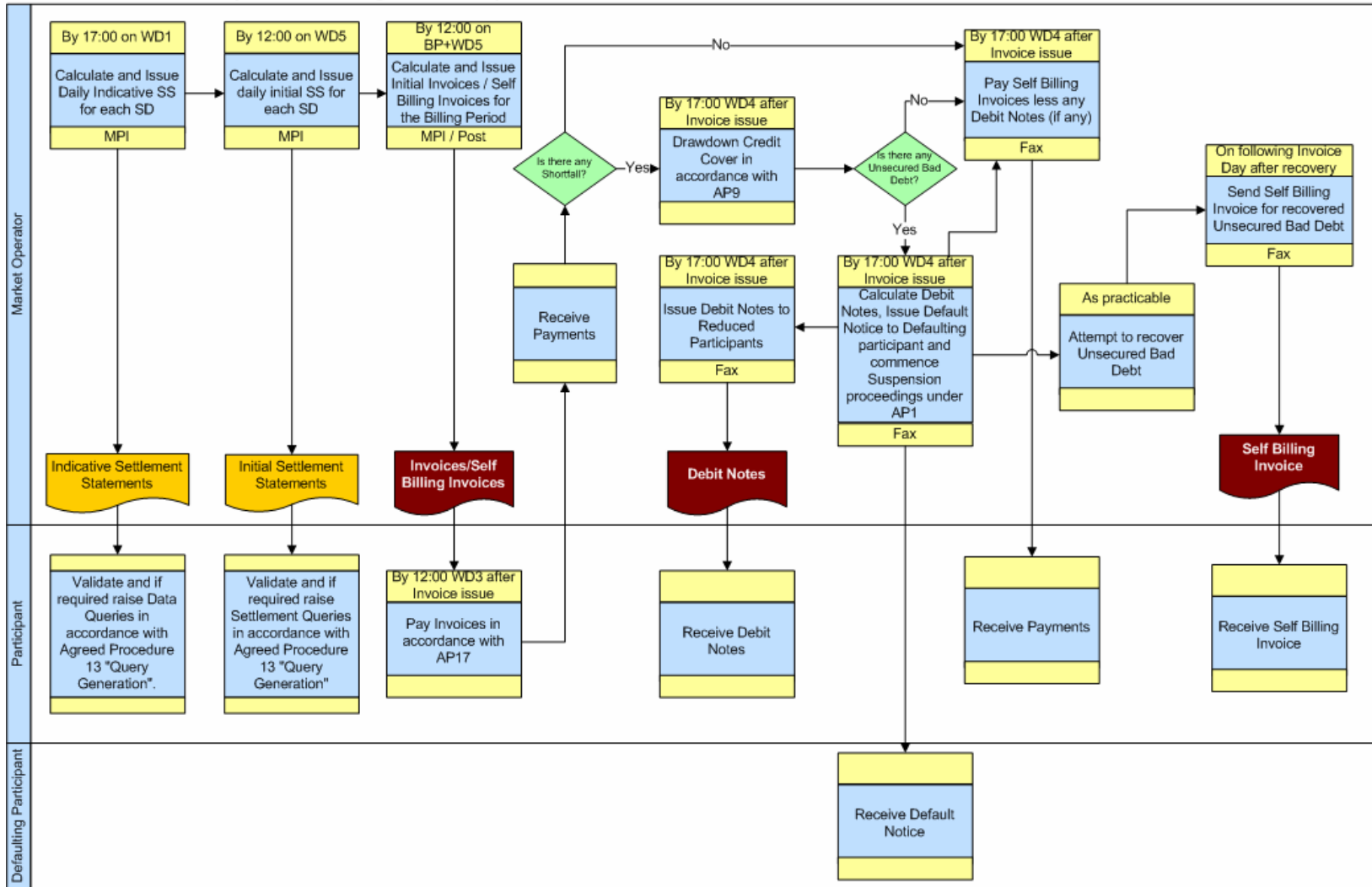
3.4.4. Procedural Steps Invoices for Market Operator Charges (in respect of both initial and Settlement Reruns)

