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| **MODIFICATION PROPOSAL FORM** |
| **Proposer***(Company)* | **Date of receipt***(assigned by Secretariat)* | **Type of Proposal***(delete as appropriate)* | **Modification Proposal ID***(assigned by Secretariat)* |
| Activation Energy Ltd | 12 January 2012 | Standard | Mod\_01\_12 |
| **Contact Details for Modification Proposal Originator** |
| **Name** | **Telephone number** | **Email address** |
| Patrick Liddy | 0879601725/014428801 | Patrick.liddy@activationenergy.ie |
| **Modification Proposal Title** |
| **Representation of Demand Side Units on the Modification Committee** |
| **Documents affected***(delete as appropriate)* | **Section(s) Affected** | **Version number of T&SC or AP used in Drafting** |
| T&SC | 2.150, 2.152, 2.155 | V10.0 |
| **Explanation of Proposed Change***(mandatory by originator)* |
| Currently Demand Side Units are not represented on the TSC modification committee. Furthermore it is unclear how they could be represented as they have different interests from both suppliers and generators. The modification proposed straight forwardly proposes the introduction of 1 seat for DSUs.  |
| **Legal Drafting Change***(Clearly show proposed code change using* ***tracked*** *changes, if proposer fails to identify changes, please indicate best estimate of potential changes)* |
| Constitution of the Modifications Committee and Voting Rules2.150 The Modifications Committee shall consist of:1. one member appointed by the Commission and one member appointed by NIAUR;
2. at least ten (10) and no more than sixteen (16) further members appointed as follows, such persons to include at all times:

(a) at least three (3) members nominated by or elected in respect of Generation Participants;(b) at least three (3) members nominated by or elected in respect of Supply Participants;(c) one member appointed by the Market Operator;(d) one member appointed by each of the System Operators; (e) one member appointed by each of the Meter Data Providers (to the extent not already represented); and(f) one (1) member nominated by or elected in respect of Demand Side Units.2.152 Unless directed otherwise by the Regulatory Authorities and subject to paragraphs 2.154 and 2.155, there shall at all times be an equal number of persons nominated by or elected in respect of Generation Participants and persons nominated by or elected in respect of Supply Participants on the Modifications Committee.2.152a For the avoidance of doubt with respect to paragraphs 2.150 and 2.152, Demand Side Units shall not be regarded as either Generation Participants or as Supply Participants.2.155 The total number of members of the Modifications Committee shall be not less than twelve (12) persons and not more than eighteen (18) persons. |
| **Modification Proposal Justification***(Clearly state the reason for the Modification)* |
| Currently Demand Side Units are not represented on the TSC modification committee. Furthermore it is unclear how they could be represented as they have different interests from both suppliers and generators. The modification proposed straight forwardly proposes the introduction of 1 seat for DSUs. As their interests are split between those of Suppliers (as they are licensed as such and in many cases are likely to be operated by suppliers) and Generators (as they are paid a capacity payment and have requirements under the Grid Code to assist with system security) the inclusion will not upset the current balance.Note that as we do not wish to create undue challenges to committee operation, no change to AP12 (including Quorum) is proposed |
| **Code Objectives Furthered***(State the Code Objectives the Proposal furthers, see Section 1.3 of T&SC for Code Objectives)* |
| BackgroundThe harmonised provisions of the Ireland and Northern Ireland Grid Codes allow for an entity known as a Demand Side Units (DSUs) which are Demand Sites which offer demand reduction. The Trading and Settlement Code links these units to Supplier Units, while the Grid Code treats them in a similar way to Generators. We feel that this modification furthers code objectives in the following ways.1.Trading & Settlement Code Objective 1.3.3 “to facilitate the participation of electricity undertakings engaged in the generation, supply or sale of electricity in the trading arrangements under the Single Electricity Market”Having unrepresented parties in the market is clearly likely to act as a barrier to participation in this area.2. Trading & Settlement Code Objective 1.3.4 “to promote competition in the single electricity wholesale market on the island of Ireland”Many demand sites would be happy to offer their demand reduction capabilities to the market, increasing competition in the market significantly. Once the market facilitates their entry and listens to their views through this seat, this is more likely to happen.3. Trading & Settlement Code Objective 1.3.6 “to ensure no undue discrimination between persons who are parties to the Code”.As these units are not represented, they are clearly discriminated against.4. Trading & Settlement Code Objective 1.3.7 “to promote the short-term and long-term interests of consumers of electricity on the island of Ireland with respect to price, quality, reliability, and security of supply of electricity.This Modification Proposal should have no impact on central market systems, and consequentially should have negligible impact on the cost to consumers. Therefore, any improvement brought by competition will have immediate short-term and long-term gains for the consumers on the island of Ireland. 5. Environmental ConcernsOnsite electricity generation regularly has a lower carbon footprint, therefore assisting Ireland and Northern Ireland’s carbon reduction targets6. Distributed GenerationAn increased involvement of DSUs in the market will act to strengthen the grids resilience considerably as distributed generation has been demonstrated to be more reliable7. An increase in market diversityAs most likely DSUs are not affiliated with existing market parties, their inclusion will represent an increase in the diversification of control of Generator Units within the market, a stated objective of government at the time of market opening8. An increase in fuel diversityAs most likely DSUs will not be utilising Natural Gas to generate electricity, their inclusion will represent an increase in the diversification fuel supply to the market.9. Market interestNumerous customers have shown an interest in partaking in such a scheme.  |
| **Implication of not implementing the Modification Proposal***(State the possible outcomes should the Modification Proposal not be implemented)* |
| Non-implementation of this modification will result inRetaining the discrimination against DSUs in the market, which has to date, prevented most Demand sites from taking partA reduction in the potential competition of the market, avoiding potential savings to the customersNot utilising a potential carbon saving availableA reduction in the potential security of the grid |
| **Working Group***(State if Working Group considered necessary to develop proposal)* | **Impacts***(Indicate the impacts on systems, resources, processes and/or procedures)* |
| No | Minimal |
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| ***Please return this form to Secretariat by email to*** ***modifications@sem-o.com*** |

