**NOTE:**

The SEM Trading and Settlement Code consists of three parts A, B and C.

This is Part C of the SEM Trading and Settlement Code (**Part C of the Code**).  This Part C of the Code consists of these Sections 1 to 11 and the Part C Glossary.

This Part C of the Code sets out and savings provisions to manage the implementation of, and transition to, the new trading and settlement arrangements under Part B of the Code. Part C of the Code has priority over the other Parts of the Code.

Part C. Transitional Arrangements

* 1. Purpose
     + 1. This Part C of the Code sets out certain transitional and savings provisions to manage the implementation of, and transition to, the new trading and settlement arrangements under Part B of the Code.
       2. In this Part C:
          1. a capitalised word or phrase has the meaning given to it in the Glossary to this Part C, or, if it is not defined in that Glossary, then in the Glossary to Part B of the Code; and
          2. the general rules of interpretation set out in paragraph A.4.1.1 (except sub-paragraph (j)) of Part B of the Code also apply in the case of this Part C mutatis mutandis, unless the context requires otherwise.
  2. **Priority**
     + 1. This Part C has priority over the other Parts of the Code.
       2. To the extent that a Party’s obligations or any provision under this Part C are inconsistent, or in conflict, with an obligation or a provision in Part A and/or Part B of the Code, then the obligations and/ or provisions in this Part C shall prevail to the extent of the inconsistency or conflict and for the time periods specified in this Part C.
  3. **Cutover Time**
     + 1. The Cutover Time is the date and time specified by the Regulatory Authorities as the time the new trading and settlement arrangements in Part B commence, which time will coincide with the start of an Imbalance Settlement Period.
       2. Subject to paragraph 2.1.2 of this Part C and notwithstanding any other provision of the Code, the following Parts of this Code shall apply as follows:
          1. Part A shall apply to all obligations, requirements or actions to be undertaken, performed or observed by any Party, Participant, the Market Operator, a System Operator or another person which relates to any Trading Period which occurs prior to the Cutover Time.  For the avoidance of doubt, to the extent that any such obligation, requirement or action is to be undertaken, performed or observed or omitted to be undertaken, performed or observed (as the case may be) in the period after the Cutover Time but relates to any Trading Period prior to the Cutover Time, then Part A of this Code continues to apply to the obligation, requirement or action; and
          2. Part B shall apply to all obligations, requirements or actions to be undertaken, performed or observed by any Party, Participant, the Market Operator, a System Operator or another person which relates to any Imbalance Settlement Period which occurs after the Cutover Time (including the Imbalance Settlement Period which commences at the Cutover Time). For the avoidance of doubt, to the extent that any such obligation, requirement or action is undertaken, performed or observed or omitted to be undertaken, performed or observed (as the case may be) in the period before the Cutover Time but relates to any Imbalance Settlement Period after the Cutover Time, then Part B of this Code shall apply to such obligation, requirement or action.
       3. The Cutover Time, and the implementation of the new trading and settlement arrangements under Part B from the Cutover Time, does not affect:
          1. a right, privilege or liability acquired, accrued or incurred under the Code prior to the Cutover Time;
          2. any proceedings or remedy in relation to a breach of the Code prior to the Cutover Time;
          3. any Dispute under the Code that has been raised or is ongoing; and
          4. any Modification Proposal that is intended to have effect at or after the Cutover Time.
  4. Parties and Accession Process
     1. Existing Parties
        1. A person who at the Cutover Time is an adhering party to the existing Framework Agreement shall remain a Party to this Code.
        2. The Market Operator shall provide existing Parties to the Code as at the Amendment Date with a revised Framework Agreement, the form of which has been agreed with the Regulatory Authorities.
        3. Within 10 Working Days of the Amendment Date or receipt of the revised Framework Agreement from the Market Operator under paragraph 4.1.2, whichever is later, a Party shall submit an executed copy of the revised Framework Agreement to the Market Operator.
        4. A Party may request additional time to submit an executed revised Framework Agreement and the Market Operator shall not unreasonably withhold consent to any such request, provided that the date of receipt of the executed revised Framework Agreement shall be earlier than the Cutover Time.
        5. The return to the Market Operator of an executed revised Framework Agreement in accordance with this section 4.1 shall satisfy the requirements for accession under section B.5 of Part B of this Code, and there shall be no Accession Fee payable by a Party acting under this section 4.1.
     2. New Applicants
        1. A person who is not a Party to the Code at the Amendment Date may only become a Party to the Code by following the Accession Process set out in section B.5 of Part B of the Code, regardless of whether the intended accession date is before or after the Cutover Time.
        2. A person that completes the Accession Process, including payment of the Accession Fee, and becomes a Party to the Code after the Amendment Date and with an effective accession date prior to the Cutover Time shall continue to be a Party after the Cutover Time.
        3. The Market Operator may at its reasonable discretion specify a period during which it will not accept or process new applications for accession to the Code as it determines to be necessary for the orderly management of the implementation of the new trading and settlement arrangements under Part B of the Code.
        4. The Market Operator shall publish details of any period specified under paragraph 4.2.3, not later than 20 Working Days prior to the beginning of the period.
  5. Participation and Registration of Units
     1. Existing Participants and Units
        1. For the purposes of this Part C of the Code, “**Existing Participants**” means those Participants who have registered Units under this Code as at the Amendment Date.
        2. The Market Operator shall develop and publish the processes that it and Existing Participants shall follow in order to meet the requirements for registration of their Units under Part B of the Code by the Cutover Time.
        3. The processes developed and published by the Market Operator under paragraph 5.1.2 shall include but not be limited to:
           1. the processes by which the Market Operator will extract the existing Participant and Unit registration data and identify any new or revised data requirements required under Part B of the Code; and
           2. the processes by, and timeframes within which, Existing Participants will be required to provide, review and validate registration data required under Part B of the Code.
        4. Existing Participants shall comply with the processes published by the Market Operator under paragraph 5.1.2.
        5. Registration data and other information validated or taken to be validated by an Existing Participant in accordance with the processes published by the Market Operator under paragraph 5.1.2 shall be deemed to have been submitted in accordance with the applicable requirements of Part B of the Code.
     2. New Participants and Units
        1. The Market Operator shall develop and publish a transitional registration process that shall be followed by a Party in respect of Units or Trading Sites that are not registered as at the Amendment Date, but the Party wishes to register with an effective date prior to the Cutover Time.
        2. The Market Operator may specify, as part of the transitional registration process it publishes under paragraph 5.2.1 or otherwise, a period during which it will not accept or process new Participation Notices for registration of Units or Trading Sites, as it reasonably determines to be necessary for the orderly management of the implementation of the new trading and settlement arrangements under Part B of the Code.
        3. The Market Operator shall publish details of any period specified under paragraph 5.2.2 not later than 20 Working Days prior to the beginning of the period.
        4. If a Unit or Trading Site has not been registered by a Party as at the Amendment Date, and that Party wishes to register that Unit or Trading Site with an effective date prior to the Cutover Time, then the Party shall comply with the transitional registration process published by the Market Operator under paragraph 5.2.1.
        5. A Party that registers a Unit or Trading Site in accordance with paragraph 5.2.4, including payment of the Participation Fees, after the Amendment Date but with an effective date prior to the Cutover Time, shall be deemed to have complied with the registration requirements under section B of Part B of the Code after the Cutover Time.
  6. Single Modifications Committee for Parts A, B and C
     + 1. From the Amendment Date:
          1. the Modifications Committee continues;
          2. subject to sub-paragraph (c), a member or alternate member of the Modifications Committee under the Code immediately prior to the Amendment Date:

is deemed to have been appointed to the Modifications Committee as a member or as an alternate for a member (as applicable) under the relevant provision of section B.17 of Part B for the remainder of the term of office to which they were nominated, elected, appointed or selected under Part A; and

shall then cease to hold office and be replaced in accordance with the applicable provisions of section B.17 of Part B;

* + - * 1. notwithstanding sub-paragraph (b):

there will be no member nominated by or elected in respect of Assetless Participants and no alternate to such member until the Second Election Round;

if the term of office of the member of the Modifications Committee member nominated by or elected in respect of Interconnector Participants expires at the time of the First Election Round, then the First Election Round shall include an election under section B.17.7 of Part B to replace that member and his or her alternate member (as applicable), as if Interconnector Participants were a class of Nominating Participants;

the person elected under sub-paragraph (c)(ii) shall hold office until the Second Election Round and shall then cease to hold office and be replaced by a person nominated or elected in respect of Assetless Participants in the Second Election Round;

the alternate member under paragraph B.17.7.6 of the person elected under sub-paragraph (c)(ii) shall hold office until the Second Election Round and shall then cease to hold office and be replaced by the alternate member under paragraph B.17.7.6 of the person nominated or elected in respect of Assetless Participants in the Second Election Round; and

a member or alternate member of the Modifications Committee may retire, resign, be removed or have their appointment terminated in accordance with the applicable provisions of section B.17 of Part B and shall be replaced in accordance with those provisions. However, where the member nominated or elected in respect of Interconnector Participants retires, resigns, is removed or has their appointment terminated, an election shall be arranged to replace that member and his or her alternate member as if Interconnector Participants were a class of Nominating Participants, and the term of office of that replacement member and alternate shall expire at the conclusion of the Second Election Round.

* + - * 1. the chairperson and vice-chairperson of the Modifications Committee under the Code immediately prior to the Amendment Date are deemed to have been elected under section B.17.4.1 of Part B and hold office for the remainder of the term of office to which they were elected or appointed under paragraphs 2.160 and 2.161 of Part A and then cease to hold office and shall be replaced in accordance with paragraph B.17.4 of Part B;
        2. the Modifications Committee (as continued and constituted under this section 6) shall be the Modifications Committee for the purposes of paragraphs 2.147 to 2.236 and 6.60 of Part A and section B.17 and paragraph G.2.7.9 of Part B and the applicable Agreed Procedures;
        3. the Modifications Committee (as continued and constituted under this section 6) shall also deal with modifications to this Part C; and
        4. section B.17 of Part B shall also apply to modifications to this Part C as if:

that section B.17 was set out in this Part; and

references to a “**Modification**” in that section B.17 were to a modification, revision, supplementation, extension, consolidation or replacement to the provisions of this Part C; and

references to a “**Modification Proposal**” in that section B.17 were to a proposal to modify, vary or amend this Part C submitted to the Secretariat,

mutatis mutandis.

