

MODIFICATION PROPOSAL FORM			
<b>Proposer</b> <i>(Company)</i>	<b>Date of receipt</b> <i>(assigned by Secretariat)</i>	<b>Type of Proposal</b> <i>(delete as appropriate)</i>	<b>Modification Proposal ID</b> <i>(assigned by Secretariat)</i>
EirGrid	29 <sup>th</sup> July 2020	Standard	Mod_09_20
Contact Details for Modification Proposal Originator			
<b>Name</b>	<b>Telephone number</b>	<b>Email address</b>	
John Tracey		john.tracey@Eirgrid.com	
Modification Proposal Title			
<b>Number of days for Interest calculation</b>			
<b>Documents affected</b> <i>(delete as appropriate)</i>	<b>Section(s) Affected</b>	<b>Version number of T&amp;SC or AP used in Drafting</b>	
Agreed Procedures Part B	Part B Agreed Procedure 15: Settlement and Billing	Version 22.0	
Explanation of Proposed Change <i>(mandatory by originator)</i>			
<p>The proposed change is to clarify the number of days for interest calculation in resettlement. There was an error in drafting the current version of AP15 as the intention of interest payments / charges is to relate back to the original settlement document. This was the case in SEM and it is how the settlement system calculates interest amounts in I-SEM.</p> <p>Interest amount is calculated between the <u>original</u> settlement document and the date of issue of the latest settlement document. However in AP15 this is not the case:</p> <p><i>“The number of days for interest calculation will be determined as the number of days in the period between the date of issue of the <u>previous</u> Settlement Document and the date of issue of the latest Settlement Document.”</i></p> <p>This oversight has been noticed following M+13 and we wish to rectify it immediately.</p>			
Legal Drafting Change <i>(Clearly show proposed code change using <b>tracked</b> changes, if proposer fails to identify changes, please indicate best estimate of potential changes)</i>			
Part B Agreed Procedure 15: Settlement and Billing to be amended as follows:			
APPENDIX 1: INTEREST CALCULATION EXAMPLE			
<p>Interest is applied when a Settlement Rerun increases or decreases the total amount payable for a Billing Period and/or a Capacity Period.</p> <p>For Settlement Reruns, the net adjustment amounts are calculated and shown on the Settlement Document. Interest is calculated by applying a daily interest rate to the adjustment amount on the Settlement Document.</p> <p>The revised interest calculation includes following steps:</p> <ol style="list-style-type: none"> <li><b>Adjustment Amounts for a Settlement Rerun</b> are calculated for each Settlement Document line item amount as the difference between the previous amount and the current amount for the relevant line item.</li> <li><b>Total Adjustment Amount for a Settlement Rerun</b> is calculated as sum of all adjustment amounts for each Settlement Document line item</li> <li><b>Total Adjustment Amount for a Settlement Rerun</b> for Interest calculation is determined as the sum of adjustment amounts for each Settlement Document line item excluding those flagged as “No Interest on revised amounts”. These line items are flagged as zero interest rate.</li> <li><b>Daily Interest Rate</b> is calculated as the interest rate, which is charged at LIBOR + 1%,</li> </ol>			

divided by the number of days in the year configured in the system.

5. The number of days for interest calculation will be determined as the number of days in the period between the date of issue of the **previous original** Settlement Document and the date of issue of the latest Settlement Document.
6. The interest amount for the Settlement Rerun will be calculated as the **Daily Interest Rate** (found in step 4) multiplied by the **Total Adjustment Amount for a Settlement Rerun for Interest** (found in step 3) multiplied by the number of days (found in step 5) for interest calculation

**Modification Proposal Justification**

*(Clearly state the reason for the Modification)*

This modification will clearly outline the correct calculation for interest payments. The current version of AP15 is not correct in how interest payments should be calculated and are currently being calculated.

**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)*

The modification furthers the following code objective:

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

This Modification would clarify the current text in AP15 to reflect correctly the intent of the market design. This change in turn facilitates the efficient operation of I-SEM by correctly paying / charging interests amounts.

**Implication of not implementing the Modification Proposal**

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

All interest amounts calculated for M+13 and Adhoc would need to be recalculated as interest amounts would have to be calculated from the previous settlement document to the most recent settlement document. This would result in participants receiving and under payment / charge of interest.

**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 Market Code, Grid Code, Exchange Rules etc.)*

No working group required to develop proposal

There is no other impact of this change. The settlement system is already configured to calculate interest amounts between the date of issue of the original settlement document and the date of issue of the latest settlement document.

**Please return this form to Secretariat by email to [balancingmodifications@sem-o.com](mailto:balancingmodifications@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 either Part A or Part B Appendix D "List of Agreed Procedures". The Proposer will need to specify whether the Agreed Procedure to modify refers to Part A, Part B or both.
T&SC / Code:	means the Trading and Settlement Code for the Single Electricity Market. The Proposer will also need to specify whether all Part A, Part B, Part C of the Code or a subset of these, are affected by the proposed Modification;
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 Part A or Chapter B of Part B of the Code (and Part A Agreed Procedure 12 or Part B 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:
  - 1.1 to the Market Operator and the Regulatory Authorities to publish and/or distribute the Modification Proposal for free and unrestricted access;
  - 1.2 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;
  - 1.3 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.