#	Procedural Step	Timing	Method	From / By	To	
I4.1	Produce & Issue Settlement Statements for Market Operator Charges	In accordance with the published Settlement Calendar for Billing Period Initial Settlement Statements and Billing Period Settlement Reruns	Type 2 Channel / Type 3 Channel	Market Operator	Participant	
I4.2	Produce & Issue Invoices for Market Operator Charges.	In accordance with the published Settlement Calendar for Invoices for Trading Payments	Type 1 Channel / Type 2 Channel / Type 3 Channel	Market Operator	Participant	
I4.3	Payment of Participant Invoices.	Within 7 days after the issue of the Invoices	In accordance with AP17	Participants	Market Operator	
I4.4	Market Operator establishes whether there is any Shortfall. If there is no Shortfall end of process. Otherwise go to step I4.5.	Within 7 days after the issue of the Invoice	-	Market Operator		
I4.5	Draw down Credit Cover of any Participant with a Shortfall and follow Agreed Procedure 9 “Credit Risk Management” to re-establish Credit Cover if required. If Credit Cover draw down covers the whole of the Shortfall end of process. Otherwise go to step I4.6.	After 7 days after the issue of the Invoice	-	Market Operator		
I4.6	Market Operator attempts to recover Unsecured Bad Debt.	As occurs	-	Market Operator		

3.5. SWIMLANES

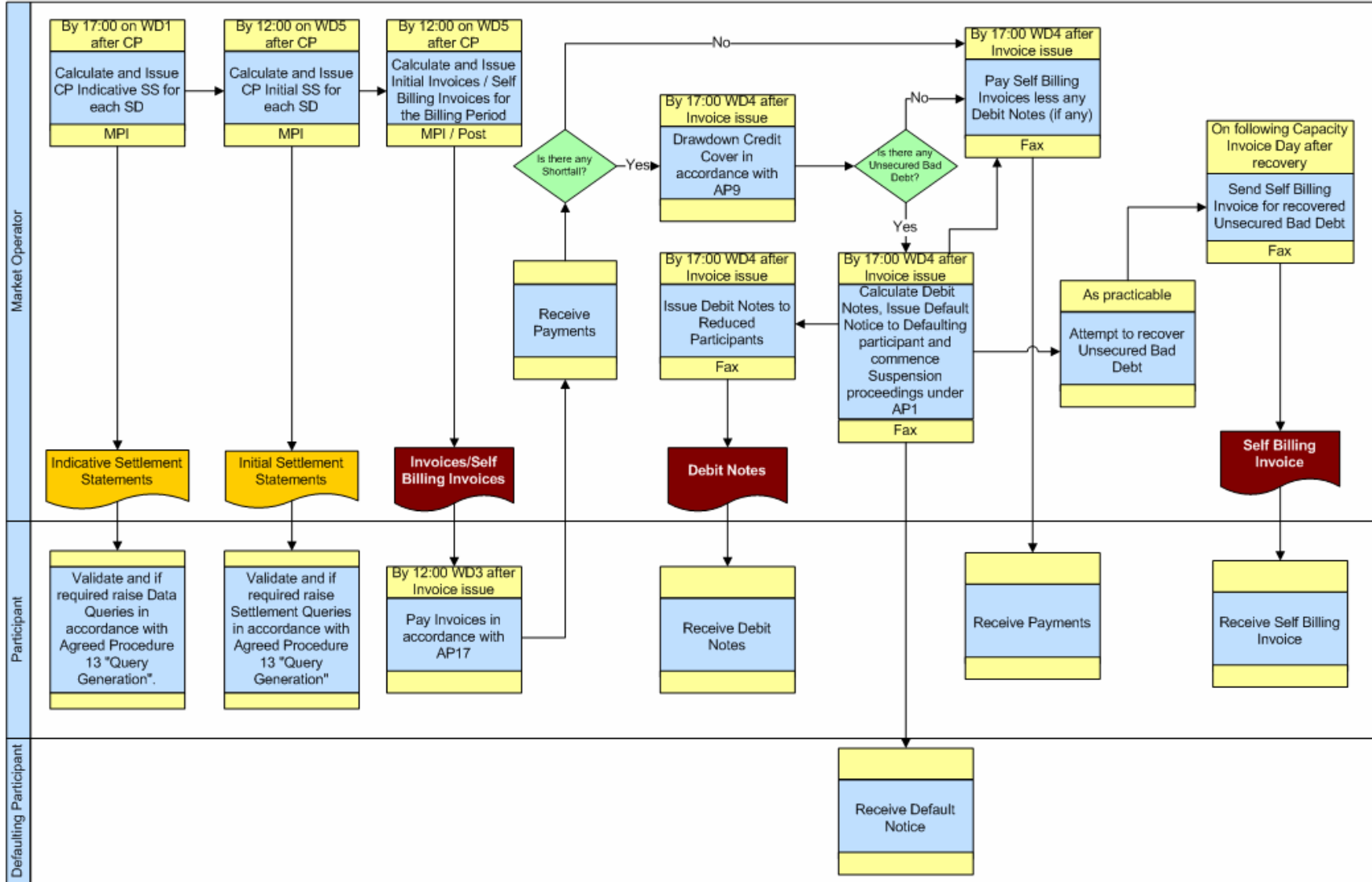
3.5.1. Swimlane for Invoices and Self Billing Invoices in respect of Billing Period Initial Settlement Statements

