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| **MODIFICATION PROPOSAL FORM** |
| **Proposal Submitted by:** | **Date Proposal received by Secretariat:** | **Type of Proposal** | **Number:** |
| Regulatory Authorities | 18 January 2011 | Standard | Mod\_43\_10\_V3 |
| **Contact Details for Modification Proposal Originator** |
| **Name:**Juliet Corbett | **Telephone number:**00 44 28 9031 1575 | **e-mail address:**Juliet.corbett@uregni.gov.uk |
| **Modification Proposal Title:**Price Taker Generator Units and Firm Access |
| **Trading and Settlement Code and/or Agreed Procedure change?**  | TSC |
| **Section(s) affected by Modification Proposal:** | Section 5 (Table 5.1)Appendix N |
| **Version Number of the Code/Agreed Procedure used in Modification drafting:**  | 8.0 |
| **Modification Proposal Description***(Clearly show proposed code change using* ***tracked changes*** *& include any necessary explanatory information)*  |
| Table 5.1 – Source of data for Initial Settlement for each of the Generic Settlement Classes other than Predictable Price Maker Generator Units

| **Category** | **Form of Dispatch Instruction** | **Dispatch Quantity****(DQuh)** | **Availability Profile****(APuh)**  | **Market Schedule Quantity****(MSQuh)** |
| --- | --- | --- | --- | --- |
| **AutonomousGenerator Units** | N/A | Actual Output (AOuh) | Actual Output (AOuh) | Actual Output (AOuh) |
| **Variable Price Taker Generator Units** | Run | Actual Output (AOuh) | Actual Output (AOuh) | Actual Output (AOuh) |
| **Variable Price Taker Generator Units** | Remain below a level of Output of X MW | Time weighted average of (Outturn Availability when not instructed below X MW, Min{X MW, Outturn Availability} when instructed below X MW)  | Max {Actual Output (AOuh), Time weighted average of Outturn Availability} | Actual Availability (AAuh) |
| **VariablePrice Maker Generator Units** | Run  | Actual Output (AOuh) | Actual Output (AOuh) | Calculated by the MSP Software |
| **VariablePrice Maker Generator Units** | Remain below a level of Output of X MW | Time weighted average of (Outturn Availability when not instructed below X MW, Min{X MW, Outturn Availability} when instructed below X MW) | Max (Actual Output (AOuh), Time weighted average of Outturn Availability) | Calculated by the MSP Software |
| **Predictable** **Price Taker Generator Units** | Any | As set out in Section 4 | As set out in Section 4 | Min{Nominated Quantity (NQuh), Actual Availability (AAuh)} |

Derivation of Schedule Demand* 1. For each Ex-Post Initial MSP Software Run, Schedule Demand in each Trading Period h shall be calculated by the Market Operator as follows:
1. the Actual Output (AOuh) for all Price Maker Generator Units u that are not Under Test;
2. less the summation of all reductions in Output of any Predictable Price Taker Generator Unit, and any Predictable Price Maker Generator Unit that is Under Test, calculated as the difference between:
3. the minimum of Nominated Quantity (NQuh) and the Actual Availability (AAuh) of the relevant Generator Unit for Trading Period h;

and1. the Actual Output (AOuh) of the relevant Generator Unit u for Trading Period h, with increases in Output having the opposite sign;
2. less the summation of all reductions in Output of any Variable Price Taker Generator Unit and any Variable Price Maker Generator Unit that is Under Test, calculated as the difference between:
3. the Actual Availability (AAuh) of the relevant Generator Unit u for Trading Period h;

and1. the Actual Output (AOuh) of the relevant Generator Unit u for Trading Period h,

