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| **MODIFICATION PROPOSAL FORM** |
| **Proposer***(Company)* | **Date of receipt***(assigned by Secretariat)* | **Type of Proposal***(delete as appropriate)* | **Modification Proposal ID***(assigned by Secretariat)* |
| **SEMO** | **5th October 2017** | **Standard** | **Mod\_08\_17** |
| **Contact Details for Modification Proposal Originator** |
| **Name** | **Telephone number** | **Email address** |
| **Christopher Goodman** |  | **Christopher.Goodman@sem-o.com** |
| **Modification Proposal Title** |
| Decremental Price Quantity Pair Submission |
| **Documents affected***(delete as appropriate)* | **Section(s) Affected** | **Version number of T&SC or AP used in Drafting** |
| **T&SC Part B** | **D.4.1.1, D.4.4.2, D.4.4.10, D.4.4.11** | **Version 20** |
| **Explanation of Proposed Change***(mandatory by originator)* |
| The market rules currently state that it is optional for Market Participants to submit Decremental Price Quantity Pairs, as part of their Commercial Offer Data. This extends to both Complex and Simple Commercial Offer Data. The proposed change is to make submission of Decremental Price Quantity Pairs mandatory, for any corresponding Imbalance Settlement Period that Incremental Price Quantity Pairs are being submitted. |
| **Legal Drafting Change***(Clearly show proposed code change using* ***tracked*** *changes, if proposer fails to identify changes, please indicate best estimate of potential changes)* |
| D.4.4.1 A Participant submitting Commercial Offer Data in respect of a Generator Unit, u:* + - * 1. shall include a set of Incremental Price Quantity Pairs; and
				2. shall include a set of Decremental Price Quantity Pairs.

D.4.4.2 Each set of Incremental Price Quantity Pairs and Decremental Price Quantity Pairs shall include a minimum of one and a maximum of ten Price Quantity Pairs, each comprising a Price and a Quantity.D.4.4.10 Intentionally blank.. D.4.4.11 A Participant, in respect of a Generator Unit which is Dispatchable, has Priority Dispatch and has zero marginal costs, shall ensure that each Price corresponding to a Quantity in a set of Decremental Price Quantity Pairs is zero. |
| **Modification Proposal Justification***(Clearly state the reason for the Modification)* |
| The justification for the modification;1. Rather than the Market Operator deeming a Participant’s Decremental Price Quantity Pairs to be the same as their submitted set of Incremental Price Quantity Pairs, Participants will have more control over and visibility of their Commercial Offer Data used in each Imbalance Settlement Period, by way of active submission.
2. In the event of non submission of Decremental Price Quantity Pairs, it is unclear in the current text whether the Market Operator applies the Complex, or the Simple Incremental Price Quantity Pair for the relevant Imbalance Settlement Period. This ambiguity may result in a Participant having an unintended commercial position for one or more Imbalance Settlement Period. This Modification removes that ambiguity.
3. With respect to clause D.4.4.11, by applying a validation, allowing the Participant to submit only a Decremental price of zero as opposed to allowing non-zero submissions which would be subsequently zeroed, Participants will have increased transparency in terms of what Commercial Offer Data is applied.
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| **Code Objectives Furthered***(State the Code Objectives the Proposal furthers, see Section 1.3 of T&SC for Code Objectives)* |
| Section 1.31. to facilitate the efficient, economic and coordinated operation, administration and development of the Single Electricity Market in a financially secure manner;
2. to provide transparency in the operation of the Single Electricity Market;
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| **Implication of not implementing the Modification Proposal***(State the possible outcomes should the Modification Proposal not be implemented)* |
| Not implementing this proposal will result in ambiguity in relation to what Commercial Offer Data applies to a given Imbalance Settlement Period and the potential for unintended commercial outcomes as a result.  |
| **Working Group***(State if Working Group considered necessary to develop proposal)* | **Impacts***(Indicate the impacts on systems, resources, processes and/or procedures; also indicate impacts on any other Market Code such as Capacity Marker Code, Grid Code, Exchange Rules etc.)* |
| NoNo | No Impact on Market Systems Impacts on Participants to be garnered during the Modifications Committee deliberations. |
| ***Please return this form to Secretariat by email 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 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 either Part A or Part B Appendix D “List of Agreed Procedures”. The Proposer will need to specify whether the Agreed Procedure to modify refers to Part A, Part B or both.**

**T&SC / Code: means the Trading and Settlement Code for the Single Electricity Market. The Proposer will also need to specify whether all Part A, Part B, Part C of the Code or a subset of these, are affected by the proposed Modification;**

**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 Part A or Chapter B of Part B of the Code (and Part A Agreed Procedure 12 or Part B 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.**