

MODIFICATION PROPOSAL FORM			
Proposer (Company)	Date of receipt (assigned by Secretariat)	Type of Proposal (delete as appropriate)	Modification Proposal ID (assigned by Secretariat)
CRU and UR	8 th October 2021	Urgent	Mod_18_21
Contact Details for Modification Proposal Originator			
Name	Telephone number	Email address	
Gina Kelly		gkelly@cru.ie	
Modification Proposal Title			
Temporary derogation from SEMO charges related to Mod_02_21			
Documents affected (delete as appropriate)	Section(s) Affected	Version number of T&SC or AP used in Drafting	
TSC Part B	G.1.2	23.0	
Explanation of Proposed Change (mandatory by originator)			
<p>Mod_02_21 V2 was approved by the SEM Committee on 12 August 2021, which introduces a flag for Cross Zonal Actions by setting the System Operator Flag to zero for Interconnector Residual Capacity Units when an Interconnector Trade Quantity and Price is submitted. In the Decision Letter, it states, in terms of the implementation date that: <i>'the SEM Committee direct that Mod_02_21 is implemented and should be made effective on the first available date following the delivery of the required system changes'</i></p> <p>Generally, Modifications either become effective two working days following the publication of a Decision, or following implementation by the Market Operator via system changes as required. This is set out in Section B.17.20.4 of the SEM Trading and Settlement Code;</p> <p><i>'B.17.20.4 If approved by the Regulatory Authorities, the Modification shall become effective two Working Days after the date of the decision of the Regulatory Authorities or such other date as may be specified by the Regulatory Authorities in its decision, including the first available date following the delivery of any required system changes by the Market Operator.'</i></p> <p>In the past, in the case of Modifications with high potential materiality or risk of adverse effects, Modifications have been made effective prior to associated system changes subject to subsequent Resettlement, but this is not always possible. This is the case with Mod_02_21 where a Resettlement of dates affected prior to system implementation, could not be carried out without additional and complex system changes to the Re-price functionality. This led to Modification Proposal Mod_16_21, raised to prevent additional impacts of a similar scale and magnitude as those observed in September 2021 from reoccurring in the absence of the necessary system changes to implement Mod_02_21. Modification Proposal Mod_16_21 was voted for approval by the Modifications Committee, approved by the SEM Committee on 27 September 2021 and became effective on 29 September 2021.</p> <p>The RO events in September 2021, where CDIFFNP charges have arisen due to the price of interconnector actions as identified by Modification Proposal Mod_02_21, present a unique set of circumstances where:</p> <ol style="list-style-type: none"> 1. Modification Proposal Mod_02_21 had been approved by the SEM Committee but not yet implemented. 2. Modification Proposal Mod_02_21 cannot take effect before associated system changes are delivered and a temporary Modification, Mod_16_21, has therefore been implemented from 29 September 2021 until such time as Modification Proposal Mod_02_21 can be made effective. 3. In the period between the decision on Modification Proposal Mod_02_21 and the implementation 			

date of Modification Proposal Mod_16_21 a number of RO events have occurred in the market which have led to charges arising that may be of sufficient materiality to have a potentially detrimental effect on the overall market, and which would have been mitigated if Mod_02_21 had been in effect.

This current Modification proposes to provide for the Market Operator to seek a derogation from the application of certain Trading Charges in these specific circumstances relating to Modification Proposal Mod_02_21. This current Modification Proposal would apply in respect of charges arising due to RO events in the market during the period 12 August 2021 to 29 September 2021, where those charges would not have arisen if Mod_02_21 had been in effect.

This would involve the following process:

4. In respect of the period 12 August 2021 to 29 September 2021 the Market Operator may assess the impact to the SEM of Trading Charges arising due to RO events which would have been mitigated if Modification Proposal Mod_02_21 had been effective.
5. The Market Operator shall also consider the impact of any decision not to invoice such Trading Charges, including the impact on the Socialisation Fund and furnish a report to the Regulatory Authorities of such impact
6. An application may be made by the Market Operator to the Regulatory Authorities in respect of these specific Trading Charges. As part of any application by the Market Operator to the Regulatory Authorities, a request would be made by the Market Operator to afford a derogation with respect to its specific obligations under the TSC in relation to the inclusion of such amounts in the Invoices for the relevant Billing Period.
7. The SEM Committee would then consider such an application and publish a decision on the matter, setting out the rationale for its decision.

