

SEM Agreed Procedure

Title	Agreed Procedure 15: Invoicing
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DOCUMENT HISTORY

VERSION	DATE	AUTHOR	COMMENT
2.0	03/10/06	SEM Implementation Team	Release to Regulatory Authorities
2.2	26/02/07	Regulatory Authorities	Updated with comments from review of Terminology across all APs and TSC
2.3a	27/03/2007	Regulatory Authorities	Updated for consistency and governance

RELATED DOCUMENTS

DOCUMENT TITLE	VERSION	DATE	BY
Trading and Settlement Code	V1.2A	31/01/2007	Regulatory Authorities
Agreed Procedure 9 "Management of Credit Cover and Credit Default"	V2.0		
Agreed Procedure 10 "Settlement Reallocation"	V2.0		
Agreed Procedure 13 "Query Generation"	V2.0		
Agreed Procedure 14 "Dispute Process"	V2.0		

1. INTRODUCTION

1.1. BACKGROUND AND PURPOSE

This Agreed Procedure describes the specific procedures for the invoicing of markets 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 1.10 of the Code.

Note: During the development of this Agreed Procedure, terms under discussion and values that are not yet finalised are highlighted in yellow and put in brackets <>.

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 and Invoices for the payments and charges of the SEM. The general rules for Settlement and Invoicing calculations are defined in chapters 4, 5 and 6 of 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 publication to the Participant of their detailed Settlement Statements and Invoices that should be paid by or to the Participant. The regular and automatic invoicing tasks of the SEM are detailed in section 3.1. Section 3.2 details the invoicing procedure associated with Unsecured Bad Debt.

2.1.2. Categories of Settlement

There are three categories of Settlement Statements:

Ex-Post Indicative Settlement Statement – issued by 17:00 one Working Day after the end of each Settlement Day. The Ex-Post Indicative Settlement Statement is for information purposes only and will not be used for payment purposes. The Ex-Post Indicative Settlement Statement will detail by Trading Period and by Generator Unit or Supplier Unit both the input data and the calculated Settlement amounts.

Initial Settlement Statement – issued by 12:00 five Working Days after the end of each Settlement Day. Amounts to be paid by or to Participants will be presented. Initial Settlement Statements with details per Trading Period by Generator Unit or Supplier Unit will be issued to Participants each Working Day. The calculated Settlement amounts will be used in the preparation of the Initial Settlement Statement Invoice.

Settlement Rerun Statement–

- Timetabled Settlement Reruns are completed within the fourth and thirteenth month after the Initial Settlement Statement Invoice. The format of the Settlement Rerun Statement is similar to the Initial Settlement Statement, except that any revised data will be highlighted on the statement. The calculated Settlement amounts will be used to calculate the Settlement Rerun Invoices.
- Ad-hoc Settlement Reruns based on resolutions of Settlement Queries, Data Queries or Disputes can be completed at any time.

The MO will publish a Settlement Calendar each year, four months before the beginning of the year (and four months in advance of Market Start Date). This is an annual calendar which contains the actual dates for Initial Settlement Statements, Self Billing Invoices and Invoices including Invoice Due Dates and Self Billing Invoice Due Dates.

The timing of the Ex-Post Indicative Settlement Statement and Initial Settlement Statement calculations for a Billing Period 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

2.1.3. 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 Supply 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 Generation Participants in respect of their Generator Units for the sales to the SEM from these Units.

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

- Energy Invoice – 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 all Participants weekly. Where a Participant has Supplier Units and Generator Units, this Participant will receive separate invoices, i.e. an Invoice in respect of the charges for its Supplier Units and a Self Billing Invoice in respect of the payments to its Generator Units.
- Capacity Invoice – This includes Capacity Payments and recovery of Capacity Charges. This invoice will be issued to all Participants monthly. Where a Participant has Supplier Units and Generator Units, this Participant will receive separate invoices, i.e. an Invoice in respect of the total charges for its Supplier Units and a Self Billing Invoice in respect of the total Capacity Payments to its Generator Units.
- Market Operator Charges Invoice – This includes charges to recover MO operating costs. There will be an Invoice for the Fixed Market Operator Charge issued once a year to all Participants based on the annual Charge set out for each Generator Unit and Supplier Unit. There will also be a weekly Invoice for the Variable Market Operator Charge. The Charges on this Invoice will be calculated at a rate per MWh and will be invoiced to Supply Participants in respect of their Supplier Units.
- Adjusted Self Billing Invoice – This includes the Charges for Unsecured Bad Energy Debt and the Charge for Unsecured Bad Capacity Debt. This Invoice 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 Generation Participant in respect of their Generator Units.
- Re-adjusted Self Billing Invoice – 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 Generation Participant in respect of their Generator Units.