* + - 1. To avoid doubt, any of the persons who cease to hold office as a member, alternate, chairperson or vice-chairperson under the previous paragraphs, are eligible for re-appointment or re-election in accordance with the provisions of Part B or this section 6, as applicable.
  1. Dispute Panel Continues
     + 1. From the Cutover Time:
          1. the Disputes Panel continues;
          2. the members of the Disputes Panel under the Code immediately prior to the Cutover Time are taken to be the persons appointed to comprise the Panel under section B.19.6 of Part B;
          3. a member of the Disputes Panel may retire, resign, be removed or have their appointment terminated in accordance with the applicable provisions of section B.19 of Part B, and if so, shall be replaced in accordance with those provisions;
          4. the chairperson and vice-chairperson of the Disputes Panel under the Code immediately prior to the Cutover Time are taken to have been appointed or nominated under section B.19.6 of Part B and hold office for a period of one year and then cease to hold office and be replaced in accordance with paragraph B.19.6 of Part B; and
          5. the Disputes Panel (as continued and constituted under this paragraph) shall be the Disputes Panel for the purposes of paragraphs 2.276 to 2.315 of Part A and section B.19 of Part B and the applicable Agreed Procedures.
       2. To avoid doubt, any of the persons who cease to hold office as a member, chairperson or vice-chairperson under the previous paragraphs, are eligible for re-appointment or re-election in accordance with the applicable provisions of Part B.
  2. Parameters
     + 1. Where the Code contemplates that a parameter, price, multiplier, factor, tolerance, tariff, proportion, efficiency, rate, amount or other variable (“**Relevant** **Parameter**”) which applies for a period will be determined or approved by the Regulatory Authorities, the Market Operator or a System Operator, then the value of that Relevant Parameter from the Cutover Time will be the value determined for that period by the Regulatory Authorities, the Market Operator or the relevant System Operator before the Cutover Time (until varied, amended, re-determined or re-decided in accordance with the Code).
  3. Prior Decisions in Contemplation of the New Trading Arrangements
     + 1. Without limiting section 8, where the Regulatory Authorities, the Market Operator, a System Operator or the Modifications Committee make a decision in contemplation of the coming into effect of a provision of Part B or this Part C of the Code:
          1. the decision will, from the Cutover Time, be taken to have been validly made under the relevant provision of the Code;
          2. if, under the Code, the Regulatory Authorities, the Market Operator or the System Operator can only make the decision after a preparatory step has been undertaken, that preparatory step:

can be undertaken before the Cutover Time; and

from the Cutover Time, will be deemed to have been satisfied or completed for the purposes of the Code.

* + - 1. For the purposes of this section, a decision includes:
         1. making a determination, including determining a Relevant Parameter;
         2. giving approval, including approving a proposed Relevant Parameter;
         3. making or publishing an instrument, including a procedure or guideline;
         4. making an appointment; or
         5. in the case of the Modifications Committee, establishing a working group to consider a Modification Proposal, adopting an Agreed Procedure, or making a Modification Recommendation, that will apply prior to or from the Cutover Time.
      2. For the purposes of this section 9, a preparatory step includes:
         1. a condition that must be satisfied before a decision can be made;
         2. a requirement that a report be prepared or submitted before a decision can be made; or
         3. a consultation or publication requirement.
  1. Other
     1. Market Auditor
        1. The Market Auditor under the Code immediately before the Cutover Time continues in that role until the expiration of its existing appointment. The Market Auditor is eligible for reappointment in accordance with the provisions of Part B.
     2. Initial Market Audit
        1. Where the Cutover Time does not coincide with the start of a Year, then:
           1. the period covered by the final audit under Part A of the Code shall be for the period until the Cutover Time; and
           2. the period covered by the first audit under Part B of the Code shall be from the Cutover Time until the end of 31 December next occurring (or if that period is less than 6 months, then until the end of the following 31 December).
  2. Credit Cover
     1. Forecast Volumes
        1. Each Part B Participant shall provide the Market Operator with an estimate of its forecast demand in respect of its Supplier Units or forecast imbalance volumes in respect of its Generator Units under Part B for a period equal to the Historical Assessment Period by not later than 16 weeks prior to the Cutover Time.
     2. Transitional Required Credit Cover
        1. For the purposes of credit cover monitoring and calculation under Part B from the Cutover Time until the expiration of a period equal to the Historical Assessment Period after the Cutover Time, all Part B Participants shall be treated for the purposes of this Part C as New Participants at the Cutover Time and the calculation of Transitional Required Credit Cover will be carried out on this basis.
        2. The Market Operator shall calculate the Transitional Required Credit Cover for each Part B Participant utilising:
           1. the estimates of forecast (as applicable) demand or imbalance volumes provided by Participants to the Market Operator in accordance with paragraph 11.1.1; and
           2. the Transitional Credit Assessment Price determined in accordance with paragraph 11.3.1.
        3. The Market Operator shall send each Part B Participant details, by email, of their initial Transitional Required Credit Cover no later than 12 weeks prior to the Cutover Time, provided that (and without prejudice to its right to do so after the Cutover Time in accordance with the Code):
           1. the Market Operator may by notice to the relevant Part B Participant, revise such initial Transitional Required Credit Cover up to 14 Working Days prior to the Cutover Time; and
           2. notwithstanding paragraphs G.16.3.2 and G.16.3.3 of Part B, the initial Transitional Required Credit Cover shall not take into account any Settlement Reallocation Agreement unless this has been registered by the Market Operator no later than 16 weeks prior to the Cutover Time.
        4. The Market Operator shall utilize the Annual Capacity Charge Exchange Rate approved by the Regulatory Authorities for the purposes of section F.19.1 of Part B between euro (€) and pounds sterling (£) at least 16 weeks prior to the Cutover Time to calculate the initial Transitional Required Credit Cover or any revised initial Transitional Credit Cover, for any Participant using pounds sterling as their Settlement currency.
     3. Calculation of Transitional Credit Assessment Price
        1. The Market Operator shall determine a Transitional Credit Assessment Price for use until a full set of Imbalance Settlement Prices is available, from the Cutover Time for a period equivalent to the Historical Assessment Period.
        2. The Market Operator shall calculate the Daily Average Shadow Price (PDASd) for each Settlement Day d in the Previous Year and for each Settlement Day in the Current Year up to 14 weeks prior to the Cutover Time as follows:

