

Single Electricity Market

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| Final REcommendation ReportMod\_05\_15 : representation of interconnector user participants on the modification committee 22 may 2015  |

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Document History

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| **Version** | **Date** | **Author** | **Comment** |
| 1.0 | 12 May 2015 | Modifications Committee Secretariat | Issued to Modifications Committee for review and approval |
| 2.0 | 22nd May 2015 | 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) |
| [MOD\_05\_15 Representation of Interconnector User Participants on the Modification Committee](http://semopub/MarketDevelopment/Modifications/Pages/Modifications.aspx) |
| [Meeting 61 Slides Electroroute](http://semopub/MarketDevelopment/ModificationDocuments/Meeting%2061%20Electroroute%20slides.pptx) |
| [Clarification Note](http://semopub/MarketDevelopment/ModificationDocuments/Mod_05_15%20Clarification%20Note.docx) |

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# MODIFICATIONS COMMITTEE RECOMMENDATION

## Recommended for approval – unanimous Vote

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| * **Recommended for Approval by Majority Vote**
 |
| Áine Dorran | Generator Member | Approved – with clarification required on voting process |
| Connor Powell | Supplier Member | Approved |
| Kevin Hannafin-Chair | Generator Member | Approved – with clarification required on voting process |
|  Mary Doorly | Generator Member | Approved  |
| Patrick Liddy | DSU Member | Approved |
| William Carr | Supplier Member | Approved |
| William Steele | Supplier Member | Approved – with clarification required on voting process |

# Background

This Modification Proposal was raised by Electroroute and was received by the Secretariat on 1st April 2015. This modification proposal proposes the introduction of one (1) new seat at the SEM Modifications Committee for Interconnector User Participants.

Currently Interconnector Units are not adequately represented on the SEM Modifications Committee as their interests may not align with those of the Generator Units, Supplier Units or Demand Side Units that currently account for the participant membership of the committee.

The Modification Proposal was discussed at Meeting 61 on 15 April 2015 where it was voted on.

# PURPOSE OF PROPOSED MODIFICATION

## 3A.) justification of Modification

Interconnector flows and cross border trade is already a significant feature of the SEM. With the increase in interconnector capacity and the number of participants active in recent years it is imperative that the interests of Interconnector Users are represented and voiced within the Modifications Committee on a basis that is on an equal footing to other participants within the marketplace.

It is currently assumed that the interests of Interconnector Units are represented at the Modifications Committee by Generator Units members and through attendance at Modification Committee meetings by representatives of Interconnector Units in the role of Observers. This assumption prevails mainly because the commercial activities and interests of Generator Units are widely assumed to be closely aligned with those of Interconnector Units within the SEM. There are many commercial reasons why this assumption is not valid and it is clear that this portion of the market is now significant enough to warrant its own representative at the Modification Committee.

As there are now a number of SEM participants whose sole interests within the SEM are concerned with Interconnector trading it does not make sense, nor is it appropriate from a commercial perspective, that the obligation of making sure that the opinions of these Interconnector Users are fully represented should fall upon Generator Unit committee members.

It follows that Interconnector Units can be best represented at the Modifications Committee by holding a seat the Committee.

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

Without adequate representation at the Modifications Committee the unique perspective in relation to cross border trading may be lacking in decision making processes. This can lead to more protracted Modification processes in relation to cross border trading topics. Failing to have an Interconnector representative may also represent a missed opportunity to gain perspectives from other markets in modification debates.

## 3c.) Impact on Code Objectives

This modification aims to further Code Objective:

1. to ensure no undue discrimination between persons who are parties to the Code; and

6. 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.

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 61 – 15 april 2015

Electroroute delivered a [presentation](http://semopub/MarketDevelopment/ModificationDocuments/Meeting%2061%20Electroroute%20slides.pptx) advising that the proposal was raised in order to improve the deliberation of the Modifications Committee, as Interconnector views may not align with those of standard Generator Units, Supplier Units or Demand Side Units that currently account for the participant membership of the committee.

This modification proposal proposes the introduction of one (1) new seat at the SEM Modifications Committee for Interconnector User Participants.

Generator Member asked if this member seat was available to Interconnector Participants only or could Generator Participants with registered Interconnector Units nominate/vote. Electroroute explained that the proposal was not intended to be exclusively for Interconnector Participants. Electroroute advised that there may be a conflict of interests in asking Generator Members to express the views of Interconnector Participants/Units and this proposal could bring a new voice and dynamic to the committee. Chair asked that it be noted that he felt that the views of Interconnector Users were represented and reflected in the current committee structure.

Observer asked that had the committee not shown to be balanced and provide decisions for proposals as a whole rather than separate commercial entities. DSU Member enquired as to whether the Generator Members were happy to change the current rules of 4 Generator Members to add an additional Generator Member. DSU Member welcomed the possibility of additional representation.

Generator Member advised that while they were open to new voices and dynamics they were unclear as to how the Elections process would work in practice in the event of an Interconnector Member. MO Member confirmed that votes were dependent on Participant ID level and not Unit ID level therefore in practice there were no major changes to the mechanism and relevant entitlement. MO Member advised that in the event of a Generator Member with both Generator and Interconnector (IC) Units, it would be necessary for the Participant to choose whether to submit the vote on behalf of the Generator or IC Unit, i.e. to partake in either the Generator or Interconnector election, not both unless the party has separate Generator and Interconnector Participants registered.

Secretariat advised that for this proposed Interconnector Member to be included in the upcoming annual elections the proposal would need to be approved at this meeting, further adding that there is the possibility of running an ad-hoc Interconnector election. The committee were minded to vote to approve this proposal but sought a clarification from the Secretariat as to the election process and voting mechanism in the event of this new member.

# Proposed Legal Drafting

As set out in Appendix 1below.

#  LEGAL REVIEW

Complete

# IMPLEMENTATION TIMESCALE

It is proposed that this Modification is implemented as the Modifications Committee have Recommended it for Approval. As the Annual Election Process commences in June 2015 it is hoped that this modification is implemented in time for the new Interconnector Member to be included in the Election Process.

# Appendix 1: Mod\_05\_15 make whole payments for interconnector units

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| **MODIFICATION PROPOSAL FORM** |
| **Proposer** | **Date of receipt** | **Type of Proposal** | **Modification Proposal ID** |
| **ElectroRoute Energy Trading Limited** | **01 April 2015** | **Standard** | **Mod\_05\_15** |
| **Contact Details for Modification Proposal Originator** |
| **Name** | **Telephone number** | **Email address** |
| **Eamonn O’Donoghue** | **01 687 5702** | **eamonn.odonoghue@electroroute.com** |
| **Modification Proposal Title** |
| **Representation of Interconnector User 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, AP, Glossary** | **Section 2, AP12** | **V16.0** |
| **Explanation of Proposed Change***(mandatory by originator)* |
| Currently Interconnector Units are not adequately represented on the SEM Modifications Committee as their interests may not align with those of the Generator Units, Supplier Units or Demand Side Units that currently account for the participant membership of the committee. This modification proposal proposes the introduction of one (1) new seat at the SEM Modifications Committee for Interconnector User Participants. |
| **Legal Drafting Change***(Clearly show proposed code change using* ***tracked*** *changes, if proposer fails to identify changes, please indicate best estimate of potential changes)* |
| Constitution of the Modifications Committee and Voting Rules2.150 The Modifications Committee shall consist of:one member appointed by the Commission and one member appointed by NIAUR;at least nine (9) and no more than seventeen (17) 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.(g) at least one (1) member nominated by or elected in respect of Interconnector 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, Demand Side Participants or Interconnector 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, Demand Side Participants or Interconnector Participants.2.155 The total number of members of the Modifications Committee shall be not less than eleven (11) persons and not more than nineteen (19) persons.Appointment of Subsequent Members2.169 At least 8 weeks prior to the expiry of any person’s membership of the Modifications Committee, the existing Modifications Committee shall: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; where that person is a member appointed in respect of Generation Participants, Supply Participants, Demand Side Participants or Interconnector Participants request the Secretariat to arrange an election in accordance with paragraph 2.170; andwhere 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. Nominating Interconnector Participants shall be entitled to vote to elect a member from the persons nominated by them;
7. 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;
8. 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;
9. 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;
10. the number of nominees with the most votes from Interconnector Participants, but not exceeding one nominee in number, shall be appointed to replace any retiring, terminated or removed Interconnector User Participant member;
11. the constitution of the Modifications Committee shall, unless agreed otherwise by the Regulatory Authorities, continue to comply with paragraphs 2.150 to 2.155;
12. 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
13. 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, Demand Side Participants or Interconnector Participants must be replaced in any election with a nominee of Generation Participants, Supply Participants, Demand Side Participants or Interconnector 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.Resignation and Removal of Members of the Modifications Committee2.177 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:ceases to be in a position to represent those Supply Participants, Generation Participants, Demand Side Participants or Interconnector Participants from which the member was nominated;is or becomes of unsound mind or is, or otherwise becomes incapable of performing the functions of a member of the Modifications Committee;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; orfails to discharge the obligations of a member of the Modifications Committee.Agreed Procedure 123.7 Nominating Participant annual election procedure

| **#** | **Procedural Step** | **Timing** | **Method** | **From/By** | **To** | **Linkage** |
| --- | --- | --- | --- | --- | --- | --- |
| 1 | Send notice inviting candidate membership nominations for Nominating Participant Election to all Participants. The notice should identify:* The expiring memberships (Member Name, Participant type)
* Membership duties
* Nominations due date

The notice should request:* Candidate job-title, company and Descriptions
 | 6 weeks prior to expiry of all Members terms | Email | Secretariat | Participants | n/a |
| 2 | Send in membership nominations.  | By nominations due date | Email | Participants | Secretariat | n/a |
| 3 | Acknowledge membership nominations. | As received | Email | Participants | Secretariat | n/a |
| 4 | Send ballot paper and candidate descriptions to all Participants. The notice should give election instructions and specify:* Ballot paper due date
* Who is eligible to Vote
* Date result will be announced
* Voting instructions eg ballot secrecy
 | 4 weeks prior to expiry of all members terms (Ballot paper due date) | Email | Secretariat | Participants |  |
| 5 | In the event of equal numbers of votes being cast for candidates, consult RA's for final determination of election result. | As soon as is practicable |  | Secretariat |  |  |
| 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
* Nominating Interconnector Participants cast one vote per Participant, in relation to Interconnector 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 |
| 7  | Send notification of close of ballot.  | ballot paper due date as above | Email | Secretariat | Participants | n/a |
| 8. | Count and file votes; in the event of tie or inconclusive election results, consult RA's for final determination. | 2 days after ballot paper due date or as soon as possible thereafter | Email | Secretariat | Participants | n/a |
| 9. | Notify candidates of election result.  | 2 days after ballot paper due date or as soon as possible thereafter | Email | Secretariat | Candidates | n/a |
| 10 | Notify Participants of election result. | 2 days after ballot paper due date or as soon as possible thereafter | Email | Secretariat | Participants |  |

3.8 Nominating Participant Ad-Hoc Election Procedure

| **#** | **Procedural Step** | **Timing** | **Method** | **From/By** | **To** | **Linkage** |
| --- | --- | --- | --- | --- | --- | --- |
| 1 | If Member is resigning or retiring, send notice to the Secretariat; If Member is being removed, Secretariat sends notice to the Member. | At least 2 weeks prior to next scheduled Modification Panel Meeting | Email | Secretariat/Members | Secretariat/Members | n/a |
| 2 | Include Member vacancy as an item on the next Committee Meeting agenda.  | If applicable | n/a | Secretariat | Members | n/a |
| 3 | Committee decides that Nominating Participant Ad-Hoc Election will take place or that the Alternate Member may fill this vacancy in accordance with paragraph 2.180 of the Code.* If the Alternate shall fill the vacancy, end process.
* If Member is to be elected, go to Step 4.
 | At next scheduled Meeting or as soon as is practicable | Email or at Meeting | Members  | n/a | n/a |
| 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
* all Interconnector Participants, in the event of an Interconnector Participant 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 Meeting or as soon as is practicable  | Email | Secretariat | Participants | n/a |
| 5  | Count and file votes. The successful candidate is the candidate with the highest number of votes.  | 2 days after ballot paper due date or as soon as possible  | Email | Secretariat | Participants | n/a |
| 6. | Notify candidates of election result.  | 2 days after ballot paper due date or as soon as possible | Email | Secretariat | Candidates | n/a |
| 7. | Notify Participants of election result. | 2 days after ballot paper due date or as soon as possible | Email | Secretariat | Participants |  |

APPENDIX 1: Definitions and AbbreviationsDefinitions

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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, Demand Side Participants or Interconnector 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, Demand Side Participants or Interconnector Participants whose terms are due to expire on the annual membership expiry date.  |

GlossaryDefinitions

|  |  |
| --- | --- |
| Generation Participant | means Participants who have registered Generator Units other than Interconnector Units, Interconnector Error Units, Interconnector Residual Capacity Units or Demand Side Units. |
| Interconnector Participant | means Participants who have registered Interconnector Units |
| Nominating Interconnector Participants | means, for the purposes of paragraphs 2.150 to 2.182 in relation to the Modifications Committee, a Party which is an Interconnector User Participant and is allowed to nominate and vote for Interconnector User Participant nominees to the Modifications Committee. |
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| **Modification Proposal Justification***(Clearly state the reason for the Modification)* |
| Interconnector flows and cross border trade is already a significant feature of the SEM. With the increase in interconnector capacity and the number of participants active in recent years it is imperative that the interests of Interconnector Users are represented and voiced within the Modifications Committee on a basis that is on an equal footing to other participants within the marketplace. It is currently assumed that the interests of Interconnector Units are represented at the Modifications Committee by Generator Units members and through attendance at Modification Committee meetings by representatives of Interconnector Units in the role of Observers. This assumption prevails mainly because the commercial activities and interests of Generator Units are widely assumed to be closely aligned with those of Interconnector Units within the SEM. There are many commercial reasons why this assumption is not valid and it is clear that this portion of the market is now significant enough to warrant its own representative at the Modification Committee. As there are now a number of SEM participants whose sole interests within the SEM are concerned with Interconnector trading it does not make sense, nor is it appropriate from a commercial perspective, that the obligation of making sure that the opinions of these Interconnector Users are fully represented should fall upon Generator Unit committee members. It follows that Interconnector Units can be best represented at the Modifications Committee by holding a seat the Committee. |
| **Code Objectives Furthered***(State the Code Objectives the Proposal furthers, see Section 1.3 of T&SC for Code Objectives)* |
| Code Objectivesto promote competition in the single electricity wholesale market on the island of Ireland;to ensure no undue discrimination between persons who are parties to the Code;  |
| **Implication of not implementing the Modification Proposal***(State the possible outcomes should the Modification Proposal not be implemented)* |
| Without adequate representation at the Modifications Committee the unique perspective in relation to cross border trading may be lacking in decision making processes. This can lead to more protracted Modification processes in relation to cross border trading topics. Failing to have an Interconnector representative may also represent a missed opportunity to gain perspectives from other markets in modification debates. |
| **Working Group***(State if Working Group considered necessary to develop proposal)* | **Impacts***(Indicate the impacts on systems, resources, processes and/or procedures)* |
| No |  |
| ***Please return this form to Secretariat by email to*** *modifications@sem-o.com* |