All 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 the Unsecured Bad Debt Invoice and the Re-adjusted Self Billing Invoice.

2.1.4. Jurisdictions

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

2.1.5. Currency Cost

The MO manages the Currency Cost for the Participants. The MO will fund the Currency Cost associated with each Billing Period and Capacity Period and subsequently recover the cost from 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;
- Currency costs for all other charges (i.e. not energy and capacity) which will be determined as part of the MO revenue submission and included as part of the Market Operator Charge.

This Agreed Procedure only deals with the management of the Billing Period Currency Cost and Capacity Period 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 other elements of the Currency Cost are not in scope of the Agreed Procedure.

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

Energy Payments Settlement Statement contains;

- Loss-Adjusted Metered Generation, Actual Availability, Eligible Availability, MSQ, Dispatch Quantity, SMPH.
- Energy Payments, Constraint Payments, Uninstructed Imbalance Payments, Make Whole Payments, Testing Charges.

Energy Charges Settlement Statement contains;

- Loss-Adjusted Metered Demand, Loss-Adjusted Net Demand, SMPH.
- Energy Charges, Imperfections Charges.

Capacity Payments Settlement Statement contains;

- Eligible Availability
- Capacity Payments

Capacity Charges Settlement Statement contains;

- Loss-Adjusted Net Demand
- Capacity Charges

Both Ex-Post Indicative Settlement Statements and Initial Settlement Statements for the Energy Invoice are prepared and published daily on a Working Day basis. Each daily Settlement Statement 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 Charges will be prepared at the end of the Capacity Period for each Settlement Day within that period. It is not possible to calculate Capacity Charges and Capacity Payments on a Working Day basis as the payment calculations involved require certain data elements for the complete 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 showing the components of the Invoice is shown in Diagram 2.

Diagram 2

Invoice Header				
		All Island Market for Electricity		From : Company Name
				Company Address
Invoice Desc - Self Billing Invoice		Account Number		
To: SMO				
SMO Address Details				
Invoice #	Date of Issue	Due Date		
Settlement Type - Initial	Billing Period			
Invoice Type - Energy				
VAT REG# ROI: (EirGrid)				
VAT REG# NI: (SONI)				
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. In cases of ordinary invoices which require payment to the SEM, this will be the VAT number of the MO for the relevant Jurisdiction. In cases of Self Billing Invoices which require payment to the Participant, this will be the VAT number of the Participant.

2.3.2. Invoice Body

The Invoice Body will contain the following components.

2.3.2.1 Charges and Payments from Settlement Statements

The 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;

- Energy
 - Energy Payment / Energy Charge
 - Constraint Payment
 - Uninstructed Imbalance Payment
 - Make Whole Payment
 - Imperfections Charge
 - Testing Charges
- Capacity Invoice
 - 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 Energy Invoice and Capacity Invoice. 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 all types of Settlement Rerun invoices. Interest is calculated on the difference between the Initial Settlement Statement invoice amount and the Settlement Rerun Statement invoice amount.

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 all types and categories of Settlement.

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 a trading amount in respect of payments due from the MO to another Participant (called Credited Participant).

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

Settlement Reallocation can apply to an Energy Invoice or a Capacity Invoice only. Further, Settlement Reallocation will apply only to the Initial Settlement Statement Invoice.

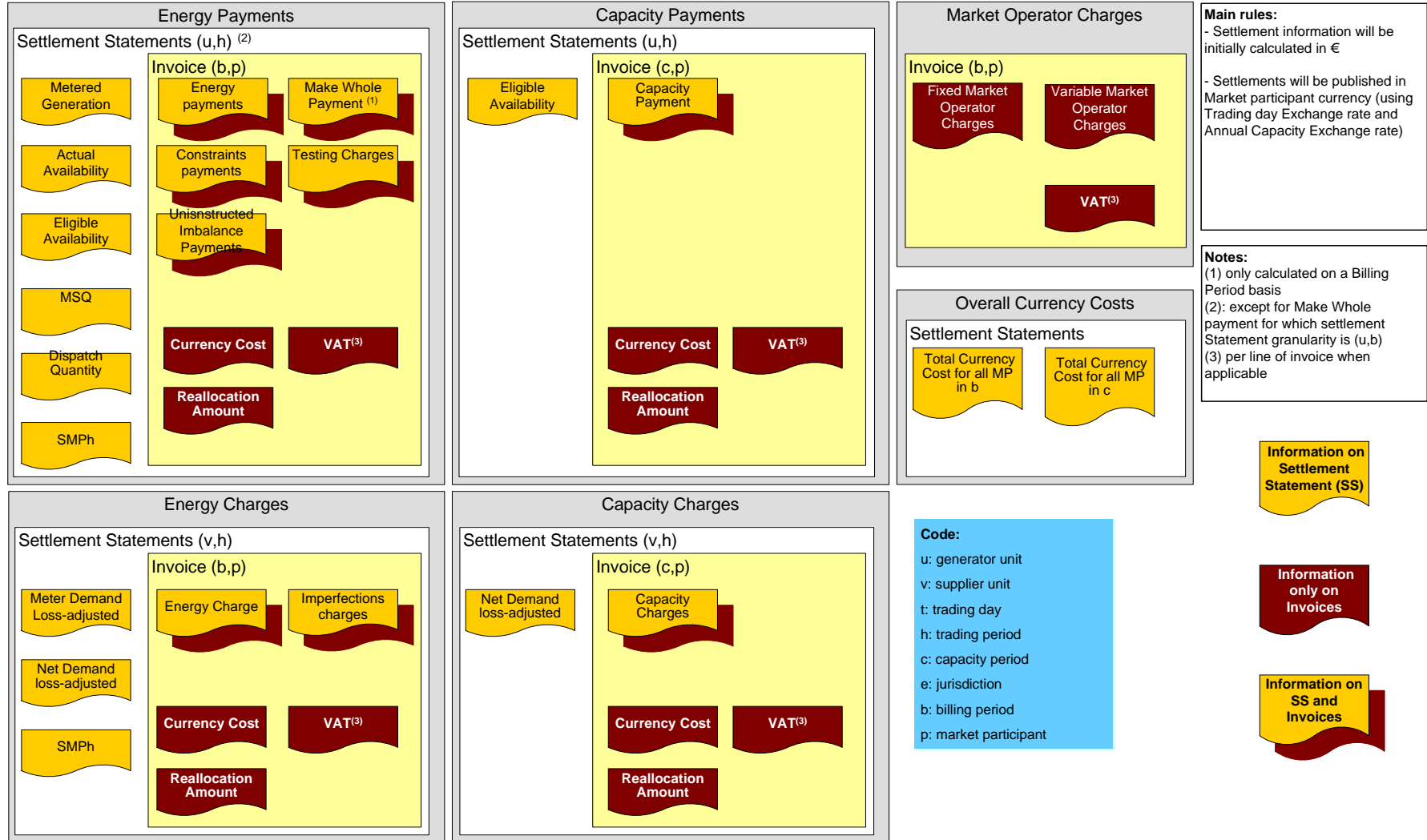
2.3.2.6 Amount Due

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

Diagram Three – Settlement Statement Components and Invoice Components

SEM Establishment Program

Business Processes: Settlement and Invoicing



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2.4. DATA QUERY / SETTLEMENT QUERY

A Participant is entitled to raise a Data Query or a Settlement Query with the MO regarding the Settlement values associated with their Generator Units or Supplier Units. If a Data Query or a Settlement 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”

2.6. UNSECURED BAD DEBT

The payment of Invoices and Self Billing Invoices are split by 24 hours. In the event that a Participant fails to make full payment on their Invoice by the due date, the MO will draw down on the Credit Cover of the Participant to cover the Shortfall. The proceeds of the draw down Credit Cover will be used to complete the outstanding Generator payments.

If the drawn down Credit Cover does not cover the Shortfall then the MO will be required to reduce the amount of Generation Participant payments so as to balance Settlement for that Settlement Period. This will be the Unsecured Bad Debt Invoice. This Charge will be applied to the Self Billing Invoice for that Settlement Period for each Generation Participant in respect of their Generator Units. These Generation 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 an Adjusted Self Billing Invoice to the Reduced Participant by post and fax. There will be no electronic version of the Unsecured Bad Debt Invoice.

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 MO will issue a Re-adjusted Self Billing Invoice to each of the Reduced Participants by post and fax. There will be no electronic version of the Re-adjusted Self Billing Invoice.

3. PROCEDURE DEFINITION

3.1. AUTOMATIC/REGULAR PROCESSES

3.1.1. Overview

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 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 a Billing Period or a Capacity Period.

- For all payments and charges, except those related to capacity, the Billing Period will be one week – starting on a Sunday at 00:00 and ending on the next Saturday at 23:59.
- 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 23:59 on the last day of the month.

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

Ex-Post Indicative Settlement Statement

Ex-Post Indicative Settlement Statement calculations for Trading Payments and Trading Charges are performed one Working Day after the completion of each Settlement Day. Ex-Post Indicative Settlement Statement calculations for Capacity Payments and Capacity Charges are performed one Working Day after the completion of each Capacity Period. The Ex-Post Indicative Settlement Statement is then compiled and issued to the Participant via the Market Participant Interface.

Initial Settlement Statement Invoice

Initial Settlement Statements calculations for Trading Payments and Trading Charges are performed five Working Days after the Settlement Day. Initial Settlement Statements calculations for Capacity Payments and Capacity Charges are performed five Working Days after the completion of each Capacity Period.

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.

Payment is due;

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

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.

Currency Cost

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

At the time the Invoice or Self Billing Invoice is prepared, the MO will not know the Payment Period Currency Cost for that Settlement Period. Therefore each Invoice or Self Billing Invoice will be prepared using the previous Settlement Period's Payment Period Currency Cost.

The total Currency Cost for all Participants for a given Billing Period or Capacity Period will be published by the MO.

VAT

VAT is calculated and applied to a Participant's invoice according to the charge type and their Jurisdiction.

Settlement Reallocation Agreement

The Invoicing system will retrieve valid Settlement Reallocation Agreements relating to the Invoice or Self Billing Invoice. The Settlement Reallocation amount will be applied to the Initial Settlement Statement Invoices of the Debited Participant and Initial Settlement Statement Self Billing Invoice of the Credited Participants after all other charges and payments have been compiled. The rules for validating a Settlement Reallocation Agreement are outlined in Agreed Procedure 10, "Settlement Reallocation".

Revised Invoices

Timetabled Settlement Rerun Invoices are calculated within the fourth and thirteenth month after the Initial Settlement Statement Invoice 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 charges and payments.

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.

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

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 average three month Euribor for the actual period.

Currency Cost

The Currency Cost of the Settlement Rerun Invoice is calculated using the change in Settlement amounts of Pounds Sterling Participants. The Currency Cost on Settlement Rerun Invoices will be distributed amongst the Participants based on their share of the total change in Settlement amounts.

An Unsecured Bad Market Operator

3.2. PAYMENT DEFAULT

3.2.1. Overview

Financial Default

In the event that a Participant fails to fully pay an Invoice, the MO will draw down on the lodged 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 MO will apply interest to any amounts overdue from the time the payment is due. The MO will also levy a payment default fee to the Defaulting Participant.

If the outstanding payment, including any interest applicable while the Credit Cover is being liquidated, is recovered through the draw down of the Participant’s Credit Cover, the outstanding invoice amounts will then be paid in the next Settlement Period.

Unsecured Bad Debt Charge

Where a Shortfall is not fully paid by the Self Billing Invoice Due Date, the unpaid amount is referred to as Unsecured Bad Debt.

Where the Unsecured Bad Debt is an Unsecured Bad Energy Debt or an Unsecured Bad Capacity Debt, the payments to Generators will be reduced in accordance with the methodology set out in Appendix 3 – Method of Allocation of Unsecured Bad Energy and Capacity Debt.

The MO will not issue revised Energy or Capacity Invoices at this stage. The MO will issue an Adjusted Self Billing Invoice to the Generation Participants which will include detail of the reduced payment. These Generation Participants are known as the Reduced Participants.

Where the Unsecured Bad Debt is a Bad Market Operator Debt, then there will be no adjustment of any other Participant’s Market Operator Charge.

Recovery of Unsecured Bad Debt Charge

Where the Market Operator recovers Unsecured Bad Energy Debt or Unsecured Bad Capacity Debt from a Defaulting Participant, the Market Operator shall calculate and produce a Re-adjusted Self Billing Invoice to the Reduced Participants in accordance with the methodology set out in Appendix 3 – Method of Allocation of Unsecured Bad Energy and Capacity Debt.

The Re-adjusted Self Billing Invoice will be produced and paid in line with the Invoices and Self Billing Invoices for the next Billing Period or capacity Period as appropriate.

The MO will bear the costs of the Bad Market Operator Debt and these will be included in the calculation of the Market Operator Charge for subsequent years.

3.3. PROCEDURAL STEPS

3.3.1. Procedural Steps for Energy Invoices

#	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 1 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.	-	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 1 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”	-	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	Market Operator	Participant	
I1.6	Payment of Supply Participant Invoices	By 12:00 3 WD after the issue of the Invoices	Bank Transfer	Supply 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 I1.13 Otherwise go to step I1.8	By 12:00 4 WD after the issue of the Self Billing Invoice	-	Market Operator		
I1.8	Draw down Defaulting Participant Credit Cover and follow Agreed Procedure 9 “Credit Risk Management” to re-establish Credit Cover and determine if a Suspension Order is required. If Credit Cover draw down covers the whole of the Shortfall prior to payment of the Self Billing Invoice go to step I1.13 Otherwise go to step I1.9	By 12:00 4 WD after the issue of the Self Billing Invoice	-	Market Operator		
I1.9	Calculate and Issue Adjusted Self Billing Invoice for Generator Participants	By 12:00 4 WD after the issue of the Self Billing Invoice	Type 1 Channel	Market Operator	Generator Participant	
I1.10	Pay the Adjusted Self Billing Invoice to each Generator Participant	By 12:00 4 WD after the issue of the Self Billing Invoice	Bank Transfer	Market Operator	Generator Participant	
I1.11	Market Operator attempts to recover Unsecured Bad Debt. Whenever Unsecured Bad Debt is recovered Market Operator issues a Re-adjusted Self Billing Invoice	In timescales for the next Self Billing Invoices for a Billing Period after recovery of monies.	Type 1 Channel	Market Operator	Generator Participant	
I1.12	Market Operator pays Re-adjusted Self Billing Invoice If there is still Unsecured Bad Debt go to step I1.11 Otherwise end of process	In timescales for the next Self Billing Invoices for a Billing Period after recovery of monies.	Bank Transfer	Market Operator	Generator Participant	
I1.13	Payment of Self Billing Invoices	By 12:00 4 WD after the issue of the Self Billing Invoice	Bank Transfer	Market Operator	Generator Participant	

