

Single Electricity Market

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| Final REcommendation ReportMod\_03\_14: Change in Timeline for Submission of MO Report on Annual Capacity Exchange Rate  6 march 2014  |

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Document History

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| **Version** | **Date** | **Author** | **Comment** |
| 1.0 | 26 February 2014 | Modifications Committee Secretariat | Issued to Modifications Committee for review and approval |
| 2.0 | 6 March 2014 | Modifications Committee Secretariat | Issued to Regulatory Authorities for final decision |

Reference Documents

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| **Document Name** |
| [Trading and Settlement Code](http://semopub/MarketDevelopment/MarketRules/TSC.docx) |
| [Mod\_03\_14 Change in Timeline for Submission of MO Report on Annual Capacity Exchange Rate](http://semopub/MarketDevelopment/ModificationDocuments/Mod_03_14%20%28Change%20in%20Timeline%20for%20Submission%20of%20MO%20Report%20on%20Annual%20Capacity%20Exchange%20Rate%20Mod%29.docx) |
| [Slides Meeting 53](http://semopub/MarketDevelopment/ModificationDocuments/RA%20slides%20for%20Mods%20%20Meeting%2053%20%28Mods%2003_14%20and%2004_14%29.pptx) |

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# MODIFICATIONS COMMITTEE RECOMMENDATION

## Recommended for Approval– unanimous Vote

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| **Recommended for Approval by Unanimous Vote**  |
| Aine Doran | Generator Alternate | Approved |
| Brian Mongan | Generator Alternate | Approved |
| Connor Powell | Supplier Alternate | Approved |
| Jill Murray | Supplier Member | Approved |
| Kevin Hannafin | Generator Member | Approved |
| Mary Doorly | Generator Alternate | Approved |
| Patrick Liddy | DSU Member | Approved |
| Philip Carson | Supplier Alternate | Approved |

# Background

This Modification Proposal was raised by the RAs and was received by the Secretariat on 23 January 2014. The proposed change is to amend the Code to reflect the current practice for the publication of the Annual Capacity Exchange Rate (ACER), which has been in operation (but not in line with the Code) for several years. Currently, the ACER that will apply for the coming Year is published in December, whereas the Code currently requires the ACER value to be published 4 months before the start of each Year. The methodology by which SEMO determined the ACER for 2011 is set out in the “Trading and Settlement Code Annual Operational Parameters for 2011, Decision Paper” of 17th November 2010 (SEM-10-077). This same methodology has been used since that time. The Modification Proposal was presented and discussed at Meeting 53 on 06 February 2014 where it was voted on.

# PURPOSE OF PROPOSED MODIFICATION

## 3A.) justification of Modification

This Modification is to reflect current practice in line with SEM Committee Decision SEM-10-077 which was consulted on by Industry and whereby the Annual Capacity Exchange Rate is published in December each year. The Regulatory Authorities see merit in the value of the Annual Capacity Exchange rate being determined closer to the beginning of the period to which it applies (1st January annually). This Modification Proposal also ensures that SEMO and the Regulatory Authorities act in conformity with the Code in the practice of publishing the Annual Capacity Exchange Rate in December.

## 3B.) Impact of not Implementing a Solution

The RAs will act in accordance with SEM Committee Decision SEM-10-077 but not according to the timelines prescribed in the Code with respect to the publication of the Annual Capacity Exchange Rate.

## 3c.) Impact on Code Objectives

This modification aims to further Code Objective:

1. to facilitate the efficient discharge by the Market Operator of the obligations imposed upon it by its Market Operator Licences;

# Working Group and/or Consultation

N/A

# impact on systems and resources

N/A

# Impact on other Codes/Documents

N/A

# MODIFICATION COMMITTEE VIEWS

## Meeting 53 – 06 february 2014

RA Alternate presented slides on the proposal advising that the proposed change to the T&SC and AP is to amend the Code to reflect the current practice for the publication of the Annual Capacity Exchange Rate (ACER), which has been in operation (but not in line with the Code) for several years.

Chair queried as to why the RAs are proposing to move the timeline. RA Alternate advised that the value could change if it is set too far away from the start of the year.

RA Member advised that industry expressed the desire for this change to be implemented.

RA Alternate advised that all parameters are assessed each year and that the T&SC provides that the RAs consult annually.

Generator Alternate queried as to whether the exchange rate values used in the SEM are consistent. RA Member advised that this will not be an issue for the proposal however agreed to further investigate.

# Proposed Legal Drafting

As set out in Appendix 1 below.

#  LEGAL REVIEW

Complete

# IMPLEMENTATION TIMESCALE

It is proposed that this Modification is implemented on a Settlement Day basis with effect from one Working Day after an RA Decision is made.

