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| **MODIFICATION PROPOSAL FORM** |
| **Proposal Submitted by:** | **Date Proposal received by Secretariat:***(to be assigned by Secretariat)* | **Type of Proposal***(please delete as appropriate)* | **Number:***(to be assigned by Secretariat)* |
| RAs | 16 Sep 2010 | **Standard**  | Mod\_39\_10 |
| **Contact Details for Modification Proposal Originator** |
| **Name:****Juliet Corbett, NIAUR** | **Telephone number:**0044 28 9031 1575 | **e-mail address:**Juliet.Corbett@uregni.gov.uk |
| **Modification Proposal Title: Change of Error Supply Unit algebra from Section 7 to Section 4** |
| **Trading and Settlement Code and/or Agreed Procedure change?**  | Code |
| **Section(s) affected by Modification Proposal:** | Section 77.12 |
| **Version Number of the Code/Agreed Procedure used in Modification drafting:**  | 7.0 |
| **Modification Proposal Description***(Clearly show proposed code change using* ***tracked changes*** *& include any necessary explanatory information)*  |
| * 1. Until 1 October 2010 , paragraph 4.91 shall be replaced with:

“4.91 For each Error Supplier Unit v’, each of which is associated with a Jurisdiction e, the Loss-Adjusted Net Demand (NDLFv’h) shall be calculated as follows:Where1. is the total Metered Generation, Loss-Adjusted, of all Generator Units u within Jurisdiction e excluding Netting Generator Units and Demand Side Units;

1. is the total Metered Demand, Loss-Adjusted, of all Supplier Units v within Jurisdiction e excluding the Error Supplier Unit;

1. NIJIeh is the Net Inter-Jurisdictional Import to Jurisdiction e in Trading Period h, expressed in MWh, without adjustment for Transmission Losses and Distribution Losses.”
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| **Modification Proposal Justification***(Clearly state the reason for the Modification & how it furthers the Code Objectives)*  |
| To calculate the Error Supply Unit, there are two sets of algebra – the algebra set out in paragraph 7.12 has been in use since go-live. Currently Section 7.12 is in use, however it was intended that this interim measure would switch to the enduring algebra in Section 4.91 as this is the more efficient way of allocating losses on a jurisdictional basis. The Regulatory Authorities made a decision to exclude it from the scope of Day1+. The market systems currently implement the algebra in paragraph 7.12. Given the likely implementation of Global Settlement in ROI in the 9th scheduled release (due in April 2011) and the recent Regulatory decision on the treatment of losses in the SEM, it is now considered timely to bring the adoption of section 4 algebra forward.This furthers the Code objective to “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***(Clearly state the possible outcomes should the Modification not be made , or how the Code Objectives would not be met)* |
| If this Modification is not implemented, the “interim” section 7 algebra would continue to be used in the Code and the “enduring” section 4 algebra would not be effective.  |
| ***Please return this form to Secretariat by e-mail 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.**
4. **For the purposes of this Modification Proposal Form, the following terms shall have the following meanings:**

**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.**