Single Electricity Market

FINAL RECOMMENDATION REPORT

MOD_05_20 PROVISIONS FOR THE SETTLEMENT OF CEADSU
23 APRIL 2020

Document History

Version	Date	Author	Comment
1.0	3 June 2020	Modifications Committee Secretariat	Issued to Modifications Committee for review and approval
2.0	10 June 2020	Modifications Committee Secretariat	Issued to Regulatory Authorities for final decision

Reference Documents

Document Name
Trading and Settlement Code
Proposal

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1. MODIFICATIONS COMMITTEE RECOMMENDATION

RECOMMENDED FOR APPROVAL– UNANIMOUS VOTE

Recommended for Approval by Unanimous Vote		
Ian Mullins	Supplier Member	Approve
Sinead O'Hare	Generator Member	Approve
Alan Mullane	Assetless Member	Approve
David Gascon	Generator Alternate	Approve
Rochelle Broderick	Supplier Alternate	Approve
Kevin Hannafin	Generator Member	Approve
Mark Phelan	Supplier Alternate	Approve
Robert McCarthy	DSU Alternate	Approve
Andrew Burke	Supplier Member	Approve
Paraic Higgins	Generator Member	Approve

2. BACKGROUND

This Modification Proposal was raised by SEMO and was received by the Secretariat on the 8th April 2020. The proposal was raised and voted on at Meeting 98 on 23rd April 2020.

Mod_17_19 'DSU State Aid Compliance Interim Approach' introduced a new charge item as an interim measure to ensure correct Settlement of DSUs where a price event occurs under the interim approach to achieve DSU State Aid Compliance.

While that proposal details the calculation of this Demand Side Unit Energy Adjustment Payment or Charge (CEADSU) for each Imbalance Settlement Period it does not apply the charge item to various other downstream provisions which are in place for similar charges as follows:

- Calculation of daily total charge amount for the application to total daily amounts for Supplier Units for use in Settlement Document Aggregate amount calculations, Settlement Reallocation and Credit Calculations
- List of amounts which are set to zero during Administered Imbalance Settlement
- List of payments/charges which are under the definition of Trading Payments and Trading Charges which are used or referenced in a number of provisions including Force Majeure, General Communication Failure, Imperfections Charges, Settlement processes including Settlement Queries, Settlement Reallocation and publication of related documents and banking and credit arrangements
- List of payments/charges which are under the definition of Settlement Payments and Settlement Charges which are used in Market Working Capital Shortfall provisions and also referenced for settlement timings

This proposal seeks to ensure that the CEADSU payment/charge is included in all of the necessary downstream provisions.

Rather than supplanting large sections of the Code in the interim provision the approach taken in the legal drafting is to only supplant paragraphs where necessary due to the calculations involved and to state that the CEADSU is included in the sets of charges elsewhere. This is in an effort to avoid verbose drafting where possible since there are a number of items which must be provided for.

3. PURPOSE OF PROPOSED MODIFICATION

3A.) JUSTIFICATION OF MODIFICATION

This proposal seeks to ensure that a new charge which has been introduced is robustly applied to downstream provisions to ensure that there is clarity as to its application and also to ensure that there is no material error of omission.

3B.) IMPACT OF NOT IMPLEMENTING A SOLUTION

If this proposal is not implemented there will be an absence of clarity and material omission in relation to the rules which apply to a charge item which is required to ensure compliance with state aid provisions.

3C.) IMPACT ON CODE OBJECTIVES

(a) to facilitate the efficient, economic and coordinated operation, administration and development of the Single Electricity Market in a financially secure manner;

By ensuring that the application of a new charge item is captured robustly and without material omission.

(e) to provide transparency in the operation of the Single Electricity Market;

By ensuring that the application of a new charge item is clearly captured within the market rules

4. WORKING GROUP AND/OR CONSULTATION

N/A

5. IMPACT ON SYSTEMS AND RESOURCES

Impacts on systems have already been captured when developing the implementation details of associated Mod_17_19 which details the calculation of the charge itself so this proposal does not lead to any further impacts.

