

Single Electricity Market

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| Final REcommendation Reportmod 10\_17 Ex-Ante Quantities Deferral 21 December 2017  |

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Document History

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| **Version** | **Date** | **Author** | **Comment** |
| 1.0 | 21 December 2017 | Modifications Committee Secretariat | Issued to Modifications Committee for review and approval |
| 2.0 | 10 January 2018 | Modifications Committee Secretariat | Issued to Regulatory Authorities for final decision |

Reference Documents

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| **Document Name** |
| [Trading and Settlement Code](http://www.sem-o.com/MarketDevelopment/MarketRules/TSC.docx) |
| [Modification Proposal](http://www.sem-o.com/MarketDevelopment/ModificationDocuments/Mod_10_17%20Ex-Ante%20Quantities%20Deferral.docx) |
| [Presentation](http://www.sem-o.com/MarketDevelopment/ModificationDocuments/Mod_10_17%20Presentation.pdf) |
| [Presentation](http://www.sem-o.com/MarketDevelopment/ModificationDocuments/Mod_10_17%20Ex-Ante%20Quantities%20Deferral.pptx) |
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# MODIFICATIONS COMMITTEE RECOMMENDATION

## Recommended for approval – unanimous Vote

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| **Recommended for Approval by Unanimous Vote**  |
| Conor Powell | Supplier Member | Approved |
| Kevin Hannafin (Chair) | Generator Alternate | Approved |
| Clive Bowers | Generator Alternate | Approved |
| Jim Wynne | Supplier Member | Approved |
| Cormac Daly | Generator Member | Approved |
| Brian Mongan | Generator Member | Approved |
| William Steele | Supplier Member | Approved |
| Julie-Anne Hannon | Supplier Member (Chair) | Approved |

# Background

This Modification Proposal was raised by SEMO and was received by the Secretariat on 5 October 2017.

SEMO request that certain provisions of the Code in relation to the calculation of Ex-Ante Quantity (QEX) are deferred beyond Cutover Time.

For I-SEM Go-Live, the product types in the Day Ahead Market and Intra-Day Market will have a duration that is equal to:

* One hour for trades in the Day Ahead Market; and
* 30 min for trades in the Intra-Day Market (including both Intra-Day Auctions and continuous intraday trades).

Currently, the delivery scope for the settlement system vendor in relation to QEX does not cover any product type duration that is less than the Imbalance Settlement Period duration. SEMO is therefore proposing that the relevant QEX calculation provisions (for product types shorter than the Imbalance Settlement Period duration) are deferred until the Day 2 Deployment Date.

Deferring functionality which cannot be included in the solution delivered for go-live requires the Day 2 Request (D2R) process to be followed. It has not been possible to follow the D2R process before raising this modification.

Raising this modification in parallel with the D2R process ensures that the progress of the associated T&SC changes will not be delayed unnecessarily. SEMO acknowledge that this is not the intended approach; however, we feel that it is appropriate in this instance.

The Modification Proposal was discussed and voted at Meeting 76 on 5 October where it was voted on.

# PURPOSE OF PROPOSED MODIFICATION

**3A.) justification of Modification**

As the Aggregated Settlement Period Duration will be set equal to the Imbalance Settlement Period Duration at go-live, SEMO is proposing to defer the obligations for the calculation of Ex-Ante Quantity where the trade duration is less than the Imbalance Settlement Period Duration since this will be immaterial at I-SEM go-live.

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

If this Modification is not implemented then there is a risk that the obligation to deliver functionality to calculate Ex-Ante Quantities where the Aggregated Settlement Period Duration is greater than the Imbalance Settlement Period Duration may result in increased delivery risk for more urgent and material items.

**3c.) Impact on Code Objectives**

As 1.3

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

 This Modification enables the Market Operator to focus on delivering material obligations for I-SEM go-live (i.e. those which result in material settlement outcomes for Participants). **sessment of Alternatives**

# 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  **77 – 21 November 2017**

Proposer delivered a [presentation](http://www.sem-o.com/MarketDevelopment/ModificationDocuments/Mod_10_17%20Ex-Ante%20Quantities%20Deferral.pptx) summarising the requirement for this proposal.

The proposer discussed the background to why the modification is being proposed and what it seeks to achieve. It was explained that the proposal seeks to defer provisions to calculate Ex Ante Quantities where the Aggregated Settlement Period Duration is greater than the Imbalance Settlement Period Duration until the Day 2 Deployment. The proposer noted that this functionality is not in the current system design and, at ISEM go live, these provisions will not be invoked due to the Aggregated Settlement Period Duration being equal to the Imbalance Settlement Period Duration. The proposer also noted that this was expected to be the case until such times as ex ante products with durations less than the Imbalance Settlement Period Duration are available. As a result the proposer indicated that deferring these provisions would allow SEMO to focus on delivery of functionality which will be material at ISEM go live. The proposer stated that the Modification Proposal uses provisions in a previous modification relating to the definition of Day 2 Deployment Date.

Proposer advised it was the intention to have this implemented as part of D+2 project. RA Member then delivered a [presentation](http://www.sem-o.com/MarketDevelopment/ModificationDocuments/Mods%20Committee%2077%20211117.PPTX) addressing a proposal to have individual effective dates for deferrals alleviating unnecessary additional future modifications proposals. Detailed discussion took place focusing on the areas of governance and communication with respect to the implementation of D+2 project requirements.

The Committee agreed with proposal from the RAs in relation to the revised drafting of the definition of Day 2 Deployment Date. The RA Member agreed to provide revised drafting referring to the Mod\_11\_17 Deployment Date in its decision letter on FRR Mod\_11\_17. In addition to this, the RA Member agreed to include in its decision a request to SEMO to add a standing item to future Modification Committee meeting agendas, under which SEMO will provide an update on implementation of deferral modifications.

