|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **MODIFICATION PROPOSAL FORM** | | | | | |
| **Proposer**  *(Company)* | **Date of receipt**  *(assigned by Secretariat)* | | **Type of Proposal**  *(delete as appropriate)* | | **Modification Proposal ID**  *(assigned by Secretariat)* |
| **SEMO** | **27 September 2011** | | **Standard** | | **Mod\_33\_11** |
| **Contact Details for Modification Proposal Originator** | | | | | |
| **Name** | | **Telephone number** | | **Email address** | |
| **Niamh Delaney** | | **+353 1 2370321** | | **niamh.delaney@sem-o.com** | |
| **Modification Proposal Title** | | | | | |
| **Temporary exclusion of Interconnector Error Unit Testing Charges from Settlement calculations** | | | | | |
| **Documents affected**  *(delete as appropriate)* | | **Section(s) Affected** | | **Version number of T&SC or AP used in Drafting** | |
| **T&SC** | | **Section 7** | | **Version 9.0** | |
| **Explanation of Proposed Change**  *(mandatory by originator)* | | | | | |
| Mod\_10\_11 Interconnector Under Test was approved by the Regulatory Authorities on July 21st 2011. It requires changes to the Central Market System. As the scope for 11th Scheduled Release SEM R2.0.0 (Deployment Date July 2012) is full, the earliest that this change could be incorporated in the CMS is October 2012, after the commissioning phase of EWIC which is scheduled for June/July 2012.  The MO undertook the investigation of a time-limited manual workaround to implement Mod\_10\_11 so that Testing Tariffs could be applied to EWIC during its commissioning phase. However, a possible manual workaround is complicated by the fact that Testing Charges are included in the Total Payments made for a Generator unit in a Settlement Day i.e. DAYPUud, which in turn feeds through into a number of other calculations including Invoice Energy Payments (6.124), Billing Period Currency Charge (6.136 & 6.136A), Balancing Cost (6.141), Unsecured Bad Debt Energy Charge (6.153) and Actual Generator Exposure (6.187).  While it is feasible to implement the inclusion of the testing charges manually in the Invoice Energy Payments (6.124) and the Balancing Cost (6.141) for a limited period, it is not feasible to implement a manual workaround adjusting the calculations in relation to Billing Period Currency Charge, Unsecured Bad Debt Energy Charge and Actual Generator Exposure.  The proposed change temporarily removes the Testing Charges associated with Interconnector Error Units from the Total Payments to Generator Unit calculation (DAYPUud). The Testing Charges are then added back in to the Invoice Energy Payments (6.124) and the Balancing Cost (6.141) calculations. This is to ensure that the obligation remains for the Interconnector Administrator to pay Testing Charges for the Interconnector Under Test.  The Testing Charges are excluded from the Billing Period Currency Charge (6.136 & 6.136A), Unsecured Bad Debt Energy Charge (6.153) and the Actual Generator Exposure (6.187) calculations.  The temporary provisions extend until the date of the 12th Scheduled Release Deployment Date i.e. the Oct 2012 release when Mod\_10\_11 is scheduled to be implemented. | | | | | |
| **Legal Drafting Change**  *(Clearly show proposed code change using* ***tracked*** *changes, if proposer fails to identify changes, please indicate best estimate of potential changes)* | | | | | |
| 7.67 Until the date that is the 12th Scheduled Release Deployment Date, paragraph 6.122 shall be replaced with:  ***Payments for Generator Units on a Daily Basis***   * 1. The Total Payments (DAYPUud) made for Generator Unit u for Settlement Day d shall be calculated as follows:     Where   1. ENPUud is the Total Energy Payment made for Generator Unit u for Settlement Day d; 2. CONPUud is the Constraint Payment made for Generator Unit u for Settlement Day d; 3. UNIMPUud is the Total Uninstructed Imbalance Payment made for Generator Unit u for Settlement Day d; 4. TCHARGEUud is the Testing Charge for each Generator Unit u excluding Interconnector Error Units for Settlement Day d.    1. Until the date that is the 12th Scheduled Release Deployment Date, paragraph 6.124 shall be replaced with:   **Invoice payments for energy in respect of Generator Units**   * 1. The Invoice Energy Payments (IEPpb) to Participant p for its registered Generator Units except any Interconnector Residual Capacity Units for Billing Period b shall be calculated as follows:     Where   1. DAYPUud is the Total Payments excluding Capacity Payments made for Generator Unit u for Settlement Day d; 2. TCHARGEUu’’d is the Testing Charge for each Interconnector Error Unit u’’ for Settlement Day d. 3. SSREAaph is the Settlement Reallocation Energy Amount for Participant p for its registered Generator Units for Trading Period h defined in Settlement Reallocation Agreement a; 4. MWPub is the Make Whole Payment for Generator Unit u in Billing Period b; 5. is a summation over all Generator Units u excluding any Interconnector Residual Capacity Units registered to Participant p; 6. is a summation over all Interconnector Error Units u’’ registered to Participant p; 7. is a summation over all Settlement Reallocation Agreements a registered to Participant p in respect of its registered Generator Units; 8. is a summation over Settlement Days d in Billing Period b; 9. is a summation over Trading Periods h in Settlement Day d.    1. Until the date that is the 12th Scheduled Release Deployment Date, paragraph 6.141 shall be replaced with:    2. The Balancing Cost (BCb) for each Billing Period b (which can be either positive or negative and if negative becomes a payment to the Market Operator) shall be calculated as follows:   Where   1. MWPub is the Make Whole Payment for Generator Unit u in Billing Period b; 2. DAYPDd is the Total Payment made to all Generator Units in respect of Settlement Day d excluding Interconnector Residual Capacity Units; 3. TCHARGEUu’’d is the Testing Charge for each Interconnector Error Unit u’’ for Settlement Day d. 4. DAYCDd is the Total Charge on all Supplier Units in respect of Settlement Day d; 5. is a summation over Settlement Days d in Billing Period b; 6. is a summation over all Interconnector Error Units u’’; 7. is a summation over all Generator Units u; 8. VATpayments is the VAT included in all Self Billing Invoices (less Debit Notes) in respect of the relevant Billing Period paid by the Market Operator. 9. VATreceipts is the VAT included in all Invoices in respect of the relevant Billing Period issued by the Market Operator. | | | | | |
| **Modification Proposal Justification**  *(Clearly state the reason for the Modification)* | | | | | |
| The above changes give effect to the temporary removal of the Testing Charges for Interconnector Error Units from the Billing Period Currency Charge (6.136 & 6.136A), Unsecured Bad Debt Energy Charge (6.153) and the Actual Generator Exposure (6.187) calculations. Including these calculations in a manual workaround would be onerous and prone to error and the materiality of their affect has been assessed to be low.  For the Billing Period Currency Charge (6.136 & 6.136A), the DAYPDd variable is present in the denominator of the calculation and would therefore affect all participant charges for all Billing Periods for which that the manual implementation was in place. Similarly, for the Unsecured Bad Debt Energy Charge (6.153), the DAYPUud variable is present in the denominator of the calculation and would affect all participant charges. The Actual Generator Exposure (6.187) calculation is a daily calculation.  The impact of the IEU Testing Charge on the Billing Period Currency Charges is likely to be low (based on a materiality assessment using a test profile). The Unsecured Bad Energy Charge is unlikely to arise and the additional credit risk associated with Testing Tariffs which feeds into the Actual Generator Exposure calculation (6.187), would be minor, whereas the effort required to implement a workaround to perform these calculations outside the CMS would be considerable.  Therefore, it is proposed to insert these temporary provisions in the T&SC to remove the IEU Testing Charges from the Billing Period Currency Charge (6.136 & 6.136A), Unsecured Bad Debt Energy Charge (6.153) and the Actual Generator Exposure (6.187) calculations to facilitate the implementation of a manual application of Testing Charges during EWIC testing as per Mod\_10\_11. | | | | | |
| **Code Objectives Furthered**  *(State the Code Objectives the Proposal furthers, see Section 1.3 of T&SC for Code Objectives)* | | | | | |
| This modification would further objectives 1.3.2, 1.3.5 and 1.3.6 of the Trading and Settlement Code:   * to facilitate the efficient, economic and coordinated operation, administration and development of the Single Electricity Market in a financially secure manner * to provide transparency in the operation of the Single Electricity Market * 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)* | | | | | |
| If the modification proposal is not implemented it will not be possible for SEMO to implement Mod\_10\_11 by manual workaround and therefore it will not be possible to implement any form of Mod\_10\_11 for EWIC commissioning. | | | | | |
| **Working Group**  *(State if Working Group considered necessary to develop proposal)* | | | **Impacts**  *(Indicate the impacts on systems, resources, processes and/or procedures)* | | |
| Not required | | | Temporary Market Operator resource and process impacts due to manual implementation of Mod\_10\_11. | | |
|  | | | | | |
| ***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.**