where:

* + - * 1. SPh is the Shadow Price in Trading Period h, as determined in accordance with section N.16 of Part A;
        2. is a summation over all Trading Periods h in Settlement Day d; and
        3. is the number of all Shadow Prices in each Settlement Day d.
      1. The Market Operator shall calculate the Ratio of Daily Average Shadow Price (RPDASd) for each Settlement Day in the Current Year relative to the same Settlement Day in the Previous Year, up to 14 weeks prior to the Cutover Time as follows:

where:

* + - * 1. PDASd is the Daily Average Shadow Price for each Settlement Day in the Current Year up to 14 weeks prior to the Cutover Time; and
        2. PDASd-365 is the Daily Average Shadow Price for the corresponding Settlement Day in the Previous Year .
      1. The Market Operator shall calculate the Average Ratio of Daily Average Shadow Price (RAPDAS) as follows:

where:

* + - * 1. RPDASd is the Ratio of Daily Average Shadow Price for each Settlement Day in the Current Year up to 14 weeks prior to the Cutover Time;
        2. is a summation over all Settlement Days d in the Current Year y up to 14 weeks prior to the Cutover Time and
        3. is the number of all Ratios of Daily Average Shadow Price in each Settlement Day d in the Current Year y up to 14 weeks prior to the Cutover Time.
      1. The Market Operator shall calculate the Extrapolated Daily Average Shadow Price (PDASEd) for each Settlement Day in the Current Year from 14 weeks prior to the Cutover Time to the Cutover Time as follows:

where:

* + - * 1. PDASd-365 is the Daily Average Shadow Price for the corresponding Settlement Day in the Previous Year ; and
        2. RAPDAS is the Average Ratio of Daily Average Shadow Price.
      1. The Market Operator shall determine that the Daily Average Imbalance Settlement Price (DAPIMBd) for each Settlement Day d in the the Current Year up to 14 weeks prior to the Cutover Time as follows:

where:

* + - * 1. PDASd is the Daily Average Shadow Price for the Settlement Day d determined in accordance with paragraph 11.3.2 above.
      1. The Market Operator shall determine that the Daily Average Imbalance Settlement Price (DAPIMBd) for each Settlement Day d in the Current Year from 14 weeks prior to the Cutover Time until the Cutover Time as follows:

where:

* + - * 1. PDASEd is the Extrapolated Daily Average Shadow Price for the Settlement Day d determined in accordance with paragraph 11.3.5 above.
      1. The Market Operator shall calculate Transitional Credit Assessment Price in accordance with paragraphs G.14.2.2 to G.14.2.5 of Part B as if “PCAg” was the Transitional Credit Assessment Price.
    1. Calculation of Fixed Credit Requirement
       1. The Fixed Credit Requirement under Part A in respect of a Part A Participant which is subject to an approved Interim Transfer Facility shall:
          1. remain at the level it was immediately before the Cutover Time (in this paragraph 11.4.1, called the “**current level**”) until after the adjusted invoices resulting from the last Billing Period +4 months and Capacity Period +4 months Timetabled Settlement Rerun in accordance with paragraphs 6.70 and 6.71 of Part A have been paid in full; and then
          2. be equal to half the current level until after the adjusted invoices resulting from the later to occur of:

the last Billing Period +13 months and Capacity Period +13 months Timetabled Settlement Rerun in accordance with paragraphs 6.70 and 6.71 of Part A ; and

the last Settlement Query raised under paragraph 6.101 of Part A ,

have been paid in full; and then

* + - * 1. be zero.
      1. Where a Part B Participant is subject to an approved Interim Transfer Facility, the Fixed Credit Requirement under Part B in respect of that Part B Participant shall:
         1. be zero until after the adjusted invoices resulting from the last Billing Period +4 months and Capacity Period +4 months Timetabled Settlement Rerun in accordance with paragraphs 6.70 and 6.71 of Part A have been paid in full; and then
         2. be equal to half the value approved by the Regulatory Authorities for the purposes of section G.10 of Part B until after the adjusted invoices resulting from the later to occur of:

the last Billing Period +13 months and Capacity Period +13 months Timetabled Settlement Rerun in accordance with paragraphs 6.70 and 6.71 of Part A; and