**Notes on completing Modification Proposal Form:**

1. **If a person submits a Modification Proposal on behalf of another person, that person who proposes the material of the change should be identified on the Modification Proposal Form as the Modification Proposal Originator.**
2. **Any person raising a Modification Proposal shall ensure that their proposal is clear and substantiated with the appropriate detail including the way in which it furthers the Code Objectives to enable it to be fully considered by the Modifications Committee.**
3. **Each Modification Proposal will include a draft text of the proposed Modification to the Code unless, if raising a Provisional Modification Proposal whereby legal drafting text is not imperative.**
4. **For the purposes of this Modification Proposal Form, the following terms shall have the following meanings:**

**Agreed Procedure(s): means the detailed procedures to be followed by Parties in performing their obligations and functions under the Code as listed in Appendix D “List of Agreed Procedures”.**

**T&SC / Code: means the Trading and Settlement Code for the Single Electricity Market**

**Modification Proposal: means the proposal to modify the Code as set out in the attached form**

**Derivative Work: means any text or work which incorporates or contains all or part of the Modification Proposal or any adaptation, abridgement, expansion or other modification of the Modification Proposal**

**The terms “Market Operator”, “Modifications Committee” and “Regulatory Authorities” shall have the meanings assigned to those terms in the Code.**

**In consideration for the right to submit, and have the Modification Proposal assessed in accordance with the terms of Section 2 of the Code (and Agreed Procedure 12), which I have read and understand, I agree as follows:**

**1. I hereby grant a worldwide, perpetual, royalty-free, non-exclusive licence:**

* 1. **to the Market Operator and the Regulatory Authorities to publish and/or distribute the Modification Proposal for free and unrestricted access;**
	2. **to the Regulatory Authorities, the Modifications Committee and each member of the Modifications Committee to amend, adapt, combine, abridge, expand or otherwise modify the Modification Proposal at their sole discretion for the purpose of developing the Modification Proposal in accordance with the Code;**
	3. **to the Market Operator and the Regulatory Authorities to incorporate the Modification Proposal into the Code;**

**1.4 to all Parties to the Code and the Regulatory Authorities to use, reproduce and distribute the Modification Proposal, whether as part of the Code or otherwise, for any purpose arising out of or in connection with the Code.**

**2. The licences set out in clause 1 shall equally apply to any Derivative Works.**

**3. I hereby waive in favour of the Parties to the Code and the Regulatory Authorities any and all moral rights I may have arising out of or in connection with the Modification Proposal or any Derivative Works.**

**4. I hereby warrant that, except where expressly indicated otherwise, I am the owner of the copyright and any other intellectual property and proprietary rights in the Modification Proposal and, where not the owner, I have the requisite permissions to grant the rights set out in this form.**

**5. I hereby acknowledge that the Modification Proposal may be rejected by the Modifications Committee and/or the Regulatory Authorities and that there is no guarantee that my Modification Proposal will be incorporated into the Code.**