# Appendix 1: Mod\_03\_14 Change in Timeline for Submission of MO Report on Annual Capacity Exchange Rate

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| **MODIFICATION PROPOSAL FORM** |
| **Proposer** | **Date of receipt** | **Type of Proposal** | **Modification Proposal ID** |
| **Regulatory Authorities** | **23 January 2014** | **Standard**  | **Mod\_03\_14** |
| **Contact Details for Modification Proposal Originator** |
| **Name** | **Telephone number** | **Email address** |
| **Elaine Gallagher** | **00 353 1 4000800** | **egallagher@cer.ie** |
| **Modification Proposal Title** |
| **Change in Timeline for Submission of MO Report on Annual Capacity Exchange Rate**  |
| **Documents affected** | **Section(s) Affected** | **Version number of T&SC or AP used in Drafting** |
| **T&SC** | **Section 4** | **Version 14.0** |
| **Explanation of Proposed Change***(mandatory by originator)* |
| The proposed change to the T&SC and AP is to amend the Code to reflect the current practice for the publication of the Annual Capacity Exchange Rate (ACER), which has been in operation (but not in line with the Code) for several years. Currently, the ACER that will apply for the coming Year is published in December, whereas the Code currently requires the ACER value to be published 4 months before the start of each Year. The methodology by which SEMO determined the ACER for 2011 is set out in the “Trading and Settlement Code Annual Operational Parameters for 2011, Decision Paper” of 17th November 2010 (SEM-10-077). This same methodology has been used since that time.  |
| **Legal Drafting Change***(Clearly show proposed code change using* ***tracked*** *changes, if proposer fails to identify changes, please indicate best estimate of potential changes)* |
| Parameters for the determination of Capacity Payments and Capacity Charges* 1. No later than four months before the start of the first Capacity Period in each Year, the Regulatory Authorities shall consider and shall determine values, which will then be made available to the Market Operator, for the following parameters for the calculation of Capacity Payments and Capacity Charges for that Year:

Annual Capacity Payment Sum (ACPSy);Capacity Period Payment Sum (CPPSc) for each Capacity Period, such that the total of Capacity Period Payment Sums over the Year is equal to the Annual Capacity Payment Sum (ACPSy);Fixed Capacity Payments Proportion (FCPPy), such that 0 ≤ FCPPy ≤1;Ex-Post Capacity Payments Proportion (ECPPy), such that 0 ≤ ECCPy ≤ (1-FCPPy); andThe Value of Lost Load (VOLL).* 1. The Market Operator shall make a report to the Regulatory Authorities at least 15 Week Days before the start of the Year and in advance of the first Capacity Period in each Year, proposing a value for the following parameter for that Year:

the Annual Capacity Exchange Rate (ACERy).* 1. The Market Operator's report must set out any relevant research or analysis carried out by the Market Operator and any justification for the specific values proposed. Such a report may, and shall, if so requested by the Regulatory Authorities, include alternative values from those proposed and must set out the arguments for and against such alternatives.
	2. The Market Operator shall publish the approved value(s) for each of the parameters set out in paragraphs 4.95 and 4.96 within 5 Working Days of receipt of the Regulatory Authorities' determination or two months before the start of the Year to which they shall apply whichever is the later.
 |
| **Modification Proposal Justification***(Clearly state the reason for the Modification)* |
| This Modification is to reflect current practice in line with SEM Committee Decision SEM-10-077 which was consulted on by Industry and whereby the Annual Capacity Exchange Rate is published in December each year. The Regulatory Authorities see merit in the value of the Annual Capacity Exchange rate being determined closer to the beginning of the period to which it applies (1st January annually). This Modification Proposal also ensures that SEMO and the Regulatory Authorities act in conformity with the Code in the practice of publishing the Annual Capacity Exchange Rate in December. |
| **Code Objectives Furthered***(State the Code Objectives the Proposal furthers, see Section 1.3 of T&SC for Code Objectives)* |
| to facilitate the efficient discharge by the Market Operator of the obligations imposed upon it by its Market Operator Licences;  |
| **Implication of not implementing the Modification Proposal***(State the possible outcomes should the Modification Proposal not be implemented)* |
| The RAs will act in accordance with SEM Committee Decision SEM-10-077 but not according to the timelines prescribed in the Code with respect to the publication of the Annual Capacity Exchange Rate. |
| **Working Group***(State if Working Group considered necessary to develop proposal)* | **Impacts***(Indicate the impacts on systems, resources, processes and/or procedures)* |
| N/A | N/A |
| ***Please return this form to Secretariat by email to*** ***modifications@sem-o.com*** |