Invoices and Self Billing Invoices in respect of Billing Period Initial Settlement Statements



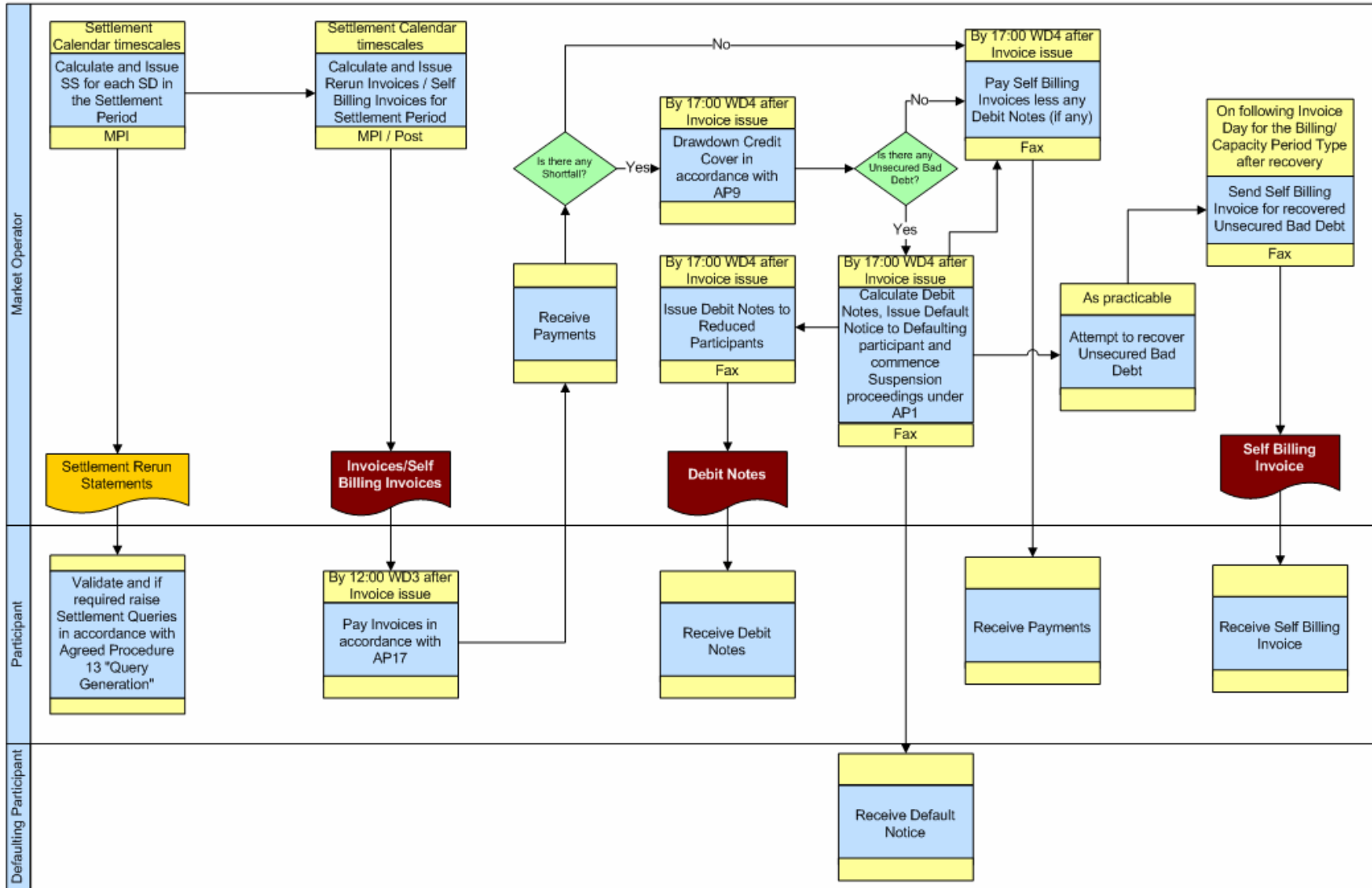
3.5.2. Swimlane for Invoices and Self Billing Invoices in respect of Capacity Period Initial Settlement Statements

