

| MODIFICATION PROPOSAL FORM  |  |  |   |
|---|--|--|---|
| Proposer<br>(Company)   | Date of receipt<br>(assigned by Secretariat) | Type of Proposal<br>(delete as appropriate)  | Modification Proposal ID<br>(assigned by Secretariat) |
| SEMO  | 18 <sup>th</sup> November 2021               | Standard   | Mod_21_21   |
| Contact Details for Modification Proposal Originator  |  |  |   |
| Name  | Telephone number                             | Email address  |   |
| Katia Compagnoni  |  | <a href="mailto:balancingmodifications@semo.com">balancingmodifications@semo.com</a> |   |
| Modification Proposal Title   |  |  |   |
| Undo instructions – scenario 4  |  |  |   |
| Documents affected<br>(delete as appropriate)   | Section(s) Affected                          | Version number of T&SC or AP used<br>in Drafting                                     |   |
| Appendices Part B   | Appendix O.23 table 5                        | V24  |   |
| Explanation of Proposed Change<br>(mandatory by originator)   |  |  |   |
| <p>As mentioned at Modification meeting 106, the Committee is asked to review the need for progressing change requests in relation to four ‘undo’ scenarios where non-compliance with the T&amp;SC was identified as part of the Imbalance Pricing Certification Report during I-SEM market trial.</p> <p><a href="#">Mod_27_18</a> was raised and discussed to temporary change the Code while the issues, that could not be fixed in time for go live, were being explored further. The SEMC decision on Mod_27_18, while acknowledging the non-compliance, allowed SEMO to pursue the correction of those items at a later stage, in recognition of the rarity of the occurrence of such scenarios and the need to prioritise more impactful issues. Since then, there has been a long process of negotiation with the vendor resulting in a new classification to changes to the original requirements rather than defects.</p> <p>A high level impact assessment was then returned by the vendor of high risk and high cost for each of the individual scenarios. This initial assessment further highlighted that, due to the complexity of the work involved and the significant impact on systems and vendor’s resources, detailed impact assessments will have to be provided for each of these scenarios individually and they can only be implemented in separate releases. Each detailed Impact Assessment alone has been estimated between 150 and 200 hours which is a substantial cost compared to previous projects at the same stage.</p> <p>The four scenarios were described in details in the <a href="#">presentation</a> associated with the original Modification. Further analysis have been carried out on production data as issues were being identified and a note was issued by the Modification team on October 18 2021 in advance of Meeting 107. Further to that notification other instances were analysed but none of these new events pertained to the scenario covered by this Modification. This Modification deals with:</p> <p><b>Scenario 4 – SYNC with DESY before reaching MSG</b></p> <ul style="list-style-type: none"> <li>- 2 instances identified in Settlement queries in 2018</li> <li>- Materiality of approximately 190K and 580K respectively. The errors refer to excess payments that the PTs have received.</li> </ul> <p>Please note that the above samples <a href="#">may</a> not represent the totality of the affected events but just those that have been found to match the original scenario through various analysis or Settlement Queries. A full review to <a href="#">rule out</a> the existence of other examples is not realistically possible.</p> <p>Of the known materiality for this scenario, the examples to date have been found to result in additional</p> |  |  |   |

payments to PTs that should be recovered if corrected but none occurred since 2018. It is not excluded that there could be other instances that have gone undetected; however SEMO believes that should there be other cases, they would not be as material.

SEMO is also aware that, without system changes, the two upheld queries relating to this scenario will remain without remedy.

SEMO will pursue system changes for other scenarios where the issue is recurrent and material.

**Legal Drafting Change**

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

**Changes to Part B Appendix O: ‘INSTRUCTION PROFILING CALCULATIONS’  
(new row added)**

- 23. The sorted Dispatch Instructions for each Generator Unit shall be validated by the Market Operator using the rules in Table 1, **Error! Reference source not found.** and **Error! Reference source not found.**

**Table 1 – Validation Rules for Dispatch Instructions issued by the System Operator**

|             |             |   |
|-------------|-------------|---|
| <u>SYNC</u> | <u>DESY</u> | <u>If a subsequent DESY Dispatch Instruction has an Instruction Effective Time which is between the Instruction Effective Time of a prior SYNC Dispatch Instruction and the time when the Physical Notification Instruction Profile for the SYNC Dispatch Instruction reaches the Generator Unit’s Registered Minimum Stable Generation, then the Dispatch Instruction having the preceding SYNC Instruction Code shall be ignored.</u> |
|-------------|-------------|---|

**Modification Proposal Justification**

*(Clearly state the reason for the Modification)*

Cases related to Scenario 4 ‘SYNC with DESY before reaching MSG’ are not expected to happen often, as it is not often that the TSOs would issue instructions to a different target instruction level while a unit is still trying to reach a target instruction level from a previous instruction. The experience in Market Trial and the early days of I-SEM have made the TSO more aware of the impact of such dispatch decisions which are to be avoided where possible. The likelihood of these cases has also been reduced or altogether disappeared through issuing guidance to control centre operators for the TSOs about these situations.

It is expected that the exposure in cases where they do occur would be relatively low. It primarily affects the “undo payment” a participant receives, i.e. the difference between the unit’s incremental and decremental prices for a positive and negative QBOA which covers the same output range. The net volumes in the majority of the cases considered would be the same. In some cases where the net volume would be different (such as the MWOFF instruction profile reaching the target instruction level at the same time as its Instruction Effective Time, or the SYNC instructions being ignored), for MWOFF instructions the amounts would be related to changing outputs and therefore could result in increased or decreased charges, increased or decreased payments, and could be over smaller or larger MW amounts depending on the details of the instructions.

**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)*

This Modification furthers Code Objectives A.2.1.4(a) and A.2.1.4(e):

- (a) to facilitate the efficient discharge by the Market Operator of the obligations imposed upon it by its Market Operator Licences;
- (e) to provide transparency in the operation of the Single Electricity Market;

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

In light of the vendor assessment of the adjustments needed to the system, it is SEMO opinion that the interest of the market would be best served by leaving the system unchanged.  
 If this change to the T&SC should not be implemented therefore there would not be substantive compliance between the systems and the rules in certification, and the outcomes in the scenario included in the modification proposal would not be transparent to participants.

| <b>Working Group</b><br><i>(State if Working Group considered necessary to develop proposal)</i> | <b>Impacts</b><br><i>(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.)</i> |
|--|---|
|  |   |

**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.