

| MODIFICATION PROPOSAL FORM | | | |
|---|--|---|---|
| Proposer (Company) | Date of receipt (assigned by Secretariat) | Type of Proposal (delete as appropriate) | Modification Proposal ID (assigned by Secretariat) |
| SEMO | 31 st May 2024 | Standard | Mod_03_24 |
| Contact Details for Modification Proposal Originator | | | |
| Name | Telephone number | Email address | |
| SEMO | | balancingmodifications@sem-o.com | |
| Modification Proposal Title | | | |
| Update of Difference Charge Calculation Logic | | | |
| Documents affected (delete as appropriate) | Section(s) Affected | Version number of T&SC or Agreed Procedure used in Drafting | |
| T&SC Part B | F.18.5.2 | V28 | |
| Explanation of Proposed Change (mandatory by originator) | | | |
| <p>This modification is being raised to resolve a recently discovered scenario whereby it is possible for a generator unit to receive Within Day Difference Charges (CDIFFCWD) for volumes settled with a PBO above the strike price (PSTR) but for which the generator unit did not receive CPREMIUM.</p> <p>CDIFFCWD is a charge issued to generator units who receive revenue above the PSTR, up to their obligated capacity, in any within day market. It is charged as the difference between the PTB (price the generator unit was settled at) and the PSTR, resulting in the generator unit being charged to recover the revenue it received above the PSTR.</p> <p>Due to undelivered volumes (QAOUNDEL) not being included in the calculation of incremental balancing trade volumes (QAOLF') calculated in F.18.5.2 and subsequently used in the calculation of CDIFFCWD, it is possible for a unit to receive a charge in CDIFFCWD while not receiving a corresponding CPREMIUM payment.</p> <p>Currently, CPREMIUM is calculated per F.6.8.2 as follows:</p> $ \begin{aligned} &CPREMIUM_{uy} \\ &= \sum_o \sum_i \left(\text{Max}(PBO_{uoiy} - PIMB_y, 0) \right. \\ &\times \left(QAOLF_{uoiy} \right. \\ &\left. \left. - \text{Max}(QAOPOLF_{uoiy}, QAOBias_{uoiy}, QAOUNDEL_{uoiy}, QAOTOTSOLF_{uoiy}) \right) \right) \end{aligned} $ <p>And QAOLF' is calculated per F.18.5.2 as follows:</p> $QAOLF'_{uoiy} = QAOLF_{uoiy} - \text{Max}(QAOPOLF_{uoiy}, QAOBias_{uoiy}, QAOTOTSOLF_{uoiy})$ <p>As QAOUNDEL is missing from the calculation of QAOLF' within F.18.5.2, it results in CPREMIUM being paid for a different volume compared to the volume which is used in the calculation of CDIFFCWD.</p> <p>Consequently, it is possible for a generator unit to receive a charge in CDIFFCWD but to have less CPREMIUM than would be expected.</p> | | | |
| Legal Drafting Change | | | |

(Clearly show proposed code change using **tracked** changes, if proposer fails to identify changes, please indicate best estimate of potential changes)

F.18.5.2 For the purposes of calculating the Within-day Difference Quantities, the Market Operator shall calculate the Loss-Adjusted Accepted Offer Quantities (QAOLF'uo_{iy}) and Loss-Adjusted Accepted Bid Quantities (QABLF'uo_{iy}) to be used for each Generator Unit, u, in Imbalance Settlement Period, γ, as follows:

$$\begin{aligned} QAOLF'_{uo_{iy}} &= QAOLF_{uo_{iy}} \\ &- \text{Max}(QAOPOLF_{uo_{iy}}, QAObIAS_{uo_{iy}}, \text{QAOUNDEL}_{uo_{iy}}, QAOTOTSOLF_{uo_{iy}}) \end{aligned}$$

$$QABLF'_{uo_{iy}} = 0$$

where:

- (a) QAOLF_{uo_{iy}} is the Loss-Adjusted Accepted Offer Quantity for Generator Unit, u, for Bid Offer Acceptance, o, for Band, i, in Imbalance Settlement Period, γ;
- (b) QABLF_{uo_{iy}} is the Loss-Adjusted Accepted Bid Quantity for Generator Unit, u, for Bid Offer Acceptance, o, for Band, i, in Imbalance Settlement Period, γ;
- (c) QAOPOLF_{uo_{iy}} is the Loss-Adjusted Offer Price Only Accepted Offer Quantity for Generator Unit, u, for Bid Offer Acceptance, o, for Band, i, in Imbalance Settlement Period, γ;
- (d) QAObIAS_{uo_{iy}} is the Biased Accepted Offer Quantity for Generator Unit, u, for Bid Offer Acceptance, o, for Band, i, in Imbalance Settlement Period, γ; and
- (e) QAOTOTSOLF_{uo_{iy}} is the Loss-Adjusted Trade Opposite TSO Accepted Offer Quantity for Generator Unit, u, for Bid Offer Acceptance, o, for Band, i, in Imbalance Settlement Period, γ.
- (f) **QAOUNDEL_{uo_{iy}} is the Undelivered Accepted Offer Quantity for Generator Unit, u, for Bid Offer Acceptance, o, for Band, i, in Imbalance Settlement Period, γ;**

Modification Proposal Justification

(Clearly state the reason for the Modification)

The existing conditions for determining the incremental volumes used within the calculation of difference charges do not include undelivered volumes resulting in a potential situation whereby Difference Charges could be levied to recover revenue which was never paid to a generator unit.

Code Objectives Furthered

(State the Code Objectives the Proposal furthers, see Section 1.3 of Part A and/or Section A.2.1.4 of Part B of the T&SC for Code Objectives)

- (a) to facilitate the efficient discharge by the Market Operator of the obligations imposed upon it by its Market Operator Licences;
- (b) to facilitate the efficient, economic and coordinated operation, administration and development of the Single Electricity Market in a financially secure manner;
- (c) to facilitate the participation of electricity undertakings engaged in the generation, supply or sale of electricity in the trading arrangements under the Single Electricity Market;

(e) to provide transparency in the operation of the Single Electricity Market;

(f) to ensure no undue discrimination between persons who are parties to the Code; and

By updating the Code to ensure generator units are not unfairly charged Difference Charges.

Implication of not implementing the Modification Proposal

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

The risk of a generator unit being charged CDIFFCWD to recovered revenue it never received in CPREMIUM resulting in a loss to the generator unit.

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 Market Code, Grid Code, Exchange Rules etc.)

N/A

Changes will be required to Counterparty Settlement and Billing (CSB; SEMO Settlement system) to implement this modification.

Please return this form to Secretariat by email to balancingmodifications@sem-o.com

