

Single Electricity Market

|  |
| --- |
| Final REcommendation Report  *Mod\_09\_12: Treatment of settlement reruns of ep1 following msp failure*  15 May 2012 |

COPYRIGHT NOTICE

All rights reserved. This entire publication is subject to the laws of copyright. This publication may not be reproduced or transmitted in any form or by any means, electronic or manual, including photocopying without the prior written permission of EirGrid plc and SONI Limited.

DOCUMENT DISCLAIMER

Every care and precaution is taken to ensure the accuracy of the information provided herein but such information is provided without warranties express, implied or otherwise howsoever arising and EirGrid plc and SONI Limited to the fullest extent permitted by law shall not be liable for any inaccuracies, errors, omissions or misleading information contained herein.

Document History

|  |  |  |  |
| --- | --- | --- | --- |
| **Version** | **Date** | **Author** | **Comment** |
| 0.2 | 30 April 2012 | Modifications Committee Secretariat | Issued to Modifications Committee for review and approval |
| 2.0 | 15 May 2012 | Modifications Committee Secretariat | Issued to Regulatory Authorities for final decision |

Reference Documents

|  |
| --- |
| **Document Name** |
| [Trading and Settlement Code](http://semopub/MarketDevelopment/MarketRules/TSC.doc) |
| [Mod\_09\_12 Treatment of Settlement Reruns of EP1 Following MSP Failure](http://semopub/MarketDevelopment/ModificationDocuments/Mod_09_12%20ASRs.docx) |

Table of Contents

[1. MODIFICATIONS COMMITTEE RECOMMENDATION 3](#_Toc324853361)

[**Recommended for Approval – unanimous Vote** 3](#_Toc324853362)

[2. Background 3](#_Toc324853363)

[3. PURPOSE OF PROPOSED MODIFICATION 3](#_Toc324853364)

[**3A.) Justification for Modification** 3](#_Toc324853365)

[**3B.) Impact of not Implementing a Solution** 3](#_Toc324853366)

[**3c.) Impact on Code Objectives** 4](#_Toc324853367)

[4. Assessment of Alternatives 4](#_Toc324853368)

[5. Working Group and/or Consultation 4](#_Toc324853369)

[6. impact on systems and resources 4](#_Toc324853370)

[7. Impact on other Codes/Documents 4](#_Toc324853371)

[8. MODIFICATION COMMITTEE VIEWS 4](#_Toc324853372)

[9. Proposed Legal Drafting 4](#_Toc324853373)

[10. LEGAL REVIEW 5](#_Toc324853374)

[11. IMPLEMENTATION TIMESCALE 5](#_Toc324853375)

[Appendix 1: Modification proposal 6](#_Toc324853376)

# MODIFICATIONS COMMITTEE RECOMMENDATION

## Recommended for Approval – unanimous Vote

|  |  |  |
| --- | --- | --- |
| **Mod\_09\_12: Recommended for Approval**  **(subject to legal drafting)** | | |
| Julie-Anne Hannon | Supplier Alternate | Approve |
| Sean Doolin | Supplier Alternate | Approve |
| Ian Luney | Generator Member | Approve |
| William Steele | Supplier Member | Approve |
| Mary Doorly | Generator Alternate | Approve |
| Kevin Hannafin | Generator Member | Approve |
| Niamh Quinn | Generator Member | Approve |
| Iain Wright | Supplier Member | Approve |

# Background

This Modification Proposal was raised by SEMO and was received by the Secretariat on 13 March 2012. It proposed changes to Section 6 of the TSC. The proposal was presented at Meeting 41 on 27 March 2012 where it was voted on.

# PURPOSE OF PROPOSED MODIFICATION

## 3A.) Justification for Modification

As part of the preparations for Intraday Trading, a review of Administered Settlement highlighted the need for a Code Modification Proposal to clarify the requirements for Settlement Reruns after an Administered Settlement event. Currently, the Code (Section 6.255) states that a Settlement Rerun is required where MSP Failure leads to Administered Settlement. This implies that Settlement Reruns must occur for both Ex-Post Indicative (EP1) and Ex-Post Initial (EP2) Software Runs following MSP Failure.