Invoices and Self Billing Invoices in respect of Capacity Period Initial Settlement Statements



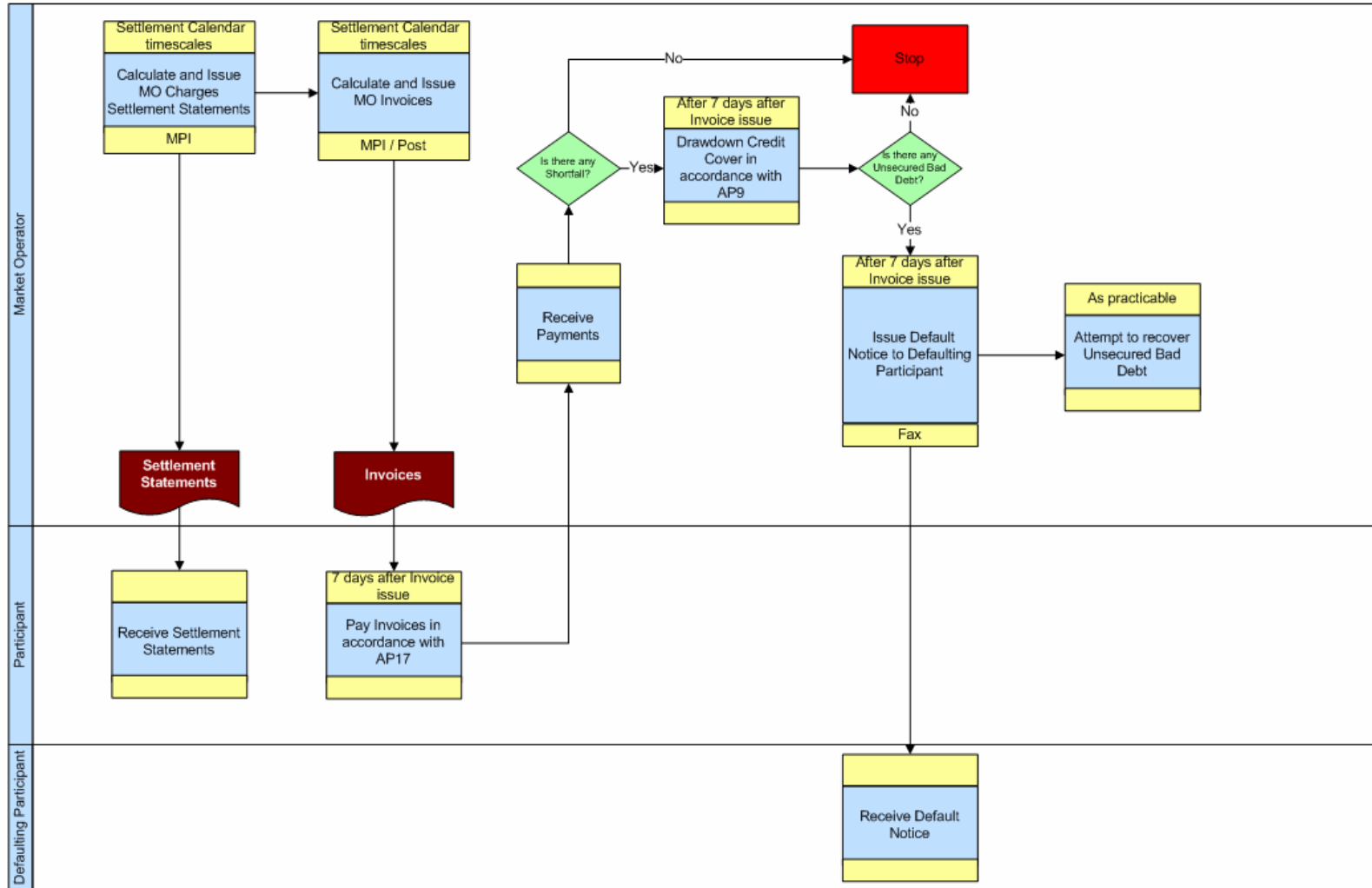
3.5.3. Swimlane for Invoices and Self Billing Invoices in respect of Settlement Rerun Statements

Invoices and Self Billing Invoices in respect of Settlement Rerun Statements



3.5.4. Swimlane for Market Operator Charge Invoices

Market Operator Charge Invoices



4. APPENDIX 1 – DEFINITIONS AND ABBREVIATIONS

4.1. DEFINITIONS

Actual Availability	As defined in the Code
Actual Exposure	As defined in the Code
Agreed Procedure	As defined in the Code
Bad Debt	As defined in the Code
Bad Market Operator Debt	As defined in the Code
Billing Period	As defined in the Code
Billing Period Currency Cost	As defined in the Code
Blended Rate	As defined in Appendix 2 of this Agreed Procedure
Capacity Charge	As defined in the Code
Capacity Payment	As defined in the Code
Capacity Period	As defined in the Code
Capacity Period Currency Cost	As defined in the Code
Code	As defined in the Code
Constraint Payments	As defined in the Code
Credit Cover	As defined in the Code
Credited Participant	As defined in the Code
Currency	As defined in the Code
Currency Cost	As defined in the Code
Data Query	As defined in the Code
Debit Note	As defined in the Code
Debited Participant	As defined in the Code
Defaulting Participant	As defined in the Code
Dispatch Quantity	As defined in the Code
Eligible Availability	As defined in the Code
Energy Charges	As defined in the Code
Energy Payment	As defined in the Code
Euribor	As defined in the Code
Euro	As defined in the Code
Fixed Market Operator Charge	As defined in the Code
Generator	As defined in the Code
Generator Unit	As defined in the Code
Imperfections Charge	As defined in the Code
Initial Settlement Statement	As defined in the Code
Interest	As defined in the Code
Invoice	As defined in the Code
Invoice Period	The period from the start of the Billing Period / Capacity Period to the date of the calculation and issue of the Invoice (+ 5 WD).
Invoice Period Currency Cost	The Currency Cost that accrues in the period from when the energy or capacity is dispatched and consumed to the date of Invoicing.
Isolated Market System	As defined in the Code

Loss-Adjusted	As defined in the Code
Make Whole Payment	As defined in the Code
Market Operator	As defined in the Code
Market Operator Charge	As defined in the Code
Market Operator Charge Invoice	Invoice which include charges to recover MO operating costs. There will be an monthly invoice to recover the Fixed Market Operator Charge and the Variable market Operator Charge.
Market Schedule Quantity	As defined in the Code
Market Start Date	As defined in the Code
Net Demand	As defined in the Code
Participant	As defined in the Code
Party	As defined in the Code
Payment Period	The period between the date of the calculation and issue of the Invoice (+ 5 WD) and the date of the payment of Self Billing Invoices (+ 9 WD)
Payment Period Currency Cost	The Currency Cost that accrues from the date of Invoicing to the date of payment of Self Billing Invoices.
Payment Due Date	As defined in the Code
Reduced Participant	As defined in the Code
Regulatory Authorities	As defined in the Code
Resettlement	As defined in the Code
Revenue Authorities	As defined in this Agreed Procedure in Appendix 2 – Currency Cost
Self Billing Invoice	As defined in the Code
Settlement	As defined in the Code
Settlement Calendar	As defined in the Code
Settlement Day	As defined in the Code
Settlement Dispute	As defined in the Code
Settlement Query	As defined in the Code
Settlement Period	As defined in the Code
Settlement Reallocation	As defined in the Code
Settlement Reallocation Agreement	As defined in the Code
Settlement Rerun	As defined in the Code
Settlement Statement	As defined in the Code
Shortfall	As defined in the Code
Single Electricity Market	As defined in the Code
Supplier	As defined in the Code
Supplier Unit	As defined in the Code
Suspension Order	As defined in the Code
System Marginal Price	As defined in the Code
Timetabled Settlement Rerun	As defined in the Code

Total Bad Debt	The summation of all the individual Unsecured Bad Capacity Debts, Unsecured Bad Energy Debts and Unsecured Bad Market Operator Debts that have been incurred by a defaulting Participant.
Trading Day	As defined in the Code
Trading Day Exchange Rate	As defined in the Code
Trading Period	As defined in the Code
Uninstructed Imbalance Payment	As defined in the Code
Unsecured Bad Capacity Debt	As defined in the Code
Unsecured Bad Debt	As defined in the Code
Unsecured Bad Energy Debt	As defined in the Code
Variable Market Operator Charge	As defined in the Code
VAT	As defined in the Code
Working Day	As defined in the Code

4.2. ABBREVIATIONS

AP	Agreed Procedure
CCA	Currency Cost Adjustment
MO	Market Operator
MSQ	Market Schedule Quantity
SEM	Single Electricity Market
SMP	System Marginal Price
SRA	Settlement Reallocation Agreement
TDXR	Trading Day Exchange Rate
WD	Working Day

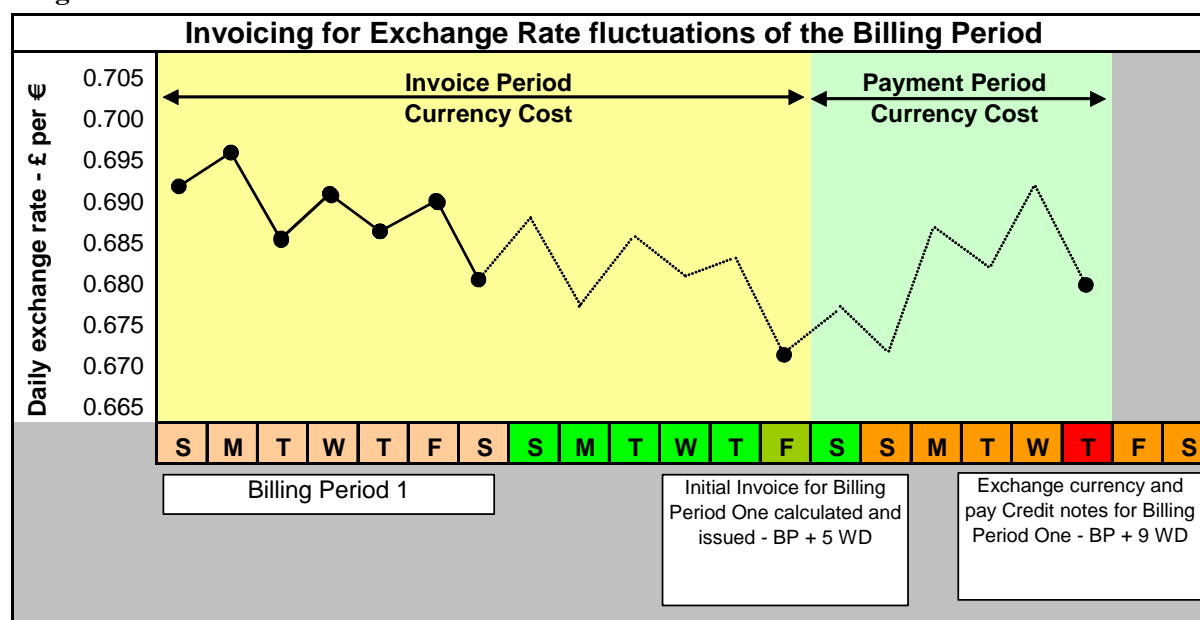
5. APPENDIX 2 – CURRENCY COST

For the purpose of invoicing for Currency Cost, the Billing Period / Capacity Period is split between the Invoice Period and the Payment Period. The purpose of splitting the period is to allow the MO to recover a current estimate of the Currency Cost for the Billing Period / Capacity Period. The MO will be required to fund any Settlement imbalance due to Currency Cost until those costs can be recovered from the market. By recovering the Currency Cost up to the date of the Invoice, the MO shall minimise the likely funding of Currency Cost.