Legal Drafting Change

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

These legal drafting changes will be added to Section H 'Interim Arrangements' from the date the Modification is made effective for the period specified below.

Until 1 January 2022, Section G.1.2 in relation to Financial and Settlement under Section G shall be replaced with;

G.1.2 Settlement Items

G.1.2.1 The Market Operator shall carry out or procure settlements in accordance with the Code of the following amounts:

- a) Trading Payments and Trading Charges due to or payable by Participants in respect of their registered Generator Units and Capacity Market Units in accordance with sections F.5, F.6, F.7, F.8, F.9, F.10, F.11, F.13 and F.18 for each Billing Period;
- b) Trading Payments and Trading Charges due to or payable by Participants in respect of their registered Supplier Units in accordance with sections F.5, F.12, F.14, F.15 and F.20 for each Billing Period;
- c) Capacity Payments due to Participants in respect of their registered Capacity Market Units in accordance with sections F.17 for each Capacity Period;
- d) Capacity Charges payable by Participants in respect of their registered Supplier Units in accordance with sections F.19 for each Capacity Period;
- e) Charges to Participants in respect of their registered Generator Units for Unsecured Bad Energy Debt in accordance with section G.2.7;
- f) Charges to Participants in respect of their registered Generator Units for Unsecured Bad Capacity Debt in accordance with section G.2.7;
- g) amounts in respect of Settlement Reallocation Agreements registered by Participants determined in accordance with section G.5.7.3 and G.5.7.4 for each Settlement Document;
- h) Fixed Market Operator Generator Charges payable by Participants in respect of their registered Generator Units and Fixed Market Operator Supplier Charges payable by Participants in respect of

<p>their registered Supplier Units, in each case in accordance with section G.7, for each Year or period to which the applicable Fixed Market Operator Charge relates; and</p> <p>i) Variable Market Operator Charges payable by Participants in respect of their Supplier Units in accordance with section G.7 for each Billing Period.</p> <p>G.1.2.2 All of the payments and charges set out in paragraph G.1.2.1 shall be calculated in accordance with the Code and, except where otherwise stated, shall be exclusive of VAT.</p> <p>G.1.2.3 Notwithstanding paragraph G.1.2.1, in relation to any amounts specified in that paragraph relating to Trading Charges for settlement of the Balancing Market, Imbalances and Capacity Market, in circumstances where:</p> <p>a. such amounts relate to any time between 12 August and 29 September 2021,</p> <p>b. such amounts would not have arisen had Mod_02_21 been implemented, and</p> <p>c. such amounts may be of sufficient materiality to have a potentially detrimental effect on the overall market</p> <p>then the Regulatory Authorities may (upon application by the Market Operator) afford a derogation to the Market Operator with respect to its specific obligations in the TSC regarding these charges and in particular concerning the invoicing of such amounts or the inclusion of such amounts in the Invoices for the relevant Billing Period.</p>	
<p>Modification Proposal Justification (Clearly state the reason for the Modification)</p>	
<p>This Modification aims to address a particular circumstance where Mod_02_21 has been approved by the SEM Committee but cannot be implemented prior to required system changes and where there is a potentially material detrimental impact to the SEM which would not have occurred if the Modification had been effective.</p>	
<p>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)</p>	
<p>(a) to facilitate the efficient, economic and coordinated operation, administration and development of the Single Electricity Market in a financially secure manner;</p> <p>This Modification aims to address the risk of the invoicing of amounts in specified Billing Periods in September 2021, which may impact on the SEM.</p>	
<p>Implication of not implementing the Modification Proposal (State the possible outcomes should the Modification Proposal not be implemented)</p>	
<p>If this Modification is not implemented, there may be no alternative route to address the charges which have occurred between 12 August 2021 to 29 of September 2021, which would not have occurred if interconnector actions relevant to Modification Proposal Mod_02_21 had not given rise to non-performance difference charges.</p>	
<p>Working Group (State if Working Group considered necessary to develop proposal)</p>	<p>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.)</p>
N/A	<p>This Modification Proposal is not expected to be system impacting but may require a new process to be put in place by the market operator on a</p>

	temporary basis.
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Please return this form to Secretariat by email to balancingmodifications@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:
 - 1.1 to the Market Operator and the Regulatory Authorities to publish and/or distribute the Modification Proposal for free and unrestricted access;
 - 1.2 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;
 - 1.3 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.