6. IMPACT ON OTHER CODES/DOCUMENTS

N/A

7. MODIFICATION COMMITTEE VIEWS

MEETING 98 – 23 APRIL 2020

The Proposer provided an overview to this Modification noting that it was a follow up to Mod_17_19 relating to DSUs. This Modification Proposal seeks to ensure that the CEADSU payment/charge is included in all of the necessary downstream provisions.

The Proposer confirmed that the current provisions would not be rewritten and the new charge provisions are instead listed in the legal drafting.

A DSU Alternate gave support for this Modification and questioned if it would have any impact on the October release timeline for implementation of the new charge and related provisions. The Proposer gave assurance that this was followed up ahead of time to make sure the vendor had already considered these measures in their implementation so that there was no impact on this timeline.

8. PROPOSED LEGAL DRAFTING

As set out in Appendix 1.

9. LEGAL REVIEW

N/A

10. IMPLEMENTATION TIMESCALE

It is proposed that this Modification will be implemented as the Modifications Committee have Recommended it for Approval and on 1st October 2020 in line with state aid compliance requirements.

1   APPENDIX 1: MOD_05_20 PROVISIONS FOR THE SETTLEMENT OF CEADSU

MODIFICATION PROPOSAL FORM			
Proposer *(Company)*	**Date of receipt** *(assigned by Secretariat)*	**Type of Proposal** *(delete as appropriate)*	**Modification Proposal ID** *(assigned by Secretariat)*
SEMO	**8th April 2020**	**Standard**	**Mod_05_20**
Contact Details for Modification Proposal Originator			
Name	**Telephone number**		**Email address**
Chris Goodman			**Christopher.goodman@soni.ltd.uk**
Modification Proposal Title			
Provisions for the Settlement of CEADSU			
Documents affected *(delete as appropriate)*	**Section(s) Affected**		**Version number of T&SC or AP used in Drafting**
T&SC Part B	**Section H**		**Version 21**
Explanation of Proposed Change *(mandatory by originator)*			

Mod_17_19 'DSU State Aid Compliance Interim Approach' introduced a new charge item as an interim measure to ensure correct Settlement of DSUs where a price event occurs under the interim approach to achieve DSU State Aid Compliance.

While that proposal details the calculation of this Demand Side Unit Energy Adjustment Payment or Charge (CEADSU) for each Imbalance Settlement Period it does not apply the charge item to various other downstream provisions which are in place for similar charges as follows:

- Calculation of daily total charge amount for the application to total daily amounts for Supplier Units for use in Settlement Document Aggregate amount calculations, Settlement Reallocation and Credit Calculations
- List of amounts which are set to zero during Administered Imbalance Settlement
- List of payments/charges which are under the definition of Trading Payments and Trading Charges which are used or referenced in a number of provisions including Force Majeure, General Communication

Failure, Imperfections Charges, Settlement processes including Settlement Queries, Settlement Reallocation and publication of related documents and banking and credit arrangements
- List of payments/charges which are under the definition of Settlement Payments and Settlement Charges which are used in Market Working Capital Shortfall provisions and also referenced for settlement timings

This proposal seeks to ensure that the CEADSU payment/charge is included in all of the necessary downstream provisions.

Rather than supplanting large sections of the Code in the interim provision the approach taken in the legal drafting is to only supplant paragraphs where necessary due to the calculations involved and to state that the CEADSU is included in the sets of charges elsewhere. This is in an effort to avoid verbose drafting where possible Since there are a number of items which must be provided for.

Legal Drafting Change

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

A.1H.13 INTERIM RULES TO APPLY FOR A FIXED PERIOD OF TIME FOR DEMAND SIDE UNIT SETTLEMENT

A.1.1H.13.1 Settlement of Ex-ante Market

H.13.1.1 Until the date that is the Mod_17_19 Deployment Date, the following paragraphs shall apply:

The Market Operator shall calculate the Demand Side Unit Energy Adjustment Payment or Charge ($CEADSU_{v\gamma}$) for each Trading Site Supplier Unit, v, which is associated with a Demand Side Unit, u, which is associated with a Capacity Market Unit, Ω, in each Imbalance Settlement Period, γ, as follows:

$$If\ QCNET_{\Omega\gamma} = 0, then\ CEADSU_{v\gamma} = 0,$$

$$Else\ if\ for\ all\ Trades, x, and\ all\ positions, k, in\ the\ ranked\ set, PTDA_{xuh}$$
$$\leq PSTR_m, and\ PTID_{xuh}\ \leq PSTR_m, and\ PTB_{u\gamma k}$$
$$\leq PSTR_m, then\ CEADSU_{v\gamma} = 0,$$

$$Else$$
$$CEADSU_{v\gamma}$$

$$= \sum_{x\ \in PTDA_{xvh} > PSTR_m} \left(-qTDA_{xvh}\ \times\ Min(DTDA_x, DISP)\right.$$
$$\times \left(PTDA_{xvh} - PIMB_\gamma\right))$$
$$+ \sum_{x\ \in PTID_{xvh} > PSTR_m} \left(-qTID_{xvh}\ \times\ Min(DTID_x, DISP)\right.$$
$$\times \left(PTID_{xvh} - PIMB_\gamma\right))$$

$$- \left(QMLF_{v\gamma} - QEX_{v\gamma} \right.$$

$$+ \left(\sum_{x\ \in PTDA_{xvh} > PSTR_m} (qTDA_{xvh} \times\ Min(DTDA_x, DISP)\ ) \right.$$

$$\left. + \sum_{x\ \in PTID_{xvh} > PSTR_m} (qTID_{xvh}\ ) \times\ Min(DTID_x, DISP) \right)) \times PIMB_\gamma$$

where:

(a) $QMLF_{v\gamma}$ is the Loss-Adjusted Metered Quantity for Supplier Unit, v, in Imbalance Settlement Period, γ;

(b) $QEX_{v\gamma}$ is the Ex-Ante Quantity for Supplier Unit, v, in Imbalance Settlement Period, γ;

(c) $PSTR_m$ is the Strike Price for Month, m, which contains Imbalance Settlement

Period, γ.

(d)   PIMB$_γ$ is the Imbalance Settlement Price in Imbalance Settlement Period, γ, calculated in accordance with Chapter E (Imbalance Pricing);

(e)   qTDA$_{xvh}$ is the Day-ahead Trade Quantity in respect of Supplier Unit v for Day-ahead Trading Period h for Trade x;

(f)   qTID$_{xvh}$ is the Intraday Trade Quantity in respect of Supplier Unit v for Intraday Trading Period h for Trade x;

(g)   DISP is the Imbalance Settlement Period Duration;

(h)   DTDA$_x$ is the Day-ahead Trade Duration of Trade, x;

(i)   DTID$_x$ is the Intraday Trade Duration of Trade, x;

(j)   PTDA$_{xvh}$ is the Day-ahead Trade Price for Trade, x, for Supplier Unit, v, within whose Day-ahead Trading Period, h, the Imbalance Settlement Period, γ, falls in whole or in part;

(k)   PTID$_{xvh}$ is the Intraday Trade Price associated with the Intraday Trade Quantity (QTID$_{xvh}$) for Trade, x, for Supplier Unit, v, within whose Intraday Trading Period, h, the Imbalance Settlement Period, γ, falls in whole or in part;

(l)   PTB$_{uyk}$ is the Balancing Trade Price associated with the Balancing Trade Quantity (QTB$_{uyk}$) for Generator Unit, u, in the position, k, in the ranked set, in Imbalance Settlement Period, γ;

(m) $\sum_{x \in PTDA_{xvh} > PSTR_m}$ is a summation over all Trades, x, where the price associated with that trade, PTDA$_{xvh}$, is greater than the Strike Price for month, m, PSTR$_m$; and

(n) $\sum_{x \in PTID_{xvh} > PSTR_m}$ is a summation over all Trades, x, where the price associated with that trade, PTID$_{xvh}$, is greater than the Strike Price for month, m, PSTR$_m$.

H.13.1.2   The total Demand Side Unit Energy Adjustment Payment or Charge (CEADSU$_{vd}$) for Trading Site Supplier Unit v, which is associated with a Demand Side Unit u, for Settlement Day d shall be calculated by the Market Operator as follows:

$$CEADSU_{vd} = \sum_{γ\ in\ d} CEADSU_{vγ}$$

where:

(a)   CEADSU$_{vγ}$ is the Demand Side Unit Energy Adjustment Charge or Payment for Trading Site Supplier Unit v, which is associated with a Demand Side Unit u, for Imbalance Settlement Period γ calculated in accordance with H.13.1.1; and

(b) $\sum_{γ\ in\ d}$ is a summation over all Imbalance Settlement Periods γ in Settlement Day d.

