

Single Electricity Market

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| Final REcommendation ReportMod\_01\_17 : changes to enable I-sem (part a) 16 march 2017  |

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Document History

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| **Version** | **Date** | **Author** | **Comment** |
| 1.0 | 16 March 2017 | Modifications Committee Secretariat | Issued to Modifications Committee for review and approval |
| 2.0 | 29 March 2017 | Modifications Committee Secretariat | Issued to Regulatory Authorities for final decision |

Reference Documents

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| **Document Name** |
| [Trading and Settlement Code](http://semopub/MarketDevelopment/MarketRules/TSC.docx) |
| [Modification Proposal](http://semopub/MarketDevelopment/ModificationDocuments/Modification%20Proposal%20%28Changes%20for%20I-SEM%29%2819%201%2017%29%20version%201.0.docx) |
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# MODIFICATIONS COMMITTEE RECOMMENDATION

## Recommended for approval – unanimous Vote

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| **Recommended for Approval by Unanimous Vote**  |
| Clive Bowers | Generator Alternate | Approved |
| Mary Doorly | Generator Member | Approved |
| Julie- Anne Hannon  | Supplier Member | Approved |
| Brian Mongan | Generator Member | Approved |
| William Steele | Supplier Member | Approved |
| Connor Powell | Supplier Member | Approved |
| Shiobhan O’Neill | Interconnector Alternate | Approved |
| Paddy Finn | DSU Member | Approved |
| Kevin Hannafin | Generator Member (Chair) | Approved |

# Background

This Modification Proposal was raised by the Regulatory Authorities and was received by the Secretariat on 24 January 2017. The purpose of this Modification Proposal is for provision of changes to enable I-SEM (Part A).

The Modification Proposal was discussed at Meetings 72 on 7th February where it was voted on.

# PURPOSE OF PROPOSED MODIFICATION

**3A.) justification of Modification**

The changes to the SEM Trading and Settlement Code which are required to give effect to the I-SEM trading arrangements fall into two parts. The major part consists of the introduction of a new Part B and a new Part C, which has been consulted upon (see SEM-16-075). Once the SEM Committee has published its decision on this consultation, these changes will be given effect by separate decisions of the Regulatory Authorities: by the Utility Regulator under power conferred by Condition 15 of the SONI Market Operator Licence and by the CER under powers conferred by the Statutory Instrument. In parallel with this, it is necessary to effect a change of the current Code so that it becomes Part A of the new SEM Trading and Settlement Code. These changes will need to be given effect by the SEM Committee on the same day that the other decisions take effect.

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

If this modification proposal in not implemented, it will be impossible to give effect to the I-SEM changes in the single electricity wholesale market.

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

These changes will further the achievement of all the Code objectives but in particular objectives 1.3.1 “to facilitate the efficient discharge by the Market Operator of the obligations imposed upon it by the Market Operator Licence”; 1.3.2 “to facilitate the efficient, economic and coordinated operation, administration and development of the Single Electricity Market in a financially secure manner”; and 1.3.4 “to promote competition in the single electricity wholesale market on the island of Ireland”

1. **Assessment of Alternatives**

N/A

# 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  **72 – 7 february 2017**

This modification refers to updating Part A & B of the Code. The Consultation Paper on Energy Trading Arrangements (SEM-16-075) published on 15 November 2016 states that “Part A of the TSC Amendments will comprise the existing TSC. Some minor consequential changes may be required and these changes will be progressed through the Modifications Committee”. Proposer advised that the effective date of this proposal will be the designation date.

Generator Member asked if the designation date was the same as the publication date. Proposer advised that the designation date will be stipulated with the publication of the decision. It was advised that the CER need to designate under statutory requirements while the UREGNI need to designate under condition 15 of their licence. Decision on Part B will be published on April 5th and will identify the designation date and the two organisations will carry this out according to their specific processes. It was proposed that May 1st could be the designation date.

Chair invited further questions. Committee had no further questions and were happy to vote on the proposal.

# Proposed Legal Drafting

As set out in Appendix 1 below.

#  LEGAL REVIEW

Complete

# IMPLEMENTATION TIMESCALE

It is proposed that this Modification be implemented as the Modifications Committee have Recommended it for Approval and following the designation process.

# Appendix 1: Mod\_01\_17 changes to enable I-sem (part A)

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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)* |
| **RAs** | **24 January 2017** | **Standard** | **Mod\_01\_17** |
| **Contact Details for Modification Proposal Originator** |
| **Name** | **Telephone number** | **Email address** |
| **Sheena Byrne** | **00 353 1 4000 800** | **shbyrne@cer.ie** |
| **Modification Proposal Title** |
| **Changes to enable I-SEM (Part A)** |
| **Documents affected***(delete as appropriate)* | **Section(s) Affected** | **Version number of T&SC or AP used in Drafting** |
| **T&SC** | **Sections 1 and** **names only of all Appendices,****Glossary and all APs;****also additional changes to all AP names listed within Appendix D** | **V18.0** |
| **Explanation of Proposed Change***(mandatory by originator)* |
| The Consultation Paper on Energy Trading Arrangements (SEM-16-075) published on 15 November 2016 states that “Part A of the TSC Amendments will comprise the existing TSC. Some minor consequntial changes may be required and these changes will be progressed through the Modifications Committee”. This Modifcation Proposal forms the start of that process. It will need to be submitted to the RAs for decision so that the necessary changes can be put into effect on the Amendment Date, which will be directed by the RAs as the date on which the other parts of the I-SEM change to the SEM Trading and Settlement Code shall come into effect.There are two key elements of change which must be put into effect. Those are (a) turning the Code into Part A of the amended Code and (b) changing the references to “the Code” in the current document to references to “Part A of the Code”. This change will have some side effects, which will include disabling the Modifications Process from addressing any changes other than to Part A of the Code. The proposed legal drafting to effect these two changes is shown below.In the initial discussion of this Modification Proposal at Meeting 71, it was questioned whether the Committee membership in respect of Interconnector Participants should change. Part A will only apply in respect of Trading Periods before the Cutover Time, when Interconnector Users will continue to exist, so this provision does not need to change. |
| **Legal Drafting Change***(Clearly show proposed code change using* ***tracked*** *changes, if proposer fails to identify changes, please indicate best estimate of potential changes)* |
| **PArt A****PURPOSE**The SEM Trading and Settlement Code consists of three parts A, B and C. This is Part A of the SEM Trading and Settlement Code (Part A of the Code). This Part A of the Code consists of these Sections 1 to 9, the Part A Glossary, the Part A Appendices A to P and the Part A Agreed Procedures as listed in Part A Appendix D. The purpose of this Part A is to continue to set out the terms of trading and settlement for the sale and purchase of wholesale electricity in the Pool in respect of all Trading Periods prior to the Cutover Time (as defined in Part C of the SEM Trading and Settlement Code).All references to “the Code” in this Part A of the Code, unless otherwise specified or implied by the context shall be deemed to be references to Part A of the Code. All references to any component of the Code (Glossary, Appendix and Agreed Procedure), unless otherwise specified or implied by the context, shall be deemed to be a reference to that component in this Part A of the Code.1. **Introduction and Interpretation**

**Introduction*** 1. The Single Electricity Market (or “SEM”) was developed by the Commission for Energy Regulation and the Northern Ireland Authority for Utility Regulation pursuant to a Memorandum of Understanding dated 23 August 2004, the subsequent All-Island Energy Market Development Framework agreed in November 2004 between Noel Dempsey TD, then Minister for Communications, Marine and Natural Resources in Ireland and Barry Gardiner MP, then Minister with responsibility for Enterprise, Trade and Investment in Northern Ireland, and the Memorandum of Understanding between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of Ireland of December 2006. This Code was developed as part of the process of establishing the SEM and constitutes the trading arrangements and Trading and Settlement Code for the SEM in Northern Ireland pursuant to section 23 of the Northern Ireland (Miscellaneous Provisions) Act 2006 and the Electricity (Single Wholesale Market) (Northern Ireland) Order 2007, and in Ireland pursuant to section 9BA(1) of the Electricity Regulation Act 1999 (Ireland) and as designated pursuant to regulations made under section 9BA(2)(a) of the Electricity Regulation Act 1999 (Ireland). The SEM incorporates the Pool for trading between participating generators and suppliers. It is a condition of the Market Operator Licences that the Market Operator shall enter into and at all times administer and maintain in force a code which:

sets out the terms of the trading and settlement arrangements for the sale and purchase of wholesale electricity in the Pool; is designed to facilitate the achievement of the objectives set out in paragraph 1.3 below; and contains modification procedures which provide that any modifications to the Code (but not necessarily, to the Agreed Procedures) must be subject to the prior approval of the Regulatory Authorities and which enable the Regulatory Authorities to propose modifications to the Code.The above arrangements were set out in respect of the designation of the SEM Trading and Settlement Code in July 2007. Subsequent changes to these arrangements are set out in Part B of the SEM Trading and Settlement Code.* 1. This Code sets out the trading and settlement rules and procedures for participation in the Pool.

**Code Objectives*** 1. The aim of this Code is to facilitate the achievement of the following objectives:

to facilitate the efficient discharge by the Market Operator of the obligations imposed upon it by its Market Operator Licences; to facilitate the efficient, economic and coordinated operation, administration and development of the Single Electricity Market in a financially secure manner;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;to promote competition in the single electricity wholesale market on the island of Ireland;to provide transparency in the operation of the Single Electricity Market; to ensure no undue discrimination between persons who are parties to the Code; andto 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.* 1. Paragraphs 1.1 to 1.3 of this Section 1 are for information only and, without prejudice to the rights, duties and obligations set out in the Licences and legislation referred to therein, are not intended of themselves and should not be construed so as to create legally binding obligations as between or impose rights and duties on the Parties, provided that the Modifications Committee shall be required to have regard to the Code Objectives in accordance with paragraph 2.149 and any Dispute Resolution Board shall be required to have regard to the Code Objectives in accordance with paragraph 2.286.

**Appendices and Agreed Procedures*** 1. The Appendices and the Agreed Procedures, as may be amended or modified from time to time, shall be construed as and form part of this Code and shall be subject to the terms of this Code. The Agreed Procedures set out the detail of procedures to be followed by Parties in performing obligations and functions under this Code.
	2. Appendix D “Scope of Agreed Procedures” describes and sets out the scope of each of the Agreed Procedures.

**Interpretation** **Interpretation*** 1. In this Code, the following interpretations shall apply unless the context requires otherwise:

the Table of Contents, and any document name, with the exception of names which specify that what follows is a component of this Part A of the Code, index and headings in this Code, are for ease of reference only and do not form part of the contents of this Code and do not and shall not affect its interpretation;words in the singular shall include the plural and vice versa and the masculine gender shall include the feminine and neuter;the word “including” and its variations are to be construed without limitation;any reference to any legislation, primary or secondary, in this Code includes any statutory interpretation, amendment, modification, re-enactment or consolidation of any such legislation and any regulations or orders made thereunder and any general reference to any legislation includes any regulations or orders made thereunder;any references to Sections, paragraphs, Appendices and Agreed Procedures are references to Sections, paragraphs, Appendices and Agreed Procedures of this Code as amended or modified from time to time in accordance with the provisions of this Code;any reference to another agreement or document, or any deed or other instrument is to be construed as a reference to that other agreement, or document, deed or other instrument as lawfully amended, modified, supplemented, substituted, assigned or novated from time to time;any reference to a day is to be construed as a reference to a calendar day except where provided otherwise, and any reference to a year is to be construed as a reference to a period of 12 months;any reference to a time is to be construed as a reference to the time prevailing in Belfast;where any obligation is imposed on any Party pursuant to this Code and is expressed to require performance within a specified time limit that obligation shall, where appropriate, continue to be binding and enforceable after that time limit if the Party fails to perform that obligation within that time limit (but without prejudice to all rights and remedies available against that person by reason of that person’s failure to perform that obligation within the time limit); zero is to be treated as a positive, whole number;capitalised words and phrases, acronyms, abbreviations and subscripts have the meaning given to them in the Glossary except where otherwise specified;where a specified number of days is expressed to elapse or expire from or after the giving of a notice or the issue or making available of a document before an action may be taken or by which an action is required to be taken then, unless explicitly stated otherwise, the day on which the notice is given or issued or the document is made available shall not be counted in the reckoning of the period;a reference to a “person” includes any individual, partnership, firm, company, corporation (statutory or otherwise), joint venture, trust, association, organisation or other entity, whether or not having separate legal personality;references to a Participant shall be construed as a reference to the relevant Party in its capacity as registrant of the relevant Units. Any obligation expressed to be on a Party shall, where appropriate, be construed as an obligation on that Party in respect of each of its Participants;where this Code requires data to be published by the Market Operator, it shall be made publicly available (which, for the avoidance of doubt means available to all members of the public and not only to Parties) in a format that readily lends itself to processing by standard computer and analysis tools, through an easily accessible public interface and the terms “publish”, “publication” and “published” shall be construed accordingly; where this Code requires the Market Operator to publish information and no timeline is specified for such publication, it shall be required to publish such information as soon as reasonably practicable; in the event of any conflict between algebraic formulae and English language text in Sections 4 to 6 inclusive, the algebraic formula shall apply, save in the case of manifest error in the algebraic formula; where no timeframe for performance is specified in respect of any obligation to be performed by a Party, then such obligation shall be performed within a reasonable time;each run of the MSP Software relates to a single Optimisation Time Horizon; and, where a run of the MSP Software or an Optimisation Time Horizon is associated with a Trading Day, it means the Trading Day that is entirely within the Optimisation Time Horizon; and where a Trading Day is associated with an Optimisation Time Horizon or a run of the MSP Software, it means the Optimisation Time Horizon or run of the MSP Software that starts at the same time as the start of that Trading Day; andpayments or charges may be either positive or negative in accordance with their calculated value except where otherwise stated.* 1. Where any provision of this Code provides that the Regulatory Authorities shall determine or approve certain values which are required for the performance of calculations under the Code and which apply for a specific period, and on expiry of such period no replacement values have been determined by the Regulatory Authorities, or the Regulatory Authorities have not communicated such determination to the Market Operator, then the values applicable immediately prior to the expiry of the relevant period shall continue to apply until the Regulatory Authorities have determined or approved new values and this has been communicated to the Market Operator in accordance with the Code.

In addition to the above changes to Section 1, the following changes will need to be made in other parts of the Code:* Glossary – change the name to “Part A Glossary”
* Appendices – change each name to “Part A Appendix …”
* Appendix D – change all Agreed Procedure names within Appendix D to “Part A Agreed Procedure …”
* Agreed Procedures – change all names to “Part A Agreed Procedure …”
 |
| **Modification Proposal Justification***(Clearly state the reason for the Modification)* |
| As mentioned in the explanation above, the changes to the SEM Trading and Settlement Code which are required to give effect to the I-SEM trading arrangements fall into two parts. The major part consists of the introduction of a new Part B and a new Part C, which has been consulted upon (see SEM-16-075). Once the SEM Committee has published its decision on this consultation, these changes will be given effect by separate decisions of the Regulatory Authorities: by the Utility Regulator under power conferred by Condition 15 of the SONI Market Operator Licence and by the CER under powers conferred by the Statutory Instrument. In parallel with this, it is necessary to effect a change of the current Code so that it becomes Part A of the new SEM Trading and Settlement Code. These changse will need to be given effect by the SEM Committee on the same day that the other decisions take effect. |
| **Code Objectives Furthered***(State the Code Objectives the Proposal furthers, see Section 1.3 of T&SC for Code Objectives)* |
| These changes will further the achievement of all the Code objectives but in particular objectives 1.3.1 “to facilitate the efficient discharge by the Market Operator of the obligations imposed upon it by the Market Operator Licence”; 1.3.2 “to facilitate the efficient, economic and coordinated operation, administration and development of the Single Electricity Market in a financially secure manner”; and 1.3.4 “to promote competition in the single electricity wholesale market on the island of Ireland” |
| **Implication of not implementing the Modification Proposal***(State the possible outcomes should the Modification Proposal not be implemented)* |
| If this modification proposal in not implemented, it will be impossible to give effect to the I-SEM changes in the single electricity wholesale market. |
| **Working Group***(State if Working Group considered necessary to develop proposal)* | **Impacts***(Indicate the impacts on systems, resources, processes and/or procedures)* |
| No working Group is expected to be rquired. | There are expected to be no systems impacts. |
| ***Please return this form to Secretariat by email to*** ***modifications@sem-o.com*** |