The Invoice Period defines the period from the start of the Billing Period / Capacity Period to the date of the calculation and issue of the Invoice (+ 5 WD). The Payment Period defines the period between the date of the calculation and issue of the Invoice (+ 5 WD) and the date of the payment of Self Billing Invoices (+ 9 WD).

An illustration of the divide in the Billing Period is shown in Diagram Four. The Invoice Period Currency Cost takes account changes in Settlement amounts due to the fluctuations in the exchange rate from each of the Settlement Days to the date of the Invoice. The impact on Settlement amounts from the change in the exchange rate between the Invoice date and the payment of Self Billing Invoices is captured in the Payment Period Currency Cost.

Diagram Four



At the time when the Invoice is prepared, the MO does not know the Payment Period Currency Cost for that period. The MO will therefore recover the Invoice Period Currency Cost as well as the Payment Period Currency Cost for the previous period for a given Billing Period / Capacity Period.

The Currency Cost as calculated on the basis of Pounds Sterling Settlement amounts is then adjusted for Settlement Reallocation Agreements between Participants in difference jurisdictions.

Calculation of the Invoice Period Currency Cost

The steps for calculation of the Invoice Period Currency Costs are:

1. Retrieve the Trading Day Exchange Rate for the day that the Invoice and Self Billing Invoice is produced (“Invoice Day Exchange Rate”).
2. Calculate adjusted Initial Settlement Statement Invoice amounts for Pounds Sterling Participants as if they were prepared using the current Invoice Day Exchange Rate.
3. The Invoice Period Currency Cost is the equal to the difference between the Initial Settlement Statement Invoice amounts and the adjusted Initial Settlement Statement Invoice amounts for Pounds Sterling Participants.

Calculation of the Payment Period Currency Cost

The Payment Period Currency Cost can only be calculated after payment of Invoices and Self Billing Invoices.

1. Retrieve the Invoice or Self Billing Invoice in respect of the Initial Settlement Statement Invoice for Pounds Sterling Participants as if they were prepared using the Invoice Day Exchange Rate.
2. Retrieve the realised charges and payments for Pounds Sterling Participants for the previous Settlement Period.
3. Payment Period Currency Cost (n-1) is the difference between 1 and 2.

6. APPENDIX 3 – VAT TREATMENT IN SEM

VAT will apply to Trading Payments, Trading Charges Capacity Payments, Capacity Charges and the Market Operator Charges.

Trading Payments comprise of Energy Payments, Constraint Payments and Uninstructed Imbalance Payments, Testing Charges and Make Whole Payments and Trading Charges comprise of Energy Charges and Imperfections Charges. In other words all of these payments and charges will be treated as a single supply being a supply of electricity.

6.1. TRADING PAYMENTS, TRADING CHARGES, CAPACITY PAYMENTS AND CAPACITY CHARGES

The VAT rates applicable are 13.5% in Ireland and 17.5% in Northern Ireland and these rates would normally apply to transactions between Participants in respect of its Generator Units and Supplier Units within the relevant Jurisdiction. Transactions between Participants in respect of its Generator Units and Supplier Units in different EU Member States would normally be subject to a reverse charge procedure which effectively amounts to zero rating. Consequently, because there is a cross-border flow of electricity it is necessary to factor in an element of effective zero rated transactions within the SEM.

This results in the requirement for a blended VAT rate as effectively sales from Participants in respect of its Generator Units in Northern Ireland will be liable to VAT partly at 17.5% and partly at (effective) zero rate. It has been agreed with the tax authorities in Ireland and Northern Ireland (the “Revenue Authorities”) that the Market Operator will estimate the blended VAT rate (referred to here as the “Blended Rate”) which for the initial year will be based on the initial financial projections for the SEM. In year 2 the Blended Rate will be based on the actual outcome in year 1; year 3 will be based on the actual outcome for year 2, and so on. An annual adjustment may be required to reflect the difference between the actual VAT rate used and the correct VAT rate based on actual transactions/energy flows in the event that the Revenue Authorities believe there has been a sufficiently substantial change in the pattern of generation and supply between the Jurisdictions. However, if there is no such material change, the Revenue Authorities have agreed that it is not necessary to make the adjustments.