3.3.2. Procedural Steps for Capacity Invoices

#	Procedural Step	Timing	Method	From / By	To	
I1.1	Produce & Issue Ex-Post Indicative Settlement Statements for the Capacity Period	By 17:00, one Working Day after Capacity Period	Type 1 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 Capacity Period	-	Participant		
I1.3	Produce & Issue Initial Settlement Statements for the Capacity Period	By 12:00, five Working Days after Capacity Period	Type 1 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”	-	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 Capacity Period.	Type 1 Channel	Market Operator	Participant	
I1.6	Payment of Supply Participant Invoices	By 12:00 3 WD after the issue of the Invoices	Bank Transfer	Supply 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 I1.13 Otherwise go to step I1.8	By 12:00 4 WD after the issue of the Self Billing Invoice	-	Market Operator		
I1.8	Draw down Defaulting Participant Credit Cover and follow Agreed Procedure 9 “Credit Risk Management” to re-establish Credit Cover and determine if a Suspension Order is required. If Credit Cover draw down covers the whole of the Shortfall prior to payment of the Self Billing Invoice go to step I1.13 Otherwise go to step I1.9	By 12:00 4 WD after the issue of the Self Billing Invoice	-	Market Operator		
I1.9	Calculate and Issue Adjusted Self Billing Invoice for Generator Participants	By 12:00 4 WD after the issue of the Self Billing Invoice	Type 1 Channel	Market Operator	Generator Participant	
I1.10	Pay the Adjusted Self Billing Invoice to each Generator Participant	By 12:00 4 WD after the issue of the Self Billing Invoice	Bank Transfer	Market Operator	Generator Participant	
I1.11	Market Operator attempts to recover Unsecured Bad Debt. Whenever Unsecured Bad Debt is recovered Market Operator issues a Re-adjusted Self Billing Invoice	In timescales for the next Self Billing Invoices for a Capacity Period after recovery of monies.	Type 1 Channel	Market Operator	Generator Participant	
I1.12	Market Operator pays Re-adjusted Self Billing Invoice If there is still Unsecured Bad Debt go to step I1.11 Otherwise end of process	In timescales for the next Self Billing Invoices for a Capacity Period after recovery of monies.	Bank Transfer	Market Operator	Generator Participant	
I1.13	Payment of Self Billing Invoices	By 12:00 4 WD after the issue of the Self Billing Invoice	Manual	MO treasury		

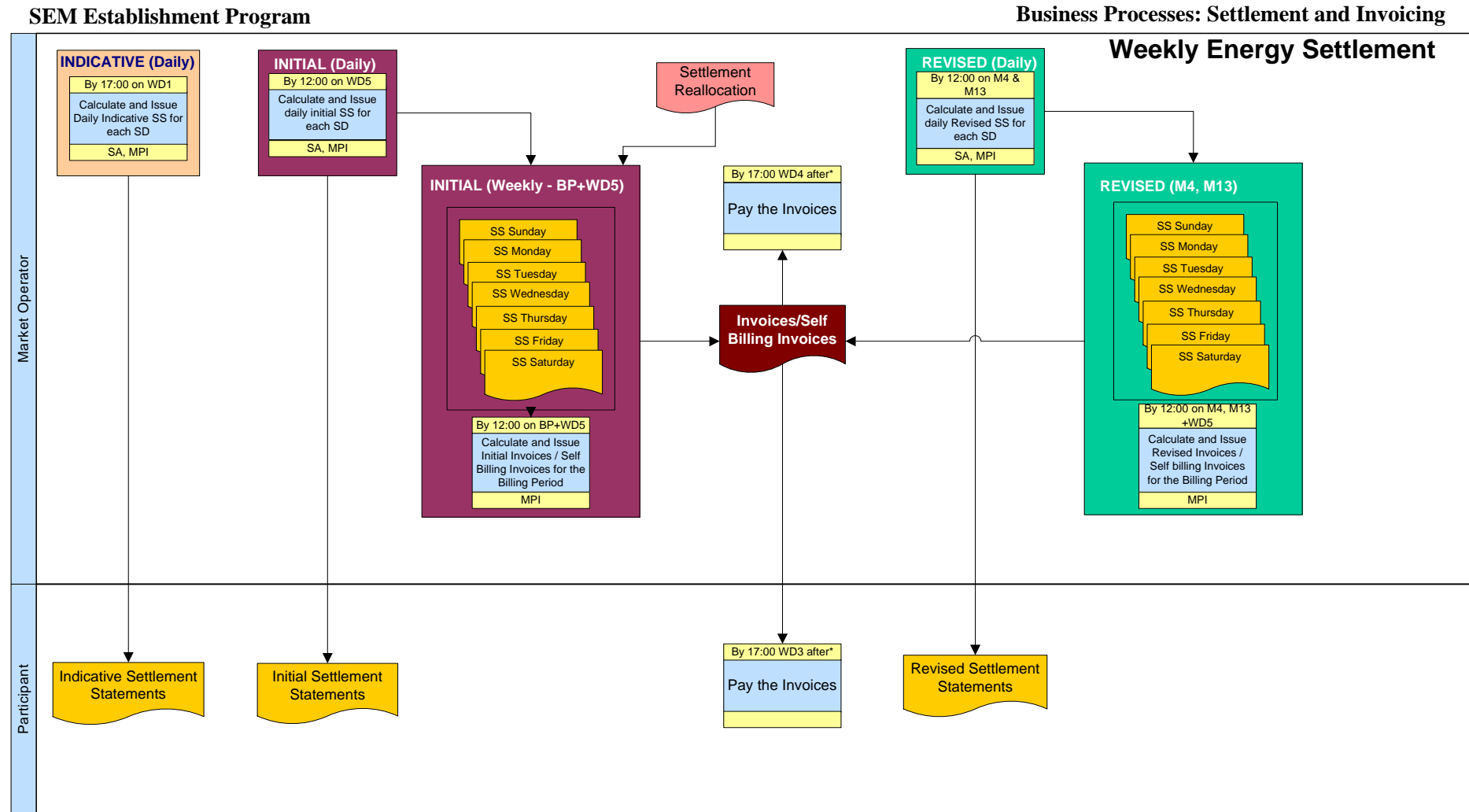
3.3.3. Procedural Steps for Rerun Invoices

To be completed

3.3.4. Procedural Steps for Market Operator Invoices

To be completed

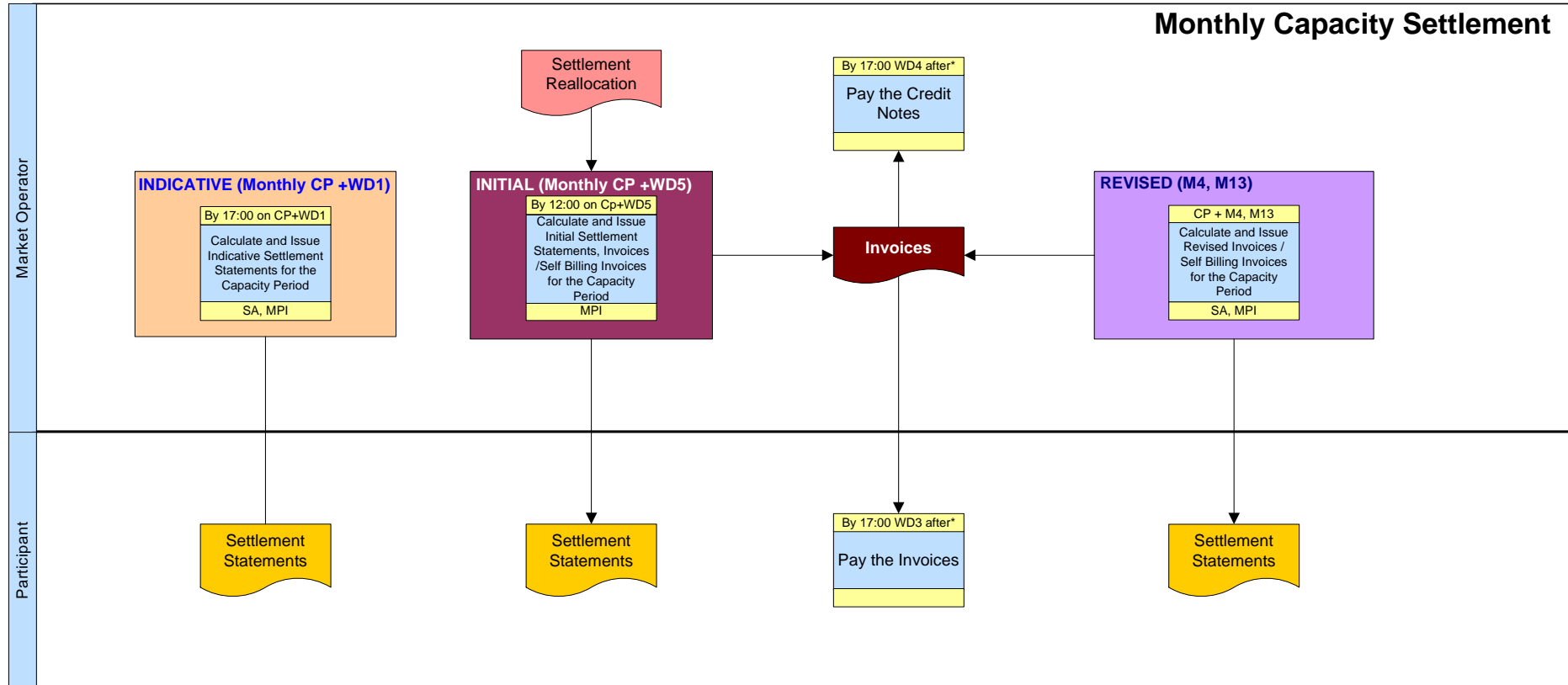
3.3.5. Process Flow (‘Swim-Lane’) Diagram