Given that EP2 affects the final settlement of the market it makes sense to maintain the obligation to perform a Settlement Rerun when this failure is corrected. The need for a Settlement Rerun after an MSP Failure of EP1 does not appear to be warranted given that the information is indicative, and is superseded by EP2 by the time settlement is completed. This proposal seeks to update section 6.255 to clearly state that Settlement Reruns are only required for MSP Failures for EP2. The change proposed is in keeping with the SEMO Administered Settlement Policy and also with the policy under consideration for Administered Settlement following implementation of Intraday Trading.

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

The Market Operator will be obliged to perform Settlement Reruns that are unnecessary and time consuming, and this may distract from the more important task of ensuring that Settlement Reruns for EP2 are carried out as soon as is reasonably possible.

## 3c.) Impact on Code Objectives

This Modification Proposal furthers the Code objectives (1.3.1 & 1.3.2):

* 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;

# 4. Assessment of Alternatives

N/A

# 5. Working Group and/or Consultation

N/A

# 6. impact on systems and resources

N/A

# 7. Impact on other Codes/Documents

N/A

# 8. MODIFICATION COMMITTEE VIEWS

SEMO Alternate presented proposal advising that as part of the preparations for Intraday Trading, a review of Administered Settlement highlighted the need for a Code modification to clarify the requirements for Settlement Reruns after an Administered Settlement event. SEMO Alternate advised that the proposal seeks to update section 6.255 to clearly state that Settlement Reruns are only required for MSP Failures for EP2.

Chair expressed concern that the reference to Settlement Reruns only for EP2 is not clear enough in the proposal. Chair suggested inserting an explicit reference to EP2 into Section 6.255.

# 9. Proposed Legal Drafting

**Administered Settlement in the Event of MSP Failure**

6.249 In the event of MSP Failure for a Trading Day, the Market Operator will calculate an Administered Schedule for all Trading Periods for the Trading Day.

6.250 An Administered Schedule comprises Administered Prices for each Trading Period and Administered Quantities for each Generator Unit for each Trading Period.

6.251 In creating an Administered Schedule, the objective of the Market Operator shall be to reproduce, to the greatest degree practicable, the results that would have been determined by the MSP Software.

* 1. The SMP value for each Trading Period in the Trading Day (SMPh) will be set to equal the relevant Administered Price.
  2. The Market Schedule Quantity value for each Generator Unit for each Trading Period for the Trading Day (MSQuh) will be set to equal the relevant Administered Quantity value.
  3. All Settlement calculations will be made using these values for SMP and Administered Quantities.

6.255 In the event of Administered Settlement resulting from MSP Failure, following correction of the MSP Failure, the Market Operator shall procure that Settlement Reruns for the Ex-Post Initial MSP Software Run only shall be undertaken as soon as reasonably possible in respect of the relevant Trading Periods and that revised Settlement Statements, Invoices and Self Billing Invoices in respect of the relevant Billing Period or Periods shall be issued to Participants

# 10. LEGAL REVIEW

Complete

# 11. IMPLEMENTATION TIMESCALE

The proposed implementation date is one working day after the day on which the Regulatory Authority decision is made. It is proposed that this Modification is made on a Settlement Day basis.

# Appendix 1: Modification proposal

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **MODIFICATION PROPOSAL FORM** | | | | | |
| **Proposer** | **Date of receipt** | | **Type of Proposal** | | **Modification Proposal ID** |
| **SEMO** | **13 March 2012** | | **Standard** | | **Mod\_09\_12** |
| **Contact Details for Modification Proposal Originator** | | | | | |
| **Name** | | **Telephone number** | | **Email address** | |
| **Nigel Thomson** | | **012370322** | | **Nigel.thomson@sem-o.com** | |
| **Modification Proposal Title** | | | | | |
| **Treatment of Settlement Reruns of EP1 following MSP Failure** | | | | | |
| **Documents affected**  *(delete as appropriate)* | | **Section(s) Affected** | | **Version number of T&SC or AP used in Drafting** | |
| **TSC** | | **6.255** | | **V10.0** | |
| **Explanation of Proposed Change**  *(mandatory by originator)* | | | | | |
| Explicitly state that Settlement Reruns under Administered Settlement should relate to MSP Failure of Ex-Post Initial (EP2) MSP Software Runs only. | | | | | |
| **Legal Drafting Change**  *(Clearly show proposed code change using* ***tracked*** *changes, if proposer fails to identify changes, please indicate best estimate of potential changes)* | | | | | |
| **Administered Settlement in the Event of MSP Failure**  6.249 In the event of MSP Failure for a Trading Day, the Market Operator will calculate an Administered Schedule for all Trading Periods for the Trading Day.  6.250 An Administered Schedule comprises Administered Prices for each Trading Period and Administered Quantities for each Generator Unit for each Trading Period.  6.251 In creating an Administered Schedule, the objective of the Market Operator shall be to reproduce, to the greatest degree practicable, the results that would have been determined by the MSP Software.  6.252 The SMP value for each Trading Period in the Trading Day (SMPh) will be set to equal the relevant Administered Price.  6.253 The Market Schedule Quantity value for each Generator Unit for each Trading Period for the Trading Day (MSQuh) will be set to equal the relevant Administered Quantity value.  6.254 All Settlement calculations will be made using these values for SMP and Administered Quantities.   * 1. In the event of Administered Settlement resulting from MSP Failure of an Ex-Post Initial MSP Software Run, following correction of the MSP Failure, the Market Operator shall procure that Settlement Reruns shall be undertaken as soon as reasonably possible in respect of the relevant Trading Periods and that revised Settlement Statements, Invoices and Self Billing Invoices in respect of the relevant Billing Period or Periods shall be issued to Participants. | | | | | |

|  |  |
| --- | --- |
| **Modification Proposal Justification**  *(Clearly state the reason for the Modification)* | |
| As part of the preparations for Intraday Trading, a review of Administered Settlement highlighted the need for a Code modification to clarify the requirements for Settlement Reruns after an Administered Settlement event.  Currently, the Code (Section 6.255) states that a Settlement Rerun is required where MSP Failure leads to Administered Settlement. This implies that Settlement Reruns must occur for both Ex-Post Indicative (EP1) and Ex-Post Initial (EP2) Software Runs following MSP Failure.  Given that EP2 affects the final settlement of the market it makes sense to maintain the obligation to perform a Settlement Rerun when this failure is corrected.  The need for a Settlement Rerun after an MSP Failure of EP1 does not appear to be warranted given that the information is indicative, and is superseded by EP2 by the time settlement is completed.  This proposal seeks to update section 6.255 to clearly state that Settlement Reruns are only required for MSP Failures for EP2.  The change proposed is in keeping with the SEMO Administered Settlement Policy and also with the policy under consideration for Administered Settlement following implementation of Intraday Trading. | |
| **Code Objectives Furthered**  *(State the Code Objectives the Proposal furthers, see Section 1.3 of T&SC for Code Objectives)* | |
| This Modification Proposal furthers the Code objectives (1.3.1 & 1.3.2):  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; | |
| **Implication of not implementing the Modification Proposal**  *(State the possible outcomes should the Modification Proposal not be implemented)* | |
| The Market Operator will be obliged to perform Settlement Reruns that are unnecessary and time consuming, and this may distract from the more important task of ensuring that Settlement Reruns for EP2 are carried out as soon as is reasonably possible. | |
| **Working Group**  *(State if Working Group considered necessary to develop proposal)* | **Impacts**  *(Indicate the impacts on systems, resources, processes and/or procedures)* |
| No | No changes to CMS |
| ***Please return this form to Secretariat by email to*** [*modifications@sem-o.com*](mailto:modifications@sem-o.com) | |