



ESBI RESPONSE

SEM TRADING AND SETTLEMENT CODE

**SUPPLIER SUSPENSION DELAY PERIOD &
GENERATOR SUSPENSION DELAY PERIOD**

A CONSULTATION PAPER

INTRODUCTION

This response is submitted by ESB International on behalf of Coolkeeragh ESB Ltd, Hibernian Wind Power Ltd, ESB Independent Energy RoI Supply and ESB Independent Energy NI Supply. ESBI appreciates the opportunity to comment on these three important regulatory parameters and we have no objection to all or part of it being published by the Regulatory Authorities (RAs).

This response comments on selected sections of the Regulatory Authorities (RAs) paper. ESBI would like to highlight the following aspects of our response:

- All versions of the Trading and Settlement Code (T&SC) to date have been based on the principle of full collateralisation. This consultation proposes that it is not possible to provide for full collateralisation. This appears to be a significant change in principle.
- In the **Republic of Ireland** when a Supply Licence is revoked all the defaulting suppliers customers are re-registered to the Supplier of last resort (SOLR) with immediate effect. The proposal is that the Supplier Suspension Delay Period (SSDP) is set to 14 days and this appears reasonable both from a suppliers and generators perspective.
- However in **Northern Ireland** there is a period of 21 days where the defaulting supplier has the opportunity to pay. A further period of 30 days notice must then be issued before a licence can be revoked. If the Supplier Suspension Delay period is set at 14 days therefore there is an exposure period of 37 days for generators in the pool.
- ESBI suggest that the Supplier Termination Period in Northern Ireland is brought into line with the Republic of Ireland and to examine the necessary changes to truncate the SOLR process
- It is proposed that the Generator Suspension Delay period is set to 7 days. This appears reasonable.

Supplier Termination

In the Republic of Ireland a supplier of last resort (SOLR) decision applies from the moment that it is announced by the Regulatory Authorities. Therefore as soon as a decision is made, all the defaulting supplier's customers are re-registered to the SOLR with immediate effect. The process is longer in NI, where a supplier must have their licence revoked before a SOLR direction can be issued. There is a period of 21-days where the defaulting supplier has the opportunity to pay before a licence can be revoked. This is known as a statutory demand.

Then a further period of 30-days notice must be issued before a licence can be revoked. This results in an exposure for generators in the pool of 37 days assuming the defaulting supplier had credit cover, if not there could be the full 51 days exposure.

Effect of Regulatory Proposal

This paper proposes that the Supplier Suspension Delay Period (SSDP) should be collateralised but that the longer statutory demand and licence-revocation period would be un-collateralised. It appears that it is not considered as a change in principle as in the Regulators view the market was never covered for all debt in all circumstances. Nonetheless this is a significant departure from the original intent regardless of whether the market was intended to be fully collateralised or not. From a supplier perspective it is positive however from a generators perspective it introduces significant risks. We are very concerned at the risks for generators.

We propose that a positive outcome from this consultation would be for the Regulatory Authorities to examine the necessary changes to truncate the SOLR process and suggest that the Supplier Termination Period in Northern Ireland is brought into line with the Republic of Ireland.