As the Trading Payments and Trading Charges are settled separately from Capacity Payments and Capacity Charges there will be separate Blended Rates for each (i.e. there will be a Blended Rate for Capacity Payments and Capacity Charges and a Blended Rate for Trading Payments and Trading Charges)

It is not proposed to include the detail of the VAT calculations on the Debit Notes, the Self Billing Invoices or the Invoices that will be issued to Participants. Instead the detail of the calculation of the VAT rate will appear on the MO website. The Debit Notes, Self Billing Invoices and Invoices will simply show the price (VAT inclusive) and the VAT amount contained therein. Participants in respect of its Generator Units will declare the output VAT amount through their VAT returns and Participants in respect of its Supplier Units will claim a deduction for the input VAT through their VAT returns. Accordingly, the payments made by and to the Market Operator will include the appropriate amount of VAT but the Market Operator will not be responsible for declaration of these VAT amounts to the Tax Authorities; each of the Participants will do so based on the information provided by the Market Operator.

The Revenue Authorities have requested that the Market Operator provide a periodic schedule showing the total value of all transactions with individual Participants in respect of its Generator Units and Supplier Units in that period. This information will provide an “audit trail” for the Revenue Authorities. It is likely that the schedule will be furnished to the Revenue Authorities on a quarterly basis.

An example of the Blended Rate calculation for Trading Payments/ Trading Charges is shown below.

VAT Calculation Example

Flow Breakdown

	TWh*	%	X Border
Supplier NI	-9.9	25.1%	2.60
Supplier ROI	-29.5	74.9%	8.81%
	-39.4	100.0%	
Gen NI	12.5	31.7%	(2.60)
Gen ROI	26.9	68.3%	20.80%
	39.4	100.0%	

Flows and VAT calculations

	Supplier NI	Supplier ROI	Gen NI	Gen ROI
VAT Rate	17.50%	Blended	Blended	13.50%
TWh	(9.9)	(29.5)	12.5	26.9
Split TWh		From ROI (26.9) From NI (2.6)	To ROI (2.6) To NI (9.9)	
		91.19% 8.81%	20.80% 79.20%	
VAT Rate	17.50%	13.50%	0.00%	17.50%
VAT Amt**	(1.73)	(3.63)	0.00	1.73
Difference			0.00	

**Assume £1/€1 per TWh for simplicity

Calculation of WAVR

Supplier ROI	TWh	%	VAT Rate	WAVR
Total Energy Consumed	(30)			
From home jurisdiction	(27)	91.19%	13.50%	12.31%
From NI	(3)	8.81%	0.00%	0.00%
	(30)	100.0%		12.31%
Generator NI	TWh	%	VAT Rate	WAVR
Total Energy Generated	13			
To home jurisdiction	10	79.20%	17.50%	13.86%
To ROI	3	20.80%	0.00%	0.00%
	13	100.0%		13.86%

Confirmation of Rates & Balancing

	Supplier NI	Supplier ROI	Gen NI	Gen ROI
VAT Rate	17.50%	Blended	Blended	13.50%
TWh	(10)	(30)	13	27
Split TWh		From ROI (27) From NI (3)	To ROI (3) To NI (10)	
VAT Rate	17.50%	12.31%	13.86%	13.50%
VAT Amt**	(1.73)	(3.31)	0.36	1.37
Difference		(0.32)		3.63
			0.00	

6.2. MARKET OPERATOR CHARGES

The Market Operator will charge VAT on its own fees to Participants. As the Market Operator will be established and registered for VAT in both Jurisdictions, it will simply charge VAT at local rates. Therefore, if a Participant is based in Northern Ireland, the Market Operator will add VAT at 17.5% to its fees. If the Participant is based in Ireland, then VAT will apply at the standard rate, currently 21%. The Market Operator will issue standard VAT Invoices in each case (i.e. showing the net amount plus the VAT amount at the appropriate VAT rate) and the VAT charged should be deductible by the Participants. The Market Operator will account for any VAT charged through its VAT return in each Jurisdiction.