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| **MODIFICATION PROPOSAL FORM** |
| **Proposer** | **Date of receipt** | **Type of Proposal** | **Modification Proposal ID** |
| **Activation Energy Ltd** | **12 March 2012** | **Standard** | **Mod\_01\_12\_V3** |
| **Contact Details for Modification Proposal Originator** |
| **Name** | **Telephone number** | **Email address** |
| **Patrick Liddy** | **0879601725/014428801** | Patrick.liddy@activationenergy.ie |
| **Modification Proposal Title** |
| **Representation of Demand Side Participants on the Modification Committee** |
| **Documents affected***(delete as appropriate)* | **Section(s) Affected** | **Version number of T&SC or AP used in Drafting** |
| **T&SC** | **Section 2, AP12** | **V10.0** |
| **Explanation of Proposed Change***(mandatory by originator)* |
| Currently Demand Side Units are not represented suitably represented on the TSC modification committee as their interests do not align with those of Generator Units or Supplier Units. Furthermore it is unclear how some of these units could be represented. Finally if they were provided elected to a seat as a Generator or a Supply they would be unable to fulfil their obligation to represent their constituency as their interests do not align. The modification proposed straight forwardly proposes the introduction of 1 seats for Demand Side Units.  |
| **Legal Drafting Change***(Clearly show proposed code change using* ***tracked*** *changes, if proposer fails to identify changes, please indicate best estimate of potential changes)* |
| T&SC Section 2Constitution of the Modifications Committee and Voting Rules2.150 The Modifications Committee shall consist of:1. one member appointed by the Commission and one member appointed by NIAUR;
2. at least nine (9) and no more than sixteen (16) further members appointed as follows, such persons to include at all times:

(a) at least three (3) members nominated by or elected in respect of Generation Participants;(b) at least three (3) members nominated by or elected in respect of Supply Participants;(c) one member appointed by the Market Operator;(d) one member appointed by each of the System Operators; (e) one member appointed by each of the Meter Data Providers (to the extent not already represented); and(f) at least one (1) member nominated by or elected in respect of Demand Side Participants.2.153 If the Regulatory Authorities determine at any time that any particular type of party is not adequately represented on the Modifications Committee, the Regulatory Authorities may seek nominations from relevant persons and appoint a person from such nominations, or otherwise to represent that type of person. Such a person shall be a voting member of the Modifications Committee and shall be appointed for an initial term of two years. A member appointed in accordance with this paragraph 2.153 shall not be deemed to be a representative of Generation Participants, Supply Participants or Demand Side Participants for the purposes of paragraph 2.150 or 2.154.2.154 The Regulatory Authorities may from time to time stipulate the minimum or maximum representation for Supply Participants, Generation Participants or Demand Side Participants.2.155 The total number of members of the Modifications Committee shall be not less than eleven (11) persons and not more than eighteen (18) persons.**Nominations of Other Members**2.169 At least 8 weeks prior to the expiry of any person’s membership of the Modifications Committee, the existing Modifications Committee shall:1. where that person is a member appointed by the Commission, NIAUR, Market Operator, a System Operator or a Meter Data Provider, notify the relevant party that is required to appoint a new member and new alternate member;
2. where that person is a member appointed in respect of Generation Participants, Supply Participants or Demand Side Participants, request the Secretariat to arrange an election in accordance with paragraph 2.170;
3. where that person is a member appointed by the Regulatory Authorities in accordance with paragraph 2.153, inform the Regulatory Authorities of the pending expiry of the member’s term.

2.170 Prior to the expiry of membership of any Nominating Participant member, or where a member is removed, resigns or retires from the Modifications Committee and the Modification Committee agrees that an election is required, the Secretariat shall arrange a Nominating Participant Election to fill that vacancy in accordance with such of the following steps as are necessary:1. relevant Nominating Participants shall be requested to propose new nominees and alternates for election;
2. each Nominating Participant shall be entitled to vote to elect members from the Participant nominees in accordance with paragraphs 2.171 to 2.176;
3. Nominating Supply Participants shall be entitled to vote to elect a member from the persons nominated by them;
4. Nominating Generation Participants shall be entitled to vote to elect a member from the persons nominated by them;
5. Nominating Demand Side Participants shall be entitled to vote to elect a member from the persons nominated by them;
6. the number of nominees with the most votes from Supply Participants but not exceeding three nominees in number, shall be appointed to the Modifications Committee to replace any retiring, terminated or removed Supply Participant member;
7. the number of nominees with the most votes from Generation Participants, but not exceeding three nominees in number, shall be appointed to replace any retiring, terminated or removed Generation Participant member;
8. the number of nominees with the most votes from Demand Side Participants, but not exceeding one nominee in number, shall be appointed to replace any retiring, terminated or removed Demand Side Participant member;
9. the constitution of the Modifications Committee shall, unless agreed otherwise by the Regulatory Authorities, continue to comply with paragraphs 2.150 to 2.155;
10. initial members of the Modification Committee shall be appointed for terms in accordance with paragraph 8.51. Thereafter each member shall be appointed for a maximum term of two years, subject to the exception contained in Section 2.170 (11); and
11. where an ad-hoc election has taken place to fill a vacancy, whereby a member has been removed, resigned or retired from the committee, the newly elected member shall be appointed in principle for a maximum term of two years, and this term will expire in accordance with the annual election date which is closest to the term expiry date.

