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Cenergise Trading Limited Response to Repricing and Price Materiality Threshold Parameter Consultation

Consultation Question 1: Is your preference for repricing from 1 October 2018 to 11 June 2019 (and from 11 June 2019 onwards) to proceed based on the current price materiality threshold of 5%?

Cenergise Trading categorically do not agree with re-pricing from 1 October 2018 to 11 June 2019 for the following reasons:

1. Participants were making trading decision between October 2018 to 11 June 2019 based on balancing market prices published.
2. SEMO did not publish the acceptance times of the bids and offers (Known Issue), so it is not possible for participants to model the impact of the defects and the potential re-pricing outcomes.

Consultation Question 2: Do you agree with the proposal to apply a 0% price materiality threshold on a temporary basis?

If the price materiality threshold is changed to 0% on a temporary basis, stakeholder views are invited on whether this should be applied for repricing required for the period from 1 October 2018 to 11 June 2019 only or until such time as an updated repricing solution to manage the 5% Price Materiality Threshold can be implemented.

Do you see any issues with the proposed approach to repricing outlined in the 'Recommended Values for SEM Price Materiality Threshold' Report to the Regulatory Authorities?

Cenergise Trading do not agree with the proposal to apply a 0% price materiality threshold. This is not an agreed parameter.

Consultation Question 3: Interested stakeholder's views are invited in relation to the option to raise an urgent modification to the Trading and Settlement Code.

This would entail an amendment to Section E.3.8 of the Code to either remove the requirement for repricing for the period from 1 October 2018 to 11 June 2019 (Option 3) or to require any repricing to be completed by the 13th month of the Settlement Calendar at the latest (Option 4), which would have the effect of repricing not being carried out for the period from October 2018 to October 2019 based in a commencement date of M+13 resettlement in November 2019.

For both options, the detailed legal drafting of any change would be raised and discussed through the Trading and Settlement Code Modifications Committee.

Cenergise Trading preference is for Option 4, leaving the 0% price materiality threshold in place. Hence no re-pricing for the period 1 October 2018 to 11 June 2019. Given the number of defects in I-SEM, Cenergise Trading expects that further defects will be discovered. Hence this option ensures that the price risk of a similar issue arising is removed after M+13 resettlement.