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| **MODIFICATION PROPOSAL FORM** | | | | | |
| **Proposer** | **Date of receipt** | | **Type of Proposal** | | **Modification Proposal ID** |
| **SEMO** | **18 September 2014** | | **Standard** | | **Mod\_08\_14** |
| **Contact Details for Modification Proposal Originator** | | | | | |
| **Name** | | **Telephone number** | | **Email address** | |
| **Niamh Delaney** | | 1. **2370321** | | **niamh.delaney@sem-o.com** | |
| **Modification Proposal Title** | | | | | |
| **Clarification of Location of SEM Collateral Reserve Accounts** | | | | | |
| **Documents affected** | | **Section(s) Affected** | | **Version number of T&SC or AP used in Drafting** | |
| **T&SC** | | **6.19** | | **15.0** | |
| **Explanation of Proposed Change** | | | | | |
| The proposed change amends Section 6.19 to reflect the fact that SEM Collateral Reserve Accounts may be held in either Ireland or the United Kingdom rather than in either Ireland or Northern Ireland as currently implied by Section 6.19. | | | | | |
| **Legal Drafting Change**  *(Clearly show proposed code change using* ***tracked*** *changes, if proposer fails to identify changes, please indicate best estimate of potential changes)* | | | | | |
| Provision of Cash Collateral   * 1. A Participant may at any time provide a cash deposit as part of its Required Credit Cover as permitted pursuant to paragraph 6.162. Where a Participant decides to provide such a cash deposit, then the Participant shall instruct the Market Operator to establish and maintain a SEM Collateral Reserve Account with the SEM Bank ineither Ireland or the United Kingdom according to whether the Participant has a registered Unit in either Ireland or Northern Ireland respectively and so that the relevant cash deposit shall be paid into such SEM Collateral Reserve Account. Each SEM Collateral Reserve Account shall be an interest bearing account. If a Participant chooses to provide a cash deposit as part of its Required Credit Cover, then it must provide to the Market Operator such documents and in such form as the Market Operator may require from time to time in order to establish and maintain the SEM Collateral Reserve Account. | | | | | |
| **Modification Proposal Justification**  *(Clearly state the reason for the Modification)* | | | | | |
| As a consequence of previous modification Mod\_16\_11 Credit Worthiness Test for SEM Bank and Credit Cover Provider banks, a discrepancy has arisen in the Code with regard to the SEM Collateral Reserve Accounts. Section 6.19 of the Code refers to the maintenance of a SEM Collateral Reserve Account with the SEM Bank in each Currency Zone in which the Participant has a registered Unit. Currency Zone has the meaning set out below, where Jurisdiction refers to Ireland or Northern Ireland as appropriate.   |  |  | | --- | --- | | **Currency Zone** | means the Jurisdiction in which a Unit is Connected. For the purpose of Interconnector Units,  Interconnector Residual Capacity Units and Interconnector Error Units only, the Jurisdiction is the SEM Jurisdiction to which the relevant Interconnector is linked. |   As Mod\_16\_11 amended the qualification criteria for the SEM Bank to include banks that had branches in Ireland and the United Kingdom, rather than just Ireland and Northern Ireland and as the sterling SEM accounts are now held in London, the reference to Currency Zone in Section 6.19 is now inconsistent with the rest of the Code. This modification proposes to amend Section 6.19 to reflect the fact that sterling bank accounts may be held outside of Northern Ireland. | | | | | |
| **Code Objectives Furthered**  *(State the Code Objectives the Proposal furthers, see Section 1.3 of T&SC for Code Objectives)* | | | | | |
| This modification aims to further code objectives 1.3.2 and 1.3.5 namely:  “ to facilitate the efficient, economic and coordinated operation, administration and development of the Single Electricity Market in a financially secure manner;”  and  “to provide transparency in the operation of the Single Electricity Market;” | | | | | |
| **Implication of not implementing the Modification Proposal**  *(State the possible outcomes should the Modification Proposal not be implemented)* | | | | | |
| A conflict will remain between Section 6.19 and the Glossary definition of Currency Zone. | | | | | |
| **Working Group**  *(State if Working Group considered necessary to develop proposal)* | | | **Impacts**  *(Indicate the impacts on systems, resources, processes and/or procedures)* | | |
| No | | | No system impact. | | |
| ***Please return this form to Secretariat by email to*** [***modifications@sem-o.com***](mailto: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.**