the last Settlement Query raised under paragraph 6.101 of Part A,

have been paid in full; and then

* + - * 1. be equal to the full value approved by the Regulatory Authorities for the purposes of section G.10 of Part B.
      1. For the avoidance of doubt, paragraphs 11.4.1 and 11.4.2 do not apply to a Participant that is not subject to an approved Interim Transfer Facility and, accordingly, such a Participant must post its full Fixed Credit Requirement as required and calculated in accordance with each of Part A and Part B separately.
      2. The Market Operator shall notify Part A and Part B Participants that are each subject to the same approved Interim Transfer Facility when there is a change to the Fixed Credit Requirement for the purposes of Part A or Part B under this section 11.4.
      3. In this section 11.4, the expression “Timetabled Settlement Rerun” has the meaning given in Part A.
      4. In this section 11, where a Part A Participant or a Part B Participant is subject to an approved Interim Transfer Facility, a reference to (as applicable) the “**corresponding Participant**”, the “**corresponding Part A Participant**” or the “**corresponding Part B Participant**”, is to the other (as applicable) Part A Participant or Part B Participant that is subject to the same approved Interim Transfer Facility.
    1. Transfer of Posted Credit Cover Facility
       1. Any Party that is both a Part A Participant and a Part B Participant, may apply to the Market Operator for the Part A Participant and Part B Participant to be approved as subject to an Interim Transfer Facility, by not later than 8 weeks prior to the Cutover Time.
       2. An application to be made by a Party under paragraph 11.5.1 shall be accompanied by the following documentation (in each case, in the form and within the timeframe specified by the Market Operator and, to the extent applicable, to be duly executed in the manner as may be specified by the Market Operator):
          1. written confirmation of the Part A Participant and the Part B Participant that they wish to be subject to an Interim Transfer Facility;
          2. details and authorisations from both the Part A Participant and the Part B Participant that will be subject to the Interim Transfer Facility;
          3. (as applicable) duely executed Deed of Charge and Account Security and Notices of Assignment and Acknowledgement (in each case in the form of the Standard Deed of Charge and Account Security and Notices of Assignment and Acknowledgement in Part C Appendix B) in relation to any SEM Collateral Reserve Account maintained in respect of the Part B Participant as part of its Required Credit Cover under Part;
          4. (as applicable) the submission of a Letter(s) of Credit by the Part A Participant which has been amended to also cover obligations under Part B and which can enter into full force and effect (subject only to any approval or confirmation as may be specified by the Market Operator having been obtained by such Part A Participant), or the submission of a Letter(s) of Credit by the Part B Participant as part of its Required Credit Cover (in the form of the Standard Letter of Credit Template in Part C Appendix A) and which can enter into full force and effect (subject only to any approval or confirmation as may be specified by the Market Operator having been obtained by such Part B Participant); and
          5. such other documents and information as the Market Operator may reasonably require.
       3. If the Market Operator is satisfied that the documentation provided under paragraph 11.5.2 in respect of a Part A Participant and Part B Participant is complete and effective, then it shall approve the Interim Transfer Facility and notify the applicant.
       4. For the avoidance of doubt, any Part A Participant or Part B Participant that does not have an approved Interim Transfer Facility will be treated as a separate and distinct Participant and each Part A Participant and each Part B Participant shall be required to maintain its own separate Posted Credit Cover for the purpose of its Required Credit Cover under (as applicable) Part A or Part B, and any such Part B Participant shall be required to have its Posted Credit Cover in place 10WD before the Cutover Time.
    2. Last Billing Cycles for Part A of the Code
       1. The last Billing Period for the purposes of paragraph 6.41 of Part A shall end at the Cutover Time. Invoicing and payment cycles shall be scheduled for the last Billing Period based on the Settlement Calendar (within the meaning of Part A).
       2. The last Capacity Period for the purposes of paragraph 6.44 of Part A shall end at the Cutover Time. Invoicing and payment cycles shall be scheduled for the last Capacity Period based on the Settlement Calendar (within the meaning of Part A).
    3. Credit Reports Undefined Exposure for Part A
       1. After the Cutover Time, when calculating and recalculating the Required Credit Cover of Part A Participants under Part A, the Market Operator shall set their Undefined Potential Exposure (within the meaning of Part A) to zero.
    4. Credit Reports

For the avoidance of doubt, from the Cutover Time until after the end of the period defined in paragraph 11.4.1 (b), the Market Operator:

* + - * 1. shall continue to send Part A Credit Reportsto Part AParticipants in accordance with paragraphs 6.177 and 6.177A of Part A;
        2. may issue a Credit Cover Increase Notice (within the meaning of Part A) in accordance with paragraph 6.179 of Part A;
        3. shall also provide Part B Required Credit Cover Reports to Part B Participants under paragraph G.12.1.2 of Part B; and
        4. a Part B Required Credit Cover Report may contain a Credit Cover Increase Notice (within the meaning of Part B) in accordance with paragraph G.12.1.2(b) of Part B .
    1. Reallocation of Collateral
       1. In the case of each approved Interim Transfer Facility, the Market Operator shall calculate and reallocate Posted Credit Cover from a Part A Participant that is the subject of the Interim Transfer Facility to the corresponding Part B Participant in accordance with this section 11.9. Posted Credit Cover that has been reallocated under this section shall be regarded as having been provided by the corresponding Part B Participant under, and in accordance with, Chapter G of Part B.
       2. The reallocated amounts shall be calculated at the following times and shall be reflected in the Part B Credit Reports provided by the Market Operator the following Working Day:
          1. after the last Part A Credit Report has been published prior to the Cutover Time; and
          2. in respect of each Billing Period or Capacity Period [in each case] (within the meaning of Part A), after the end of day on which all payments have been received for the Billing Period or Capacity Period under Part A.
       3. The Market Operator shall determine the amount to be reallocated based on the latest Part A Credit Report as follows:

where:

* + - * 1. TPCCA is the amount of Posted Credit Cover being reallocated from the Part A Participant to the corresponding Part B Participant;
        2. PCCpr is the Posted Credit Cover for Part A Participant p in Settlement Risk Period r (within the meaning of Part A);
        3. TFCRpr is the Total Fixed Credit Requirement (within the meaning of Part A) determined in accordance with paragraph 6.231A of Part A;
        4. ASEpf is the Actual Supplier Exposure for Participant p in respect of its Supplier Units (within the meaning of Part A) for the Actual Exposure Period (within the meaning of Part A) f determined in accordance with paragraph 6.186 of Part A;
        5. AGEpf is the Actual Generator Exposure (within the meaning of Part A) for Participant p in respect of its Generator Units (within the meaning of Part A) for the Actual Exposure Period (within the meaning of Part A) f determined in accordance with paragraph 6.187 of Part A; and
        6. IUTEpr is the Interconnector Unit Traded Exposure (within the meaning of Part A) for Participant p in respect of its Interconnector Units (within the meaning of Part A) in Settlement Risk Period (within the meaning of Part A) r determined in accordance with paragraph 6.187A of Part A.
      1. Without prejudice to paragraphs 2.317 to 2.327 (Limitation of Liability) of Part A and section B.21 (Limitation of Liability) of Part B, the Market Operator shall have no liability to any Participant (including any Participant in its capacity as a Part A Participant or a Part B Participant for any act or omission of the Market Operator relating to any approved Interim Transfer Facility, or in relation to the reallocation of Posted Credit Cover or Excess Collateral under this Part C [and, without prejudice to the foregoing provisions of this paragraph 11.9.4, to the extent that any liability arises, each such Participant (including any Participant in its capacity as a Part A Participant or a Part B Participant hereby irrevocably waives any right to bring any claim, suit or proceedings against the Market Operator in respect of any such liability].
    1. Refunds of Collateral
       1. A Participant shall not request refund of any Posted Credit Cover, whether it takes the form of a reduction in the value of letters of credit or refund of cash deposits during the period from 2 weeks before the Cutover Time until after the final initial settlement billing cycle under Part A has been completed.
    2. Deposits of Collateral
       1. Where a Participant deposits cash collateral, increases a Letter of Credit, or registers a new Letter of Credit, the increased collateral will be allocated to the Part B Participant unless confirmed via email to the Market Operator that the deposit should be assigned to the Part A Participant.
    3. Collateral Reallocations in the Case of Credit Cover Increase Notices
       1. With effect from the Cutover Time (and in the case of a Participant which is both a Part A Participant and a Part B Participant and which has been approved as subject to an Interim Transfer Facility and only to the extent the Posted Credit Cover secures/ or covers obligations under Part A and Part B):,
          1. where a Part A Participant receives a Credit Cover Increase Notice (within the meaning of Part A), the relevant Authorised Requester of the corresponding Part B Participant, may request the Market Operator to reallocate any amount up to the Excess Collateral of the related Participant registered under Part B to the Participant registered under Part A to cover part or all of the Credit Cover Increase Notice.
          2. where a Part B Participant receives a Credit Cover Increase Notice (within the meaning of Part B), the relevant Authorised Requester of the corresponding Part A Participant may request the Market Operator to reallocate any amount up to the Excess Collateral of the related Participant registered under Part A to the Participant registered under Part B to cover part or all of the Credit Cover Increase Notice.
       2. Any such request under (as applicable) paragraph 11.12.1(a) or 11.12.1(b) shall be made to the Market Operator using the must be received using collateral refund procedure prescribed in the applicable Part A or Part B Agreed Procedure 9 “Management of Credit Cover and Credit Default” (depending on which Participant is making the request) and shall be submitted to the Market Operator within one Working Day of the Credit Cover Increase Notice being issued under (as applicable) Part A or Part B.
       3. Where the latest available Credit Report considered by the Market Operator shows that the Participant has Excess Collateral in place the Market Operator may apply a reallocate of Posted Credit Cover from and to the relevant Part A and Part B Participant, based on the reallocation amount specified in the collateral refund request under (as applicable) paragraph 11.12.1(a) or 11.12.1(b) (in any such case up to the applicable amount of Excess Collateral).
    4. Collateral in the Case of Shortfall
       1. Where a Part A Participant has a Shortfall (within the meaning of Part A) under paragraph 6.51 of Part B, and the Shortfall is not completely covered by Posted Credit Cover of Participant A, and both of the following requirements have been met:
          1. the Part A Participant is subject to an approved Interim Transfer Facility ; and
          2. the corresponding Part B Participant has Excess Collateral based on the latest Part B Required Credit Cover Report provided to the Part B Participant by the Market Operator

then the Market Operator shall make a Credit Call on the Part B Participant’s Posted Credit Cover (within the meaning of Part B) up to the amount required to satisfy the remaining Shortfall of the Part A Participant. (such amount not to exceed the Part B Excess Collateral).

