

MODIFICATION PROPOSAL FORM			
Proposer <i>(Company)</i>	Date of receipt <i>(assigned by System Operator)</i>	Type of Proposal <i>(delete as appropriate)</i>	Modification Proposal ID <i>(assigned by System Operator)</i>
Energia	5 th May 2022	Standard	CMC_09_22
Contact Details for Modification Proposal Originator			
Name	Telephone number	Email address	
Sean McParland		Sean.mcparland@energias.ie	
Modification Proposal Title			
Secondary trade approval notification			
Documents affected <i>(delete as appropriate)</i>	Section(s) Affected	Version number of CMC used in Drafting	
CMC	M.7 and M.12	6.0	
Explanation of Proposed Change <i>(mandatory by originator)</i>			
<p><u>Area of Concern</u></p> <p>In the absence of a fully developed Secondary Trading auction as originally intended as part of the original Capacity Market design, market participants are able to avail of Interim Secondary Trade Notifications (ISTN) as per section M.7 of the CMC or Alternative Secondary Trade Notifications (ASTN) as per section M.12 of the CMC. Both of these Secondary Trading mechanisms play a key role in allowing market participants to manage their capacity market obligations and risk associated with clearing in a capacity auction and the accompanying Reliability Option (RO).</p> <p>Various modifications relating to how both of these mechanisms are operated in the market have previously been submitted. Whilst some of these modifications have focussed on the timelines required for submission of the ISTN or ASTN and for the System Operator to process and validate the notifications received, there is remaining ambiguity for market participants in terms of being notified that their submitted ISTN or ASTN have been validated and processed. Currently the CMC stipulates that the Capacity and Trade Register is required to be updated by the System Operator after submission of the respective ISTN or ASTNs. However, this process is not always clear in confirming that the submitted secondary trade notifications have been successfully validated and causes unnecessary concern and confusion for market participants in respect of trying to manage their obligations and risks.</p> <p><u>Proposal</u></p> <p>In response to this area of concern, this modification seeks to propose a simple step in the System Operators processes in relation to secondary trades that they notify participants directly to confirm that their submitted ISTN or ASTN has been successfully validated. This step is simply aimed at removing any ambiguity for market participants and to avoid any confusion that can currently arise when carrying out secondary trades.</p> <p>The proposed timelines for the System Operator to notify market participants directly that their ISTN or ASTN has been validated is 5 Working Days for ISTN and 2 hours for ASTN in line with the current approved processing timelines for each mechanism (modification CMC_11_21 which proposed the processing timeline for ASTNs to be set to 2 hours has been approved but not yet implemented).</p>			

Legal Drafting Change

*(Clearly show proposed code change using **tracked** changes, if proposer fails to identify changes, please indicate best estimate of potential changes)*

M.7 Interim Secondary Trading Arrangements

M.7.2.4 A Participant shall submit an Interim Secondary Trade Notification to the System Operators

- (a) in order to Activate Interim Secondary Trading Arrangements no later than five Working Days prior to the beginning of the Outage Period specified in the Interim Secondary Trade Notification under paragraph **Error! Reference source not found.**
- (b) in order to amend or make Inactive Interim Secondary Trading Arrangements no later than five Working Days prior to the start of the submitted change.

M.7.2.5 For Outage Periods in which the Interim Secondary Trade Arrangements are Inactive in respect of a Capacity Market Unit, the System Operators shall make no change to the Capacity and Trade Register if a Generator Unit or Interconnector comprising that Capacity Market Unit is undergoing a Planned Outage.

M.7.2.6 For Outage Periods in which Interim Secondary Trade Arrangements are Active in respect of a Capacity Market Unit, the System Operators shall, for periods in which one or more of the Generator Units or the Interconnector comprising the Capacity Market Unit has commenced a Planned Outage, record one or more notional Secondary Trades in the Capacity and Trade Register with a Selling Trade ID assigned and a status of "Accepted" (in accordance with Appendix F), as follows:

- (a) the notional Secondary Trade starts at the beginning of the first Imbalance Settlement Period on the first Trading Day of the Planned Outage;
- (b) the notional Secondary Trade ends at the earlier of:
 - (i) the last Imbalance Settlement Period on the last Trading Day of the Planned Outage;
 - (ii) the last Imbalance Settlement Period of the last Trading Day of the Outage Period;
 - (iii) the end of the Capacity Year;
 - (iv) the end of the hour immediately preceding the First Secondary Trading Day; and
 - (v) the date that the maximum Planned Outage duration (as determined and published from time to time for these purposes by the Regulatory Authorities) after the first day of the Planned Outage expires;
- (c) the Selling Capacity Market Unit Identifier is set so as to identify the Capacity Market Unit to which the Planned Outage relates;
- (d) the quantity of the notional Secondary Trade (Capacity Quantity) is the greater of:
 - (i) the change in the Net Capacity Quantity sought (being the value specified under paragraph **Error! Reference source not found.** in the applicable Interim Secondary Trade Notification and noting that multiple values can be specified); and

- (ii) the negative of the maximum Net Capacity Quantity from Existing Capacity associated with the Capacity Market Unit over the duration of that notional Secondary Trade;
- (e) the price of the notional Secondary Trade is the volume weighted average Capacity Payment Price in respect of all the Awarded Capacity in respect of Existing Capacity that was awarded in a Capacity Auction in respect of that Capacity Market Unit which applies over the duration of the notional Secondary Trade; and
- (f) the Capacity Duration Exchange Rate value is the Annual Capacity Payment Exchange Rate specified in the Final Auction Information Pack for the most recent Capacity Auction in respect of the Capacity Year to which the notional Secondary Trade relates.

M.7.2.7 The System Operators shall notify Participants directly if their proposed Secondary Trade is validated pursuant to M.7.2.6 within five Working Days of the Interim Secondary Trade Notification being submitted.

M.7.2.8 The System Operators shall ensure that no more than one notional Secondary Trade applies to a Capacity Market Unit at any time and shall amend and add further notional Secondary Trades to the Capacity and Trade Register to account for changes in duration of the Planned Outage and for changes in the Net Capacity Quantity from Existing Capacity associated with a Capacity Market Unit arising from the commissioning of Awarded New Capacity associated with that Capacity Market Unit.

M.7.2.9 At any time during a notional Secondary Trade, the Net Capacity Quantity calculated under paragraph **Error! Reference source not found.** is reduced by the absolute value of the quantity of the notional Secondary Trade.

M.7.2.10 The System Operators shall store at least one copy of all Interim Secondary Trade Notifications and notional Secondary Trades in a safe and secure environment for six years from the date of such notifications or trades.

M.12 Alternative Secondary Trading Arrangements

M.12.3 Role of System Operators

M.12.3.1 The System Operators must do all things necessary to operate and administer the Alternative Secondary Trading Arrangements such that Alternative Secondary Trade Notifications are validated, and the Capacity and Trade Register is updated within 5 Working Days in accordance with this section M.12 including:

- (a) providing facilities for the receipt and processing of Alternative Secondary Trade Notifications;
- (b) validating Alternative Secondary Trade Notifications and the associated proposed Secondary Trades;
- (c) determining and publishing the outcome of Secondary Trades, including Awarded Capacity and prices;
- (d) update the Capacity and Trade Register with the details of a valid trade as soon as reasonably practicable.

M.12.3.2 The System Operators shall notify Participants directly if their proposed Secondary Trade is validated pursuant to M.12.3.1 within 2 hours of the Alternative Secondary Trade Notification being submitted.

M.12.3.3 The System Operators shall reject a proposed Secondary Trade set out in an Alternative Secondary Trade Notification if:

- (a) it does not form part of a matching Trade Pair, where a Trade Pair is formed of matching Alternative Secondary Trade Notifications from Buyer and Seller submitted on the same Working Day;
- (b) the start of the proposed trade is prior to 5 Working Days after the trade was notified;
- (c) the end of the proposed trade is at or before its start;
- (d) the MW quantity of the proposed trade after adjustment pursuant to M.12.2.4 is zero; or
- (e) it does not comply with the requirements set out in this section M.12.

M.12.3.4 The System Operators shall notify Participants if their proposed Secondary Trade is rejected pursuant to M.12.3.2 as soon as practicable, identifying the reason for such rejection.

Modification Proposal Justification

(Clearly state the reason for the Modification)

There is ambiguity for market participants in terms of being notified that their submitted ISTN or ASTN have been validated and processed by the System Operator. Currently the Capacity and Trade Register is required to be updated by the System Operator after submission of the respective ISTN or ASTNs. However, this is not always clear in confirming that the submitted secondary trade notifications have been successfully validated.

This modification seeks to propose a step in the System Operators processes relating to secondary trades that they notify participants directly to confirm that their submitted ISTN or ASTN has been successfully validated. This is aimed at removing ambiguity for market participants and to avoid confusion that can currently arise when carrying out secondary trades.

Code Objectives Furthered

(State the Code Objectives the Proposal furthers, see Sub-Section A.1.2 of the CMC Code Objectives)

Approval of this modification proposal will further the following Code Objectives as outlined in the CMC:

A.1.2.1 This Code is designed to facilitate achievement of the following objectives (the “**Capacity Market Code Objectives**”):

- (d) to promote competition in the provision of electricity capacity to the SEM;
- (e) to provide transparency in the operation of the SEM;

Implication of not implementing the Modification Proposal

(State the possible outcomes should the Modification Proposal not be implemented)

If the modification proposal is not implemented the current ambiguity in relation to whether a Secondary Trade Notification has been successfully validated by the System Operator will remain. This causes unnecessary confusion to market participants when seeking to use the secondary trading mechanisms to manage their risks and obligations in the capacity market.

Impacts

(Indicate the impacts on systems, resources, processes and/or procedures)

N/A

Please return this form to the System Operators by email to CapacityModifications@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 Regulatory Authorities.
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:

CMC / Code:	means the Capacity Market 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 "System Operators" 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 B.12 of the Code, which I have read and understand, I agree as follows:

1. I hereby grant a worldwide, perpetual, royalty-free, non-exclusive licence:
 - 1.1 to the System Operators and the Regulatory Authorities to publish and/or distribute the Modification Proposal for free and unrestricted access;
 - 1.2 to the Regulatory Authorities 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;
 - 1.3 to the System Operators 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 Regulatory Authorities and that there is no guarantee that my Modification Proposal will be incorporated into the Code.