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| **MODIFICATION PROPOSAL FORM** |
| **Proposer** | **Date of receipt** | **Type of Proposal** | **Modification Proposal ID** |
| **SEMO** | **13 March 2012** | **Standard** | **Mod\_08\_12** |
| **Contact Details for Modification Proposal Originator** |
| **Name** | **Telephone number** | **Email address** |
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| **Modification Proposal Title** |
| **Calculation of Modified Interconnector Unit Nominations (MIUNs) for SEM Intra-Day Trading** |
| **Documents affected***(delete as appropriate)* | **Section(s) Affected** | **Version number of T&SC or AP used in Drafting** |
| **Agreed Procedure 2** | **Agreed Procedure 2, Appendix 2** | **V10.0 (updated to reflect changes in Mod\_18\_10)** |
| **Explanation of Proposed Change***(mandatory by originator)* |
| SEM Intra-Day Trading will be implemented in mid 2012, following approval of Modification 18\_10 by the Regulatory Authorities on 14 February 2012. Part of the SEM Intra-Day Trading design is that MIUNs, derived from IUNs following an MSP Software Run, will be fixed where possible in subsequent MSP Software Runs. Fixing of MIUNs may not possible in situations where ATC limits change (e.g. a Trip) or where a Deadband breach occurs.This Modification Proposal sets out changes to Agreed Procedure 2, Appendix 2 to document the process whereby MIUNs are fixed in MIUN Calculator runs subsequent to EA1 and EA2 for the same Trading Day (following subsequent MSP Software Runs and also where changes in ATC occur).The MIUN Calculator software is provided by a different vendor to the main CMS software and changes are required to implement the fixing of MIUNs. These changes will align with the SEM High Level Design Summary. In addition, the protection of MIUNs was discussed and documented in Working Group 6 in Phase 1 of the Intra-Day Trading design.The changes are summarised as follows:1. Clarification that the MIUNs as calculated following the relevant MSP Software Run will be fixed where possible in subsequent MIUN calculations.
2. Correction of the explanation of when Interconnector Units are considered to be ramping up or down. (This is currently incorrect in its description of the existing process.)
3. Introduction of defined terms “Original MIUNs” and “Original IUNs” in Agreed Procedure 2, Appendix 2. These terms will make clear which version of the IUNs/MIUNs are used as inputs to the relevant MIUN Calculator run.
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| **Legal Drafting Change***(Clearly show proposed code change using* ***tracked*** *changes, if proposer fails to identify changes, please indicate best estimate of potential changes)* |
| **DEFINITIONS**

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| **Original Interconnector Unit Nomination** | The Interconnector Unit Nomination for an Interconnector Unit as calculated by the MSP Software Run where the MSP Software Run Type matches the Gate Window identifier associated with that Interconnector Unit. |
| **Original Modified Interconnector Unit Nomination** | The Modified Interconnector Unit Nomination for an Interconnector Unit as calculated by the MIUN Calculator immediately following the MSP Software Run where the MSP Software Run Type matches the Gate Window identifier associated with that Interconnector Unit. |

Values of MIUNs1. MIUNs shall be calculated for each Interconnector separately.
2. The value of each MIUN, in respect of a particular Interconnector Unit and for a particular Trading Period, must be in the same direction (i.e. both positive or both negative) as the corresponding Interconnector Unit Nomination (IUN).
3. The value of each MIUN, in respect of a particular Interconnector Unit and for a particular Trading Period, must not exceed in absolute magnitude the corresponding Original IUN or, where an Original MIUN has previously been determined, the Original MIUN.
4. In calculating the MIUNs for each Trading Period:
	1. where the sum of the IUNs is greater in absolute terms than the absolute value of the Interconnector Import ATC, the IUNs will be reduced such that the resulting MIUN will respect the import ATC value.
	2. where the sum of all IUNs is greater in absolute terms than the absolute value of the Interconnector Export ATC, the IUNs will be reduced such that the resulting MIUNs will respect the export ATC value.

Application of the Interconnector Ramp Rate1. The Interconnector Ramp Rate applies to the sum of all the IUNs (i.e. import and export) and not to any individual IUNs.
2. Where the sum of all IUNs for a particular Trading Period and Interconnector, is equal for two consecutive Trading Periods, each corresponding MIUN for that Trading Period shall be set equal to the relevant IUN.
3. Ramping may take place over any number of Trading Periods, including Trading Periods within the previous day if necessary. Where ramping occurs over multiple Trading Periods and there is a conflict in the rules as set out in this Appendix, the ramping rules shall take precedence.
4. Where the absolute value of an IUN for a Trading Period (B) is less than the absolute value of the IUN in the immediately preceding Trading Period (A) and the values (A) and (B) are of the same sign, ramping in respect of the Unit shall occur in order to reach the value of the IUN for Trading Period (B) by the start of Trading Period (B).
5. Where the absolute value of an IUN for a Trading Period (B) is greater than the absolute value of the IUN for the immediately preceding Trading Period (A) and the values (A) and (B) are of the same sign, ramping in respect of the Unit shall occur at the start of Trading Period (B). This ramping may take place over any number of Trading Periods.
6. Where the value of an IUN for a Trading Period (B) is of opposite sign to the value of the IUN for the immediately preceding Trading Period (A), ramping shall occur by the end of Trading Period (A) for the value of the IUN in Trading Period (A) and ramping shall occur at the start of Trading Period (B) for the value of the IUN in Trading Period (B).
7. Where IUNs change direction between successive Trading Periods (i.e. from positive to negative or negative to positive) and a Deadband does not apply, ramping shall occur such that the value at the boundary between the two affected Trading Periods is zero.
8. If a Trip occurs on an Interconnector, then the sum of all IUNs shall be considered to ramp instantly to the revised value of ATC.

Application of the Minimum Interconnector Import Level, Minimum Interconnector Export Level and Deadband1. An Interconnector may have an associated Deadband, within which the relevant Interconnector is not able to operate.
2. The Deadband for an Interconnector shall apply between (but excluding) the Minimum Interconnector Export Level and the Minimum Interconnector Import Level.
3. Any Interconnector for which the Minimum Interconnector Export Level and Minimum Interconnector Import Level are equal to zero shall be considered to have no Deadband.
4. Where an Interconnector has a Deadband, the Interconnector shall be considered to ramp between zero (0) and the associated Minimum Interconnector Import Level instantaneously.
5. Where an Interconnector has a Deadband, the Interconnector shall be considered to ramp between zero (0) and the associated Minimum Interconnector Export Level instantaneously.

Adjustments when Net Interconnector Flow is within a Deadband1. If the total IUNs for a Trading Period are in the Deadband and all IUNs are in the Dominant Direction, then each of the IUNs should be considered to be zero for the purpose of calculating the MIUNs.
2. Where IUNs exist in both directions and the sum of all IUNs for a particular Interconnector and Trading Period is within the Deadband for the Interconnector:
	1. Where the sum of the IUNs net to exactly zero:
		1. If the sum of the IUNs in each direction are within the Deadband, then the IUNs used in the calculation of MIUNs in both directions shall be reduced to zero.
		2. If the sum of the IUNs in each direction are outside the Deadband, the IUNs used in the calculation of MIUNs in both directions will remain unchanged.
	2. If the sum of the IUNs in any direction are within the Deadband, the IUNs in that direction shall be considered to be zero for the purpose of calculating the MIUNs.
	3. Where the sum of IUNs for each direction are outside the Deadband:
		1. The IUNs in the same direction (i.e. import or export) as the Dominant Direction used in the calculation of MIUNs will remain unchanged;
		2. The IUNs in the opposite direction (i.e. import or export) to the Dominant Direction shall be reduced on a pro-rata basis, such that the resulting net flow is outside the Deadband.

Fixing of MIUNs in subsequent MIUN calculation runs1. In calculating the MIUNs in each Trading Period, each MIUN calculation shall, where possible:
	1. Fix the Original MIUNs for Interconnector Units associated with the EA1 Gate Window where such Original MIUNs have been determined.
	2. Fix the Original MIUNs for Interconnector Units associated with the EA2 Gate Window where such Original MIUNs have been determined.
	3. Fix the Original MIUNs for Interconnector Units associated with the WD1 Gate Window where such Original MIUNs have been determined.
	4. Allocate the remaining energy available as defined by the Interconnector Dispatch Schedule to Interconnector Units where Original MIUNs have not been determined.

**Treatment of SO Interconnector Trades**1. SO Interconnector Trades can only occur once the final set of Ex-Ante MIUNs in respect of a particular Trading Period have been determined by the Market Operator (i.e. resulting from an Ex Ante One MSP Software Run, Ex Ante Two MSP Software Run or Within Day One MSP Software Run).
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| **Modification Proposal Justification***(Clearly state the reason for the Modification)* |
| As previously discussed and agreed when considering Modification Proposal MOD\_18\_10 (December 2011), SEM Intra-Day Trading is required in order to ensure the SEM’s future compliance with the EU’s Congestion Management Guidelines for Cross Border Trade. In response to this, there was agreement at SEM Intra-Day Trading Working Group #6 (2 November 2010) that the final design should include the following:*“Fixed Allocations from each MSP Software Run and Superposition permitted within the MSP Software (i.e. Aggregate of IUNs within limits of Import and Export ATC).”*Following this, the principle of fixing MIUNs in subsequent runs was included within the High Level Design for SEM Intra-Day Trading, which was approved by the Modifications Committee and the SEM Committee for implementation:*“Interconnector Units will be able to submit Commercial Offer Data to each Gate Window (only those**with Capacity Holdings for EA1). For Interconnector Units, EA1 capacity allocations (MIUNs) will be treated as fixed in the EA2 MSP Software Run and EA1 and EA2 capacity allocations will be treated as fixed in the WD1 MSP Software Run.”*The changes to the core elements of the Central Market System (e.g. Market Participant Interface, MSP Software) are complete and are currently being tested by SEMO as part of its System Integration Testing (SIT). In parallel with this activity, changes to deliver the fixing of MIUNs have been designed by the vendor of the MIUN Calculator.This Modification aligns with the design that will deliver fixing of MIUNs where possible in subsequent MSP Software Runs and in the calculation of MIUNs. |
| **Code Objectives Furthered***(State the Code Objectives the Proposal furthers, see Section 1.3 of T&SC for Code Objectives)* |
| This Modification Proposal aligns with the SEM Intra-Day Trading design, which requires that MIUNs will be fixed (where possible) in subsequent MSP Software Runs (and by extension all future MIUN calculations). In doing so, this Modification Proposal furthers Code Objectives 3 and 4:* *Code Objective 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”.*

The SEM Intra-Day Trading arrangements developed by the Modifications Committee Working Group provide additional opportunities on both D-1 and D for Participants in the SEM and GB market to access the SEM for the purpose of importing and exporting. Fixing of MIUNs will provide a degree of certainty to Interconnector trading and will therefore facilitate efficient participation of traders in the SEM, thereby furthering Code Objective 3.* *Code Objective 4: “to promote competition in the single electricity wholesale market on the island of Ireland”.*

The provision of increased opportunity to trade via Interconnectors in the SEM is a fundamental part of the SEM Intra-Day Trading design (as described in Modification 18\_10\_v2). This Modification Proposal will, to the extent that this it is possible, fix Original MIUNs in the MIUN calculation, based on the IUNs as determined following the corresponding MSP Software Run. Such confidence in the extent of volumes traded should facilitate increased competition in the SEM, allowing registered Interconnector Users to respond to changing conditions and to have confidence in the volumes traded. |
| **Implication of not implementing the Modification Proposal***(State the possible outcomes should the Modification Proposal not be implemented)* |
| The implications of not developing this Modification Proposal would be:1. The MIUN calculation would conflict with the approach in the MSP Software, which will fix MIUNs in subsequent MSP Software Runs for the corresponding Trading Periods.
2. There may be greater levels of uncertainty when trading on Interconnectors in that outturn volumes would be affected by trading by other Participants in subsequent MSP Software Runs.
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| **Working Group***(State if Working Group considered necessary to develop proposal)* | **Impacts***(Indicate the impacts on systems, resources, processes and/or procedures)* |
| No | The calculation of MIUNs will not align with the SEM Intra-Day Trading design as set out in Mod\_18\_10. |
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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.**