with increases in Output having the opposite sign; 1. plus an estimate of any reduction in demand in Trading Period h as a consequence of Demand Control as set out in the relevant Grid Code;
2. plus the Dispatch Quantity (DQu’h) of each Interconnector Residual Capacity Unit u’ in Trading Period h.
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| **Modification Proposal Justification***(Clearly state the reason for the Modification & how it furthers the Code Objectives)*  |
| The Modification Proposal is believed to better facilitate Code Objective 4: “to promote competition in the single electricity wholesale market on the island of Ireland” by ensuring that Price Taker Generator Units are treated in the same way as Price Maker Generator Units when operating in their non-firm region. It is proposed that the requirement set out in the regulatory documents referred to in the Appendix can be met by the changes included in this Modification Proposal.This Modification furthers the Code objective 1.3.6:“to ensure no undue discrimination between persons who are parties to the Code;” |
| **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)* |
| The Regulatory Authorities’ requirements for the effect of non-firm access for Price Taker Generator Units as set out in their papers SEM-08-002 and SEM-08-127, SEM-09-002, SEM-09-073 and SEM-10-060. The implication of not implementing this modification would be that price takers would continue to receive constrained off payments when dispatched below their availability in their non firm region with the resultant costs to consumers.  |
| ***Please return this form to Secretariat by e-mail to modifications@sem-o.com*** |

Appendix

Extracts from recent relevant regulatory documents

Extract from SEM-08-002, “Wind Generation in the SEM, Policy for Large-Scale, Intermittent Non-Diverse Generation, Discussion Paper”, 11th February 2008:

“The RAs consider that the current TSC rules in relation to the treatment of firm-access, irrespective of the form of registration of a generator, need to be aligned with the overall previously stated policies in this area, such as the SEM High Level Design and decisions regarding the Group Connection Process in Ireland[[1]](#footnote-1). The SEM High Level Design Decision Paper (AIP/SEM/42/05) states the following regarding firm access:

Where deep reinforcements are not complete it is expected that a plant will be granted Firm Physical Capacity for a portion of Maximum Export Capacity (MEC). The plant will then receive Firm Physical Access and constraint off payments for the portion of their plant with Firm Physical Access. The plant will receive non-firm physical access for the remainder of the MEC and no off constraint payments until deep reinforcements are complete and the plant is then given firm physical access. It should be noted that the

level of firm physical capacity may change as and when deep reinforcements come on stream.

The SEM High Level Design is reflected in the TSC for Price Makers as they may only receive a market schedule, impact on price and receive constraint payments to the level of their firm access. This has not been reflected yet in the TSC with regard to Price Takers. The RAs intend to amend the Trading and Settlement Code to reflect this policy decision as soon as practical and to ensure that Price Taker generators will only receive constraint payments to the extent that they are constrained down below the level of their firm access.”

Extracts from SEM-08-127, “Wind Generation in the SEM: policy for Large-Scale, Intermittent, Non-Diverse Generation, Initial Response to Comments and Next Steps”, 23 September 2008.

From paragraph 4.3: “In the discussion paper, it was noted that one area in particular – the treatment of firm access for Price Taker generators – had been identified as being implemented in a manner that is contrary to stated policy. It was indicated in the discussion paper that a modification proposal to the SEM TSC would be raised to resolve this issue. It is noted that the stated policy in this area was the subject of consultation previously. This was the only matter referred to in the discussion paper where a decision has been made by the RAs and this was clearly stated in the paper.”

Extract from SEM-09-073:”Proposal: If any of the options in Section 4.5, for allocating infra-marginal rents behind export constraints, is adopted then that option should apply also to Variable Price Takers. If none of these options is adopted and the existing arrangements for allocating infra-marginal rents being export constraints retained, then Variable Price Takers should be limited in the market schedule to the maximum of actual output and FAQ (or MEC when infrastructure works are complete and the VPT becomes fully firm).”

Extract from SEM-10-060:”The proposal in the Consultation Paper will be followed. Changes to the Trading and Settlement Code will be progressed to align the treatment of Price Taking and Price Making generators as per the Consultation Paper.”

**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.**

1. For example, CER/06/112 [↑](#footnote-ref-1)