

Single Electricity Market

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| Modifications Committee Meeting MinutesMeeting 40academy plaza hotel,31 January 201210:30 – 16:00 |

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Table of Contents

[1. SEMO Update 5](#_Toc320699353)

[2. Review of Actions 6](#_Toc320699354)

[3. Deferred Modification Proposals 8](#_Toc320699355)

[**I.** **Mod\_16\_11: credit worthiness test for the sem bank and credit cover provider banks** 8](#_Toc320699356)

[**II.** **Mod\_23\_11\_V2: additional clause for standard letter of credit** 10](#_Toc320699357)

[4. New Modifications Proposals 11](#_Toc320699358)

[**I.** **Mod\_01\_12\_representation of demand side units on the modifications committee** 11](#_Toc320699359)

[**II.** **Mod\_02\_12\_amendment of credit cover requirements** 12](#_Toc320699360)

[**III.** **Mod\_03\_12\_Alignment of tsc with revised vat arangements** 13](#_Toc320699361)

[**IV.** **Mod\_04\_12\_v2\_corporate website publication times for capacity settlement data** 14](#_Toc320699362)

[**V.** **Mod\_05\_12\_cross border settlement reallocation calculations** 15](#_Toc320699363)

[**VI.** **Mod\_06\_12\_improved efficiencies in lcf process** 16](#_Toc320699364)

[**I.** **Upcoming Events** 16](#_Toc320699365)

[Appendices 17](#_Toc320699366)

[**Appendix 1 - Secretariat Programme of Work** 17](#_Toc320699367)

Document History

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| **Version** | **Date** | **Author** | **Comment** |
| 1.0 | 07 February 2012 | Modifications Committee Secretariat | Issued to Modifications Committee for review and approval |
| 2.0 | 14 February 2012 | Modifications Committee Secretariat | Published on SEMO website including track changes |
| 3.0 | 28 March 2012 | Modifictions Committee Secretariat | Approved at Meeting 41 on 27 March 2012 and published on SEMO website |

Distribution List

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| --- | --- |
| **Name** | **Organisation** |
| Modifications Committee Members | SEM Modifications Committee |
| Modification Committee Observers | Attendees other than Modifications Panel in attendance at Meeting |
| Interested Parties | Modifications & Market Rules registered contacts |

Reference Documents

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| --- |
| **Document Name** |
| [Trading and Settlement Code](http://semopub/MarketDevelopment/MarketRules/TSC.doc) and Agreed Procedures: Version 10.0 |
| [Mod\_16\_11\_v2: *Credit Worthiness Test for the SEM Bank and Credit Cover Provider banks*](http://semopub/MarketDevelopment/ModificationDocuments/Mod_16_11_V2.docx) *&* [*Intro Slides*](http://semopub/MarketDevelopment/ModificationDocuments/Meeting%2040%20Slides.pptx) |
| [Mod\_16\_11\_v3: *Credit Worthiness Test for the SEM Bank and Credit Cover Provider banks*](http://semopub/MarketDevelopment/ModificationDocuments/Modification%20Proposal%20V3.doc) |
| [Mod\_23\_11\_v2: Additional clause for Standard Letter of Credit](http://semopub/MarketDevelopment/ModificationDocuments/Mod_23_11_V2.doc) |
| [Mod\_01\_12: Representation of Demand Side Units on the Modification Committee](http://semopub/MarketDevelopment/ModificationDocuments/Representation%20of%20Demand%20Side%20Units%20on%20the%20Modification%20Committee.docx) |
| [Mod\_01\_12\_v2: Representation of Special Units on the Modifications Committee](http://semopub/MarketDevelopment/ModificationDocuments/Mod_01_12_V2%20Representation%20of%20Special%20Units%20on%20the%20Modification%20Committee.docx) |
| [Mod\_02\_12: Amendment of Credit Cover requirements](http://semopub/MarketDevelopