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| **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.* 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.
	4. 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.
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| **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):1. to facilitate the efficient discharge by the Market Operator of the obligations imposed upon it by its Market Operator Licences;
2. to facilitate the efficient, economic and coordinated operation, administration and development of the Single Electricity Market in a financially secure manner;
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| **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*** |

**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.**