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| **MODIFICATION PROPOSAL FORM** |
| **Proposal Submitted by:** | **Date Proposal received by Secretariat:** | **Type of Proposal** | **Number:** |
| Airtricity | 19 January 2011 | **Standard** | Mod\_08\_11 |
| **Contact Details for Modification Proposal Originator** |
| **Name:**Emeka Chukwureh | **Telephone number:**+353-1-655-6589 | **e-mail address:**emeka.chukwureh@airtricity.com |
| **Modification Proposal Title:**Correcting Calculation of Net Demand Used for Settlement (An Amendment to Global Settlement Modification) |
| **Trading and Settlement Code and/or Agreed Procedure change?**  | T&SC |
| **Section(s) affected by Modification Proposal:** | 4.92E; (new) 4.92F |
| **Version Number of the Code/Agreed Procedure used in Modification drafting:**  | 8.0 |
| **Modification Proposal Description***(Clearly show proposed code change using* ***tracked changes*** *& include any necessary explanatory information)*  |
| Settlement Net Demand at Supplier Units4.92E ~~The Market Operator shall procure that, for all Supplier Units v, the Settlement Net Demand in Trading Period h (SNDvh) shall be calculated as follows:~~~~Where~~ 1. ~~NDvh is the Net Demand at Supplier Unit v in Trading Period h.~~
2. ~~NDAvh is the Net Demand Adjustment for Supplier Unit v in Trading Period h.~~ Intentionally left blank.

4.92F The Market Operator shall procure that, for all Supplier Units v, the Loss-Adjusted Settlement Net Demand in Trading Period h (SNDLFvh) shall be calculated as follows:Where 1. NDLFvh is the Loss-Adjusted Net Demand at Supplier Unit v in Trading Period h.
2. NDAvh is the Net Demand Adjustment for Supplier Unit v in Trading Period h.
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| **Modification Proposal Justification***(Clearly state the reason for the Modification & how it furthers the Code Objectives)*  |
| While ND is a non- Loss-Adjusted, NDA is a Loss-Adjusted quantity. Hence the combination in 4.92E is incongruous.This incongruity is further compounded when SNDLF is calculated (implicitly) by multiplying SND by TLAFv (TLAF for Supplier Units). The result is that the contribution of NDA, which is already Loss-Adjusted, is further Loss-Adjusted (double-counted).In current practice, this has no impact, as TLAFv is set equal to unity (1), hence the double counting has no significance [1\*1=1; 1/1=1].If however regulatory policy changes resulting in a shift away from unity for TLAFv, this incongruity will start feeding into settlement demand figures for Supplier Units, creating a new “error pool”.As SND is not actually used apart from the (implicit) determination of SNDLF, this modification proposal has eliminated it from the code. However Eqn. 4.92E is left blank in the event that SND needs to be “re-calculated”. To do so will have to address the roots of SND, specifically the NDA variable. It might be necessary under that scenario to revaluate the determination of REVLF; REVLF is the root of NDA. A prior calculation of REV might be required.This modification proposal furthers the Code objectives outlined in T&SC section1.3, subsections 2, 3, 6 & 7. To wit:1. to facilitate the efficient, economic and coordinated operation, administration and development of the Single Electricity Market in a financially secure manner;
2. 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;
3. to ensure no undue discrimination between persons who are parties to the Code; and
4. 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.
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| **Implication of not implementing the Modification***(Clearly state the possible outcomes should the Modification not be made , or how the Code Objectives would not be met)* |
| **If this proposal is not implemented, no immediate impact will be felt in the market.** However a “ticking error” will exist in the market implementation which, if regulatory policy regarding treatment of losses for Supplier Units changed, *loss-adjustment* errors will start feeding into Supplier Unit settlement demand volumes.Hence the impact on Code Objectives is dependent on the likely future of regulatory policy on the treatment of losses for Supplier Units. Where that policy to change, the objectives of facilitating the efficient, economic and coordinated operation, administration and development of the Single Electricity Market in a financially secure manner; facilitating the participation of electricity undertakings engaged in the generation, supply or sale of electricity in the trading arrangements under the Single Electricity Market; ensuring no undue discrimination between persons who are parties to the Code; and promoting 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 are likely to be frustrated. |
| ***Please return this form to Secretariat by e-mail 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.**
4. **For the purposes of this Modification Proposal Form, the following terms shall have the following meanings:**

**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.**