



**17<sup>th</sup> January 2023**

Agreed Procedure Notification

Mod\_15\_22 Timelines for Processing Letters of Credit v2

## 1 MODIFICATIONS COMMITTEE MEETING 114 MINUTES

Proposer Energia

The Proposer provided an update on v2 of this Modification Proposal noting that its objective was to improve timelines for Letters of Credit. It was advised that current timelines don't guarantee CCINs to be addressed by Letters of Credit and following discussions with SEMO, this Modification would improve timelines to amendments on existing Letters of Credit only.

Generator Member requested that some of the wording in the legal drafting could be tightened as it is not clear if it is adding any certainty to the process. MO member replied that this is codifying a practice that is currently informally happening and by adding the new wording will allow greater scrutiny and request for justifications in cases that the timelines are not shortened. The Proposer agreed to see this as the best solution given the dependencies SEMO had indicated but will keep assessing the impact of the Modification in the future.

## 2 NOTIFICATION

As per Section B.17.21.2 of the T&SC, the Modifications Committee wishes to notify the RAs of the effective date for Mod\_15\_22 Timelines for Processing Letters of Credit to be the third Working Day following publication of AP notifications unless a veto is received from the Regulatory Authority. This Notification was published on 17<sup>th</sup> January 2023.

### 3 LEGAL DRAFTING

#### Agreed Procedure 9 – 3.4 Changes to Posted Credit Cover

1 If the proposed change to Posted Credit Cover:

- (a) is a new Letter of Credit or Demand Guarantee, continue to step 2.
- (b) is an amendment to an existing Letter of Credit or Demand Guarantee, go to step 3.
- (c) relates to the cancellation of a Letter of Credit or Demand Guarantee, go to step 6.
- (d) is a deposit of cash to a SEM Collateral Account, go to step 5.

is a request for withdrawal of cash from a SEM Collateral Account, go to step 13.

As required (by 12:00 on any WD in order for this procedure to commence on that WD)

3 Retrieve and validate the Letter of Credit or Demand Guarantee details from the SEM Bank. Confirm that the Credit Cover Provider is on the List of Eligible Banks and Insurance Undertakings and the Letter of Credit or Demand Guarantee requirements have been met.

- (a) If validation is successful and the existing Letter of Credit or Demand Guarantee is for a higher value than the new Letter of Credit or Demand Guarantee, go to step 10.
- (b) If validation is successful and the existing Letter of Credit or Demand Guarantee is for an equal or lower value than the new Letter of Credit or Demand Guarantee, go to step 11.
- (c) Otherwise go to step 4.

11 Accept the amended Letter of Credit or Demand Guarantee and notify the Participant, **(In cases where the amended Letter of Credit seeks to resolve a Credit Cover Increase Notice the Market Operator will use best endeavours to accept the amended Letter of Credit and notify the participant within 1 WD of request) end process.**

Within 2 WD of request