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The Commission for Regulation of Utilities
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Tallaght
Dublin 24

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The Utility Regulator
Queens House
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27th September 2019

Dear Gina and Karen,

RE: Repricing and Price Materiality Threshold Parameter Consultation

I am writing in response to the SEM Committee Consultation on Repricing and Price Materiality Threshold Parameter Consultation issued on the 30th August 2019 (SEM-19-042).

At the outset, we must firstly say that we are disappointed that the underlying systems of the market have been under-developed and were not sufficiently tested to identify the extent of the issues and errors before the I-SEM project went live in October 2019. Notwithstanding that, we recognise that we cannot turn back the clocks and we can only hope that the Commission for Regulation of Utilities notes the importance of robust testing of market systems in its role as Programme owner for the Smart Metering Programme. To that end, Bord Gáis Energy (BGE) appreciates the open and practical nature of the Consultation as issued by the SEM Committee.

In terms of the options proposed, BGE would make the following comments:

1. Option 1 is not practical. Market participants have already been exposed to significant uncertainty and are trying to accrue for monies owed or owing to meet our financial requirements without any agreed or universally understood methodology. Businesses cannot be reasonably asked to continue to account for this type of uncertainty and risk. On that basis, we cannot support Option 1.
2. Option 2 has some merit, but does not give certainty that the knock-on resettlement will be conducted before M+13 for all months – we note that SEMO says “*repricing at a 0% Price Materiality Threshold may allow for the timing of repricing and M+13 resettlement to align.*” On that basis, we do not think Option 2 is optimal for the same reason as Option 1.
3. Option 3 also has some merit as it provides certainty to market participants and guards against the risk of a party judicially reviewing a Decision not to reprice in line with the existing rules of the Trading and Settlement Code. However, it would prevent information relating to prices for trading periods from October 2018 to June 2019 being made available to the market for information purposes. Market participants need accurate information relating to market prices for their own modelling purposes and Option 3 would not allow the market record to be updated for the most accurate market related information. On that basis, BGE does not believe that Option 3 is optimal for the market.
4. Option 4 in our view would be a significant step backwards for the market. Whereby we can understand the requirement to provide exceptions for the months directly after a significant market change, we do not think that a similar exception should be acceptable on an enduring basis for the market operator. On that basis, we cannot support Option 4.

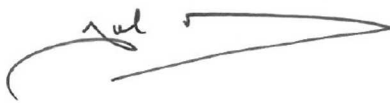
In BGE's view, there is an alternative option similar in intent to Options 2 and 3 that would be better for the market – specifically better for transparency and certainty in the market at this stage. BGE would support an option where all relevant prices are repriced for the relevant period (1st October 2018 – 11th June 2019) but that a modification to the Trading and Settlement Code is raised and approved which provides that these prices are not fed into any related resettlement for those months. This could potentially

be implemented/facilitated by an insertion into section 6 in the Trading and Settlement Code relating to Settlement Reruns to exclude the period for 1st October 2018 – 11th June 2019¹.

In our view this approach would provide an optimal compromise for all parties. It would provide accurate information to market participants, it would reduce uncertainty in the market, it would alleviate the workload and time pressure on the market operator and it would ensure that this type of arrangement is only treated as an exception given the unique circumstances we face following the implementation of significant market change.

I hope the above proposal is clear but please do not hesitate in contacting me if you would like to discuss it in more detail.

Yours sincerely,



Jill Murray
{by email}

¹ Please note that this is simply a suggested approach and BGE would be happy to consider alternative methods to achieve the same outcome.