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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\_07\_17** |
| **Contact Details for Modification Proposal Originator** | | | | | |
| **Name** | | **Telephone number** | | **Email address** | |
| **Christopher Goodman** | |  | | **Christopher.goodman@sem-o.com** | |
| **Modification Proposal Title** | | | | | |
| **Credit Assessment Volume for Generator Units** | | | | | |
| **Documents affected**  *(delete as appropriate)* | | **Section(s) Affected** | | **Version number of T&SC or AP used in Drafting** | |
| **T&SC Part B**  **Glossary Part B** | | **T&SC Part B**  **Clause G.14.4.1**  **Glossary Part B**  **Definition - Credit Assessment Volume**  **Variable - VCAG** | | **Version 20** | |
| **Explanation of Proposed Change**  *(mandatory by originator)* | | | | | |
| The Credit Assessment Volume for Generator Units, which is a forecast volume used to estimate exposures in the undefined exposure period for New Participants, is currently defined as a forecast of Metered Generation.  This is incorrect and should refer to a forecast of Imbalance since Generator Units exposure for the Undefined Exposure Period is intended to be a measure of their potential Imbalance settlement as opposed to their entire output. | | | | | |
| **Legal Drafting Change**  *(Clearly show proposed code change using* ***tracked*** *changes, if proposer fails to identify changes, please indicate best estimate of potential changes)* | | | | | |
| **Trading and Settlement Code Part B**  G.14.4.1 The Credit Assessment Volume (VCAGpγ) for a New Participant p in Imbalance Settlement Period γ shall be a forecast of Imbalance relating to Daily Amounts in respect of the Participant's Generator Units based upon information provided by the Participant in accordance with paragraph G.12.4.2 and used in the calculation of the Participant's Required Credit Cover.  **Trading and Settlement Code Glossary Part B**  **Definitions**   |  |  | | --- | --- | | **Credit Assessment Volume** | means a forecast of Imbalance or Demand in respect of a New Participant’s Supplier Units or Generator Units based upon information provided by the Participant and used in the calculation of the Participant’s Required Credit Cover calculated in accordance with paragraph G.14.3 or G.14.4. |  |  |  |  |  |  | | --- | --- | --- | --- | --- | | Variable | VCAGpγ | Credit Assessment Volume (Generators) | A forecast of Imbalance in respect of the Generator Units of a New Participant, p, in an Imbalance Settlement Period, γ, based upon information provided by the Participant and used in the calculation of the Participant’s Required Credit Cover. | MWh | | | | | | |
| **Modification Proposal Justification**  *(Clearly state the reason for the Modification)* | | | | | |
| The current drafting of the Trading & Settlement Code Part B results in unnecessarily high credit cover requirements for New Participants in respect of their Generator Units. This proposed modification corrects the determination of required credit cover, thereby reducing the required credit cover requirements for New Participants in respect of their Generator Units. The change is in line with the intended design of this mechanism. | | | | | |
| **Code Objectives Furthered**  *(State the Code Objectives the Proposal furthers, see Section 1.3 of T&SC for Code Objectives)* | | | | | |
| 1. 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;   Facilitates participation by removing unnecessarily and inappropriately burdensome credit requirements | | | | | |
| **Implication of not implementing the Modification Proposal**  *(State the possible outcomes should the Modification Proposal not be implemented)* | | | | | |
| Not implementing this modification will result in overly onerous collateral requirements for New Participants in respect of their Generator Units. | | | | | |
| **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.)* | | |
| No | | | None Anticipated | | |
| ***Please return this form to Secretariat by email to*** [***modifications@sem-o.com***](mailto: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.**