* The invoices (self billing invoices) are issued

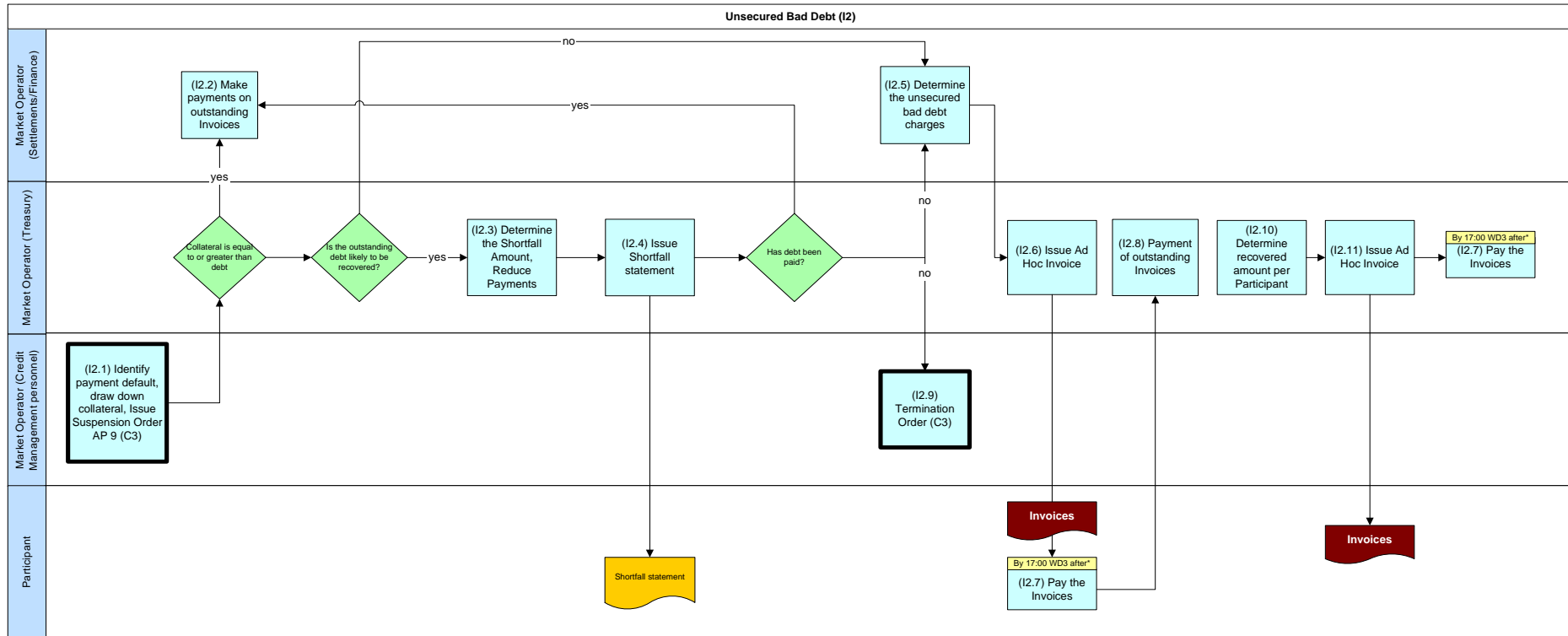
SEM Establishment Program

Business Processes: Settlement and Invoicing



* The invoices (self billing invoices) are issued

3.3.6. Process Flow ('Swim-Lane') Diagram



* The invoices (self billing invoices) are issued

4. APPENDIX 1 – DEFINITIONS AND ABBREVIATIONS

4.1. DEFINITIONS

Actual Availability	As defined in the Code
Actual Exposure	As defined in the Code
Adjusted Self Billing Invoice	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
Capacity Charge	As defined in the Code
Capacity Invoice	An Invoice relating to Capacity Charges and Capacity Payments
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
Debited 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 Invoice	An Invoice relating to Energy Charges
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
Generation Participant	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 Body	The main part of an Energy Invoice, Capacity Invoice or Market Operator Charge Invoice as outlined in section 3.3.2
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.
Invoice Type	Part of the Invoice Header which defines what the invoice is for (eg Energy Charge, Capacity Charge, Market Operator Charge etc)
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 annual fixed Market Operator Charge Invoice issued once a year to all Participants based on the annual charge set out for each Generator Unit and Supplier Unit. There will also be a weekly Market Operator Charge Invoice. The charges on this invoice will be calculated at a rate per MWh and will be invoiced to Supply Participants in respect of their Supplier Units.