The proposal was Recommended for Approval.

# Proposed Legal Drafting

Amended drafting to capture Mod\_10\_17 Deployment Date as opposed to Day 2 Deployment Date is per below;

H.8 Calculation of ex-Ante Quantity

H.8.1 Until the date that is the Mod\_10\_17 Deployment Date, paragraph F.5.2.6 shall be replaced with:

“intentionally blank”

H.8.2 Until the date that is the Mod\_10\_17 Deployment Date, paragraph F.5.2.7 shall be replaced with:

“intentionally blank”

H.8.3 Until the date that is the Mod\_10\_17 Deployment Date, paragraph F.5.2.8 shall be replaced with:

“intentionally blank”

H.8.4 Until the date that is the Mod\_10\_17 Deployment Date, paragraph F.5.2.9 shall be replaced with:

“intentionally blank”

**New Part B Glossary Definition**

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| **Mod\_10\_17 Deployment Date** | means the date proposed by the Market Operator following discussion with the Modifications Committee, and approved by the Regulatory Authorities for the purpose of H.8, such date to be published on the Market Operator web site at least three Working Days in advance of the date concerned. |

# LEGAL REVIEW

N/A

# IMPLEMENTATION TIMESCALE

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

# Appendix 1: Mod\_10\_17: Ex-Ante quantities Deferral

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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)* |
| **SEMO** | **5th October 2017** | **Standard** | **Mod\_10\_17** |
| **Contact Details for Modification Proposal Originator** |
| **Name** | **Telephone number** | **Email address** |
| **Christopher Goodman** |  | **christopher.goodman@sem-o.com** |
| **Modification Proposal Title** |
| **Ex-Ante Quantities Deferral** |
| **Documents affected***(delete as appropriate)* | **Section(s) Affected** | **Version number of T&SC or AP used in Drafting** |
| **T&SC Part B**  | **Section F****F.5.2.6****F.5.2.7****F.5.2.8****F.5.2.9****Section H.8****H.8.1****H.8.2****H.8.3****H.8.4** | **Version 20** |
| **Explanation of Proposed Change***(mandatory by originator)* |
| SEMO request that certain provisions of the Code in relation to the calculation of Ex-Ante Quantity (QEX) are deferred beyond Cutover Time.For I-SEM Go-Live, the product types in the Day Ahead Market and Intra-Day Market will have a duration that is equal to:* One hour for trades in the Day Ahead Market; and
* 30 min for trades in the Intra-Day Market (including both Intra-Day Auctions and continuous intraday trades).

Currently, the delivery scope for the settlement system vendor in relation to QEX does not cover any product type duration that is less than the Imbalance Settlement Period duration. SEMO is therefore proposing that the relevant QEX calculation provisions (for product types shorter than the Imbalance Settlement Period duration) are deferred until the Day 2 Deployment Date.Deferring functionality which cannot be included in the solution delivered for go-live requires the Day 2 Request (D2R) process to be followed. It has not been possible to follow the D2R process before raising this modification.Raising this modification in parallel with the D2R process ensures that the progress of the associated T&SC changes will not be delayed unnecessarily. SEMO acknowledge that this is not the intended approach; however, we feel that it is appropriate in this instance.  |
| **Legal Drafting Change***(Clearly show proposed code change using* ***tracked*** *changes, if proposer fails to identify changes, please indicate best estimate of potential changes)* |
| H.8 Calculation of ex-Ante QuantityH.8.1 Until the date that is the Day 2 Deployment Date, paragraph F.5.2.6 shall be replaced with:“intentionally blank”H.8.2 Until the date that is the Day 2 Deployment Date, paragraph F.5.2.7 shall be replaced with:“intentionally blank”H.8.3 Until the date that is the Day 2 Deployment Date, paragraph F.5.2.8 shall be replaced with:“intentionally blank”H.8.4 Until the date that is the Day 2 Deployment Date, paragraph F.5.2.9 shall be replaced with:“intentionally blank” |
| **Modification Proposal Justification***(Clearly state the reason for the Modification)* |
| As the Aggregated Settlement Period Duration will be set equal to the Imbalance Settlement Period Duration at go-live, SEMO is proposing to defer the obligations for the calculation of Ex-Ante Quantity where the trade duration is less than the Imbalance Settlement Period Duration since this will be immaterial at I-SEM go-live. |
| **Code Objectives Furthered***(State the Code Objectives the Proposal furthers, see Section 1.3 of T&SC for Code Objectives)* |
|  1.3*1. to facilitate the efficient discharge by the Market Operator of the obligations imposed upon it by its Market Operator Licences;*This Modification enables the Market Operator to focus on delivering material obligations for I-SEM go-live (i.e. those which result in material settlement outcomes for Participants). |
| **Implication of not implementing the Modification Proposal***(State the possible outcomes should the Modification Proposal not be implemented)* |
| If this Modification is not implemented then there is a risk that the obligation to deliver functionality to calculate Ex-Ante Quantities where the Aggregated Settlement Period Duration is greater than the Imbalance Settlement Period Duration may result in increased delivery risk for more urgent and material items. |
| **Working Group***(State if Working Group considered necessary to develop proposal)* | **Impacts***(Indicate the impacts on systems, resources, processes and/or procedures; also indicate impacts on any other Market Code such as Capacity Marker Code, Grid Code, Exchange Rules etc.)* |
| No | None anticipated |
| ***Please return this form to Secretariat by email to*** ***modifications@sem-o.com*** |