2.173 The Modifications Committee may at any time stipulate that an outgoing member who is a nominee of Generation Participants, Supply Participants or Demand Side Participants must be replaced in any election with a nominee of Generation Participants, Supply Participants or Demand Side Participants respectively in order to preserve the requisite constitution of the Modifications Committee in accordance with paragraph 2.150 or as may be stipulated from time to time by the Regulatory Authorities pursuant to paragraph 2.152 or 2.154.2.176 Without prejudice to paragraph 2.175, membership of the Modifications Committee shall automatically terminate at the end of a member’s term unless such termination would leave the Modifications Committee with less than 11 members, in which case the term of membership may be extended until a replacement member is appointed or elected to the Modifications Committee.**Resignation and Removal of Members of the Modifications Committee**2.177 Any member may be removed during his or her term by the majority decision of the Modifications Committee (subject to veto by the Regulatory Authorities) if that person:1. ceases to be in a position to represent those Supply Participants, Generation Participants or Demand Side Participants from which the member was nominated;
2. is or becomes of unsound mind or is, or otherwise becomes incapable of performing the functions of a member of the Modifications Committee;
3. has been, or is, in the reasonable opinion of the majority of the other members of the Modifications Committee, engaged in conduct which is inconsistent with or detrimental to being a member of the Modifications Committee; or
4. fails to discharge the obligations of a member of the Modifications Committee.

**Glossary**

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| Demand Side Participant | means a Participant who has registered Demand Side Units. |
| Generation Participant | means Participants who have registered Generator Units other than Interconnector Error Units, Interconnector Residual Capacity Units or Demand Side Units. |
| **Nominating Participant** | means, for the purposes of paragraphs 2.150 to 2.182 in relation to the Modifications Committee, a Party which is a Participant excluding the System Operators and is allowed to nominate Participant nominees to the Modifications Committee. |
| **Nominating Generation Participants** | means, for the purposes of paragraphs 2.150 to 2.182 in relation to the Modifications Committee, a Party which is a Generation Participant and is allowed to nominate and vote for Generation Participant nominees to the Modifications Committee. |
| **Nominating Supply Participants** | means, for the purposes of paragraphs 2.150 to 2.182 in relation to the Modifications Committee, a Party which is a Supply Participant and is allowed to nominate and vote for Supply Participant nominees to the Modifications Committee. |
| **Nominating Demand Side Participants** | means, for the purposes of paragraph 2.150 to 2.182 in relation to the Modifications Committee, a Party which is a Demand Side Participant and is allowed to nominate and vote for Demand Side Participant nominees to the Modifications Committee. |
| **Nominating Participant Election** | means the election process for the appointment of Nominating Participant members to the Modifications Committee, as outlined in paragraph 2.170. |
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| Supply Participant | means a Participant who has registered Supplier Units except Error Supplier Units. |

**Agreed Procedures 12****3.7 Nominating Participant Annual Election Procedure**

| **#** | **Procedural Step** | **Timing** | **Method** | **From/By** | **To** | **Linkage** |
| --- | --- | --- | --- | --- | --- | --- |
| 6 | Votes are cast as follows:* Nominating Generation Participants cast one vote per Participant, in relation to Generation Participant Members vacancy
* Nominating Supply Participants cast one vote per Participant, in relation to Supply Participant Members vacancy
* Nominating Demand Side Participants cast one vote per Participant, in relation to Demand Side Participant Members vacancy

Voting Rules: * In the event of only 1 candidate nomination for the relevant Participant Member position, this candidate will be automatically deemed the successful candidate in an uncontested election.
* In the event of 2 or more candidate nominations for 1 relevant Participant Member position, voters have one vote only, and election is by a simple majority; the successful candidate is the candidate with the highest number of votes. In the event of a tie, another round of voting may occur.
* If 2 or more candidates are put forward for nomination for multiple Participant member positions, each voter is asked to rank the candidates in order of preference. The candidates with the least amount of the highest preference votes will be eliminated, and the candidates with the majority of highest preference votes will be elected.
 | Within 4 weeks of expiry of all members terms (ballot paper due date) | Email | Participants | Secretariat | n/a |

3.8 Nominating Participant Ad-Hoc Election Procedure

| **#** | **Procedural Step** | **Timing** | **Method** | **From/By** | **To** | **Linkage** |
| --- | --- | --- | --- | --- | --- | --- |
| 4 | Send notice inviting candidate membership nominations for the election to* all Generation Participants, in the event of a Generator election,
* all Supplier Participants, in the event of a Supplier election,
* all Demand Side Participants, in the event of a Demand Side election

The notice should specify:* Membership Duties
* Membership Nominations Due Date

The notice should request:* Candidate job-title, company and Descriptions

Go to Step 2 to 6 of Nominating Participant Annual Election Procedure in section 3.7 | Immediately following Modification Committee Meeting or as soon as is practicable  | Email | Secretariat | Participants | n/a |

**APPENDIX 1: Definitions and Abbreviations****Definitions**

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| **Ad-hoc Nominating Participant Election** | means an ad-hoc election for the replacement of members appointed in respect of Generation Participants, Supply Participants or Demand Side Participants who have resigned, retired or been removed outside of the annual election timeframe. |
| **Annual Nominating Participant Election** | means an election for the replacement of members appointed in respect of Generation Participants, Supply Participants or Demand Side Participants whose terms are due to expire on the annual membership expiry date.  |

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| **Modification Proposal Justification***(Clearly state the reason for the Modification)* |
| Currently Demand Side Units are not represented on the TSC modification committee. It is unclear how they could be represented based on the existing rules. Furthermore as they have different interests from both suppliers and generators. The modification proposed proposes the introduction of 1 seat for DSU participants. As their interests are split between those of Suppliers (as they are licensed as such, contract directly with customers and in many cases are likely to be operated by suppliers) and Generators (as they are paid a capacity payment and have requirements under the Grid Code to assist with system security) the inclusion will not upset the current balance.Note that as we do not wish to create undue challenges to committee operation, no change to AP12 (including Quorum) is proposeIn 2011 CER and NIAUR published “DSV 2020”, a report which identified that demand side response could contribute to avoiding investment in peaking plant by delivering peak load reduction; avoiding the curtailment of wind by increasing demand in the off-peak periods, providing flexibility to mitigate the uncertainty of wind output, contributing to the provision frequency response and similar ancillary services at times when thermal generation does not run; and helping the mitigation of transmission and distribution network constraints. The report also sets a next step that the T&SC Modifications Committee Chair be asked to consider any barriers to DSM identified through current modifications and to consider the implications for demand side participation in relevant future modifications brought before the T&SC Modifications Committee. As DSUs are not currently represented on the Modifications committee it will be extremely challenging to comply with this request. Furthermore the issues highlighted here themselves clearly represent a barrier to Demand Side Participation.The report also sets out the intension of the RAs to request that the TSOs consider if/how the current retail demand reduction schemes in ROI will fit within the harmonising and further review of Ancillary Services currently proposed by the TSOs. It is the SEM Committees view that this review should also include an examination of the pricing of Ancillary Services with a view to promoting demand response.Eirgrid and SONI are currently facilitating the DS3 project which is considering numerous options to increase the provision of ancillary services. Included in the proposals is the inclusion of Demand Response and other services provided by Demand Side Customers. For this to be facilitated, it seems likely that the market will need to facilitate DSUs and consider their interests in future modifications. |
| **Code Objectives Furthered***(State the Code Objectives the Proposal furthers, see Section 1.3 of T&SC for Code Objectives)* |
| 1.Trading & Settlement Code Objective 1.3.3 “to facilitate the participation of electricity undertakings engaged in the generation, supply or sale of electricity in the trading arrangements under the Single Electricity Market”Having unrepresented parties in the market is clearly likely to act as a barrier to participation in this area.2. Trading & Settlement Code Objective 1.3.4 “to promote competition in the single electricity wholesale market on the island of Ireland”Unrepresented parties will clearly struggle to compete3. Trading & Settlement Code Objective 1.3.6 “to ensure no undue discrimination between persons who are parties to the Code”.As these units are not represented, they are clearly discriminated against.4. Trading & Settlement Code Objective 1.3.7 “to promote the short-term and long-term interests of consumers of electricity on the island of Ireland with respect to price, quality, reliability, and security of supply of electricity.This Modification Proposal should have no impact on central market systems, and consequentially should have negligible impact on the cost to consumers. Therefore, any improvement brought by competition will have immediate short-term and long-term gains for the consumers on the island of Ireland. 5. Environmental ConcernsMany of these unit types have low carbon footprints, therefore assisting Ireland and Northern Ireland’s carbon reduction targets6. Distributed GenerationAn increased involvement of DSUs, AGUs and Auto-generators in the market will act to strengthen the grids resilience considerably as distributed generation has been demonstrated to be more reliable |
| **Implication of not implementing the Modification Proposal***(State the possible outcomes should the Modification Proposal not be implemented)* |
| Non-implementation of this modification will result inRetaining the discrimination against Special Units in the marketA reduction in the potential competition of the market, avoiding potential savings to the customersNot utilising a potential carbon saving availableA reduction in the potential security of the grid |
| **Working Group***(State if Working Group considered necessary to develop proposal)* | **Impacts***(Indicate the impacts on systems, resources, processes and/or procedures)* |
| No | Minimal |
| ***Please return this form to Secretariat by email to*** ***modifications@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 Appendix D “List of Agreed Procedures”.**

**T&SC / Code: means the Trading and Settlement 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 “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 the Code (and 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. **to the Market Operator and the Regulatory Authorities to publish and/or distribute the Modification Proposal for free and unrestricted access;**
	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;**
	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.**