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
Re-adjusted Self Billing Invoice	As defined in the Code
Regulatory Authorities	As defined in the Code
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 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
Supply Participant	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

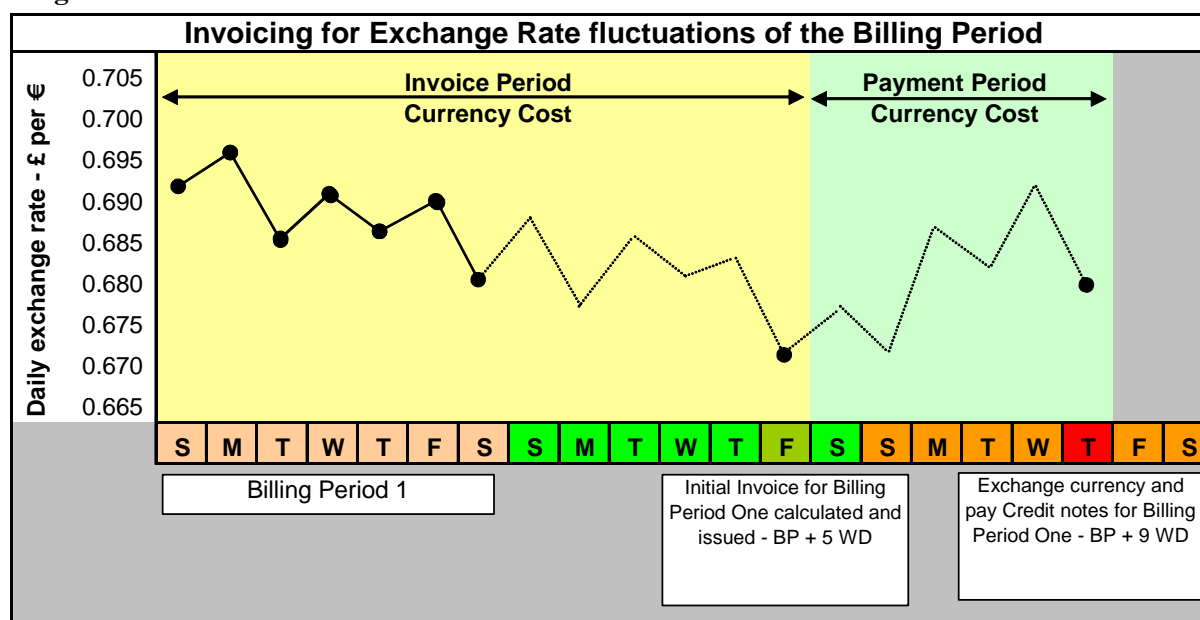
5. APPENDIX 2 – CURRENCY COST

For the purpose of Invoice Period 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 current Trading Day Exchange Rate.
2. Calculate adjusted Initial Settlement Statement Invoice amounts for Pounds Sterling Participants as if they were prepared using the current Trading 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 Initial Settlement Statement Invoice for Pounds Sterling Participants as if they were prepared using the Exchange Rate on the invoicing day for the previous Settlement Period. (Previously calculated under the Invoice Period Currency Cost for the previous Settlement Period).
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 – METHOD OF ALLOCATION OF UNSECURED BAD ENERGY AND CAPACITY DEBT

To be completed

- Needs to take account of Settlement Reallocations and ensure that a Generator Participant does not become a Net Debtor.
- Needs to consider the interest calculations and payment default fee.
- On repayment of the debt needs to consider the priority between Bad Energy Debt, Bad Capacity Debt, Bad market Operator Debt, interest and payment default fee if not all bad debt is recovered