

MODIFICATION PROPOSAL FORM			
Proposer <i>(Company)</i>	Date of receipt <i>(assigned by System Operator)</i>	Type of Proposal <i>(delete as appropriate)</i>	Modification Proposal ID <i>(assigned by System Operator)</i>
RA's	14 th March 2023	Standard	CMC_07_23
Contact Details for Modification Proposal Originator			
Name	Telephone number	Email address	
Marie-Therese Campbell			
Modification Proposal Title			
Special Application of ISTA			
Documents affected <i>(delete as appropriate)</i>	Section(s) Affected	Version number of CMC used in Drafting	
CMC	M	8.0	
Explanation of Proposed Change <i>(mandatory by originator)</i>			
<p>To allow extension of the Interim Secondary Trading Arrangements (ISTA) to cover capacity that cannot operate for the whole Capacity Year but could still make an important contribution to security of supply.</p> <p>Capacity that had been awarded but can no longer operate in the CRM will be expected to enter into an appropriate Interim Secondary Trade.</p>			
Legal Drafting Change <i>(Clearly show proposed code change using tracked changes, if proposer fails to identify changes, please indicate best estimate of potential changes)</i>			
<p>Add a new section to chapter M as follows:</p> <p>M.14 Special Application of the Interim Secondary Trading Arrangements</p> <p>M.14.1.1 The Regulatory Authorities may determine that this section shall apply in respect of Awarded Existing Capacity that arises from a Capacity Auction in respect of either the Capacity Year 2023/24 or the Capacity Year 2024/25.</p> <p>M.14.1.2 When a determination is made under M.14.1.1, the Regulatory Authorities shall notify the System Operators in writing of such determination. Unless otherwise specified by the Regulatory Authorities, such notification shall be made prior to the Initial Auction Information Pack Date which applies to the relevant Capacity Auction.</p> <p>M.14.1.3 Where the notification under M.14.1.2 is made in time to allow it, the fact of the notification shall be included in the Initial Auction Information Pack as published under section D.3.</p> <p>M.14.1.4 A Participant may submit to the System Operators an Interim Secondary Trade Notification, as set out in paragraph M.7.2.2, for any Capacity Market Unit which meets the conditions set out in paragraph M.14.1.5 below.</p> <p>M.14.1.5 The conditions referred to in paragraph M.14.1.4 are as follows:</p> <p>(a) in respect of the Capacity Year 2023/24, the Capacity Market Unit is unable to meet its obligations to deliver capacity as a result of the tightening of the emissions limits that apply under the Industrial Emissions Directive from 31 December 2023 (or such later date as may apply); or</p>			

M.14.1.6	<p>(b) in respect of the Capacity Year 2024/25, the Capacity Market Unit is unable to participate in the Capacity Market from 1 July 2025 pursuant to Article 22.4(b) of Regulation (EU) 2019/943.</p> <p>The Outage Period for the Interim Secondary Trade Notification shall start on the date on which the relevant condition in M.14.1.4 is first satisfied and end on the last day of the relevant Capacity Year. This Outage Period shall be treated, for the purposes of the application of sub-section M.7.2, as a Planned Outage.</p>
M.14.1.7	<p>The change in Net Capacity Quantity from Existing Capacity shall be the value which reduces that quantity to zero.</p>

Modification Proposal Justification
(Clearly state the reason for the Modification)

At present, capacity is tight in the SEM and is expected to remain so for some time. This situation may be exacerbated if Awarded New Capacity is delayed or terminates before delivery.

Existing capacity which does not meet the CO₂ limits set out in Article 22.4(b) of the CEP (2019/943) can only participate in the CRM for the first 9 months of CY2024/25 – but this capacity could still have value in terms of supporting security of supply.

Similarly, some capacity is limited by the IED to only being able to operate for the first 3 months of CY2023/24.

This proposed Modification allows the RAs the option of allowing this capacity to participate for CY2024/25 and CY2023/24 respectively. It extends the usage of ISTA to allow this capacity to secondary trade the obligation that it cannot satisfy (i.e. it surrenders Capacity Payments in exchange for no longer being exposed to difference charges). This is the same mechanism currently available to capacity undergoing a Planned Outage.

The RAs will decide prior to each affected auction, i.e. those for 2023/24 and 2024/25, whether the ISTA will be extended to allow its use in this situation. This may allow the participation of capacity considered critical to maintaining security of supply to continue to operate for longer than would otherwise be the case.

Capacity can be awarded for the full affected Capacity Year in each case, but the Participant will be able (and expected) to trade out the portion of the Capacity Year for which the awarded cannot be delivered under the CRM.

Code Objectives Furthered
(State the Code Objectives the Proposal furthers, see Sub-Section A.1.2 of the CMC Code Objectives)

A.1.2.1(b): provision of adequate capacity

Implication of not implementing the Modification Proposal
(State the possible outcomes should the Modification Proposal not be implemented)

The potential loss of capacity that could otherwise make an important contribution to security of supply.

Impacts
(Indicate the impacts on systems, resources, processes and/or procedures)

Assumed to be minimal as it uses an existing mechanism.

Please return this form to the System Operators by email to CapacityModifications@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 Regulatory Authorities.
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:

CMC / Code:	means the Capacity Market 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 "System Operators" 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 B.12 of the Code, which I have read and understand, I agree as follows:

1. I hereby grant a worldwide, perpetual, royalty-free, non-exclusive licence:
 - 1.1 to the System Operators and the Regulatory Authorities to publish and/or distribute the Modification Proposal for free and unrestricted access;
 - 1.2 to the Regulatory Authorities 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;
 - 1.3 to the System Operators 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 Regulatory Authorities and that there is no guarantee that my Modification Proposal will be incorporated into the Code.