* + - 1. Where a Part B Participant has a Shortfall (within the meaning of Part B) under section G.2.7 of Part B, and the Shortfall is not completely covered by Posted Credit Cover of Participant B, and both of the following requirements have been met:
         1. the Part B Participant is subject to an approved Interim Transfer Facility; and
         2. the corresponding Part A Participant has Excess Collateral based on the latest Part A Credit Report provided to the Part A Participant by the Market Operator (the “**Part A Excess Collateral**”),

then the Market Operator shall make a Credit Call on the Part A Participant’s Posted Credit Cover (within the meaning of Part A) up to the amount required to satisfy the remaining Shortfall of the Part B Participant. (such amount not to exceed the Part A Excess Collateral).

* + - 1. Where under (as applicable) paragraph 11.13.1 or 11.13.2 the Market Operator makes a Credit Call on a Participant’s Posted Credit Cover under the relevant Part of the Code, the Market Operator shall:

be entitled to draw down on the Participant’s Letter of Credit or the SEM Collateral Reserve Account (where applicable) under that Part of the Code in whatever order, proportion or combination it decides; and

as soon as reasonably practicable notify the Participant in writing, using a rapid means of communication such as email or facsimile, that it has made the Credit Call.

PART C GLOSSARY

Definitions

|  |  |
| --- | --- |
| Authorised Requester | means either:   1. under Part A Agreed Procedure 11, an Authorised Person with Category I:“Refund of Collateral” authorisation. 2. under Part B Agreed Procedure 11, an Authorised Person with Category C:“Request return of Collateral” authorisation. |
| Accession Process | has the meaning given in Part B of the Code. |
| Amendment Date | means the date on which the Trading and Settlement Code is amended to incorporate Part B and this Part C. |
| Assetless Participants | has the meaning given in Part B of the Code. |
| Current Year | Means the Tariff Year (with the meaning given in Part B of the Code), that the Cutover Time occurs in . |
| Cutover Time | means the date and time specified by the Regulatory Authorities for this purpose under paragraph 3.1.1 as the date and time the new trading and settlement arrangements in Part B of the Code commence, which time will coincide with the start of an Imbalance Settlement Period. |
| Disputes Panel | means the panel of available dispute resolution board members established and maintained by the Market Operator with the prior approval of the Regulatory Authorities. |
| Election Round | means a Nominating Participant Election arranged by the Secretariat (within the meaning of Part B of the Code) under paragraph B.17.7 of Part B in anticipation of the expiry of the term of a member of the Modifications Committee, but does not include a Nominating Participant Election arranged because a member is removed, resigns or retires. |
| Excess Collateral | Means where the aggregate amount of Posted Credit Cover (within the meaning of the relevant Part of the Code) (the “**Relevant Part**”) in respect of a Participant as shown in (as applicable) the relevant Part A Credit ReportsorPart B Required Credit Cover Report report exceeds the Required Credit Cover (within the meaning of the relevant Part) in respect of that Participant as shown in the relevant report; |
| Existing Participants | has the meaning given in paragraph 4.2.1. |
| First Election Round | means the first Election Round after the Amendment Date. |
| Historical Assessment Period | means the “Historical Assessment Period” approved by the Regulatory Authorities for the purposes of section G.10.1 of Part B. |
| Interconnector Participants | has the meaning given in Part A of the Code. |
| Transitional Credit Assessment Price | means the value to be used for Credit Assessment Price (PCAg) for the calculation of initial Credit Cover requirements for Participants under Part B until the end of the relevant Historical Assessment Period. |
| Transitional Required Credit Cover | means the the Credit Cover requirement that a Participant under Part B must have in place, initially, at the Cutover Time and as calculated subsequently until the end of the Historical Assessment Period after the Cutover Time. |
| Nominating Participant Election | has the meaning given in Part B of the Code. |
| Part A | means Part A of the Code. |
| Part A Credit Report | means the information provided to a Part A Participant by the Market Operator under paragraphs 6.177 and 6.177A of Part A. |
| Part A Participant | means a Participant (within the meaning of Part A) with one or more Units registered under Part A. |
| Part B | means Part B of the Code. |
| Part B Required Credit Cover Report | means a Required Credit Cover Report (within the meaning of Part B) provided to a Part B Participant by the Market Operator under paragraph G.12.1.2 of Part B. |
| Part B Participant | means a Participant (within the meaning of Part B) with one or more Units registered under Part B or deemed to be registered for the purposes of Part B. |
| Part C | Means Part C of the Code |
| Previous Year | Means the Tariff Year (with the meaning given in Part B of the Code).that preceeds the Current Year |
| Relevant Parameter | has the meaning given in paragraph 9.1.1. |
| Second Election Round | means the next occuring Election Round after the First Election Round. |
| Interim Transfer Facility | means a facility which may be provided by the Market Operator on an interim basis and solely for the period specified in section 11 to allow an accounting transfer of Posted Credit Cover held as cash collateral and/or Letters of Credit between a Part A Participant and Part B Participant who have meet the requirements of 11.5 |

Trading and Settlement Code Part C Appendices

<<<Modification Note: for the purposes of the comparison, in the modification drafting, changes in this Part C Letter of Credit Template that are different to the Part B Letter of Credit are highlighted in yellow>>>

[APPENDIX A:.Standard Letter of Credit 7](#_Toc498296613)

[APPENDIX B: Deed of Charge and Account Security 11](#_Toc498296615)

Appendix A: Standard Letter of Credit

* 1. Template for Standard Letter of Credit

Form of Doc Credit: IRREVOCABLE STANDBY LETTER OF CREDIT

Documentary Credit Number:

Date of Issue:

Applicable Rules: UCP [LATEST VERSION NO]

Date and Place of Expiry:

Applicant [insert Participant’s name] or [insert company name] on behalf of [insert Participant’s name]

Beneficiary: EirGrid plc and SONI Limited, trading as “SEMO”, being the Market Operator under the SEM Trading and Settlement Code. [address]

Currency Code, Amount (Maximum total amount):

Available With (ADVISING BANK IE SEMO'S BANK BY PAYMENT)

Partial Shipments/Drawings: Allowed

Documents required:

Beneficiary Statement, as detailed below, must be on Market Operator letterhead

QUOTE:

"We, the Market Operator under the Trading and Settlement Code (the “Beneficiary”) hereby state that [insert Participant’s name] is in default of its obligation to pay pursuant to the Trading and Settlement Code (to which the Participant is a party) under paragraph [ insert details of Part A of the Trading and Settlement Code and/or insert details of Part B of the Trading and Settlement Code] and as a result we hereby demand …………..[insert amount being claimed] under Standby Letter of Credit number…….... issued by …………[insert name of Issuing Bank]. Payment in respect of this Beneficiary Statement shall be effected immediately to [insert relevant account details]. We confirm that the signatory(ies) to this Beneficiary Statement are empowered to sign and make this Beneficiary Statement on behalf of the Beneficiary.

Terms defined in the Standby Letter of Credit referred to above have the same meaning when used in this Beneficiary Statement."

SIGNED FOR AND ON BEHALF OF THE MARKET OPERATOR.

NAME...................... TITLE.............

UNQUOTE

Additional Conditions:

1. Not Used.

2. This irrevocable Standby Letter of Credit is available by payment at sight against presentation to the Advising Bank of a Beneficiary Statement as detailed in Documents required.

3. The Beneficiary Statement must be made on original letterhead paper of the Beneficiary and signed on its behalf, and must be presented to the Advising Bank on or before the Expiry Date.

4. Upon receipt of a signed Beneficiary Statement in compliance with the above conditions the Advising Bank is required promptly to notify us by SWIFT of receipt of such Beneficiary Statement and inform us of the relevant details of such Beneficiary Statement. Provided such notification is received by us no later than 14:00 hrs on any weekday on which banks are open for business in Dublin and Belfast, we shall make payment under this Standby Letter of Credit for Same Day Value on that day or if received after 14.00hrs on the next such weekday in accordance with such notification and shall confirm payment by notifying the Advising Bank by SWIFT.

5. Where we, the Issuing Bank are also the Advising Bank, we may revise the above notification requirements as appropriate provided that this shall in no way affect the obligation on us to make payment under this Standby Letter of Credit.

6. We the Issuing Bank hereby waive any right to set off or counterclaim whatsoever against any amounts payable under this Standby Letter of Credit in respect of any claims we may have against the Beneficiary and such amounts shall be paid free and clear of all deductions or withholdings whatsoever.

7. Effective From:

8. This Standby Letter of Credit is personal to you and your rights hereunder including the right to receive proceeds to this Standby Letter of Credit, are not assignable.

This Letter of Credit shall be governed by and construed in accordance with the laws of Northern Ireland and the parties submit to the jurisdiction of the Courts of Ireland and the Courts of Northern Ireland (and no other court) for all disputes arising under, out of, or in relation to this Letter of Credit.

Charges:

All Issuing Bank charges are for the account of the Applicant.

All Advising Bank charges are for the account of the Beneficiary.

Confirmation:

CONFIRMATION WITH OR WITHOUT? (THIS INSTRUCTION IS TO SEMO'S BANK TO ADD CONFIRMATION OR NOT)

Instruction to Pay:

PLEASE REFER TO ADDITONAL CONDITIONS.

ADVISING BANK TO CLAIM REIMBURSEMENT BY SWIFT AND RETAIN BENEFICIARY STATEMENT ON FILE.

**APPENDIX**

[Market Operator letterhead]

We, the Market Operator under the Trading and Settlement Code (the “Beneficiary”) hereby state that [insert Participant’s name] is in default of its obligation to pay pursuant to the Trading and Settlement Code (to which the Participant is a party) under paragraph [insert details of Part A of the Trading and Settlement Code and/or insert details of Part B of the Trading and Settlement Code]

and as a result we hereby demand …………..[insert amount being claimed] under Standby Letter of Credit number…….... issued by …………[insert name of Issuing Bank]. Payment in respect of this Beneficiary Statement shall be effected immediately to [insert relevant account details]. We confirm that the signatory(ies) to this Beneficiary Statement are empowered to sign and make this Beneficiary Statement on behalf of the Beneficiary.

Terms defined in the Standby Letter of Credit referred to above have the same meaning when used in this Beneficiary Statement.

1. Deed of Charge and Account Security

<<Modification Note: See separate document Mod\_06\_17\_Part\_C\_Appendix\_B for Deed of Charge Modificaiton Text>>