H.13.1.3 Paragraph G.5.6.1 shall be replaced with:

"The Total Daily Amounts (CDAY$_{vd}$) for Supplier Unit v for Settlement Day d shall be calculated by the Market Operator as follows:

$$CDAY_{vd} = CIMB_{vd} + CIMP_{vd} + CCA_{vd} + CREV_{vd} + CDIFFPACHIEVE_{vd} + CEADSU_{vd}$$

where:

(a)   CIMB$_{vd}$ is the total Imbalance Component Charge or Payment for Supplier Unit v for Settlement Day d calculated in accordance with section **Error! Reference source not found.**;

(b)   CIMP$_{vd}$ is the total Imperfections Charge for Supplier Unit v for Settlement Day d calculated in accordance with section **Error! Reference source not found.**;

(c)   CREV$_{vd}$ is the total Residual Error Volume Charge for Supplier Unit v, which is not a Trading Site Supplier Unit, for Settlement Day d calculated in accordance with section **Error! Reference source not found.**;

(d)   CCA$_{vd}$ is the total Currency Adjustment Charge for Supplier Unit v, which is not a Trading Site Supplier Unit, for Settlement Day d calculated in accordance with section **Error! Reference source not found.**;

(e)   CDIFFPACHIEVE$_{vd}$ is the Achievable Difference Payment for Supplier Unit v for Settlement Day d calculated in accordance with section F.20; and

(f)   CEADSU$_{vd}$ is the Demand Side Unit Energy Adjustment Charge or Payment for Trading Site Supplier Unit v associated for Settlement Day d calculated in accordance with H.13.1.2.

H.13.1.4 The Demand Side Unit Energy Adjustment Payment or Charge (CEADSU$_{vy}$) shall be included in the following groups of payments and charges, and the provisions which relate to them, for Trading Site Supplier Units associated with Demand Side Units:

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(a)   The set of amounts to be set equal to zero where Administered Imbalance Settlement is in effect as contemplated by paragraph G.17.3.2;

(b)   Settlement Payments and Settlement Charges as contemplated by the glossary definitions for those terms and application of the same in sections F.1 and F.22; and

(c)   Trading Payments and Trading Charges as contemplated by the glossary definitions for those terms and application of the same in sections B.22, C.5, F.12, G.1, G.2, G.5, G.14, G.15, G.16, G.18, Appendix E, Appendix G, Agreed Procedure 9 "Management of Credit Cover", Agreed Procedure 10 "Settlement Reallocation", Agreed Procedure 13 "Settlement Queries", Agreed Procedure 17 "Banking and Participant Payments" and Agreed Procedure 15 "Settlement and Billing".

Modification Proposal Justification
(Clearly state the reason for the Modification)
This proposal seeks to ensure that a new charge which has been introduced is robustly applied to downstream provisions to ensure that there is clarity as to its application and also to ensure that there is no material error of omission.

Code Objectives Furthered
(State the Code Objectives the Proposal furthers, see Section 1.3 of Part A and/or Section A.2.1.4 of Part B of the T&SC for Code Objectives)
(a)   to facilitate the efficient, economic and coordinated operation, administration and development of the Single Electricity Market in a financially secure manner; By ensuring that the application of a new charge item is captured robustly and without material omission. (e)   to provide transparency in the operation of the Single Electricity Market; By ensuring that the application of a new charge item is clearly captured within the market rules

Implication of not implementing the Modification Proposal
(State the possible outcomes should the Modification Proposal not be implemented)
If this proposal is not implemented there will be an absence of clarity and material omission in relation to the rules which apply to a charge item which is required to ensure compliance with state aid provisions.

Working Group	**Impacts**
(State if Working Group considered necessary to develop proposal)	*(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	Impacts on systems have already been captured when developing the implementation details of associated Mod_17_19 which details the calculation of the charge itself so this proposal does not lead to any further impacts.
Please return this form to Secretariat by email to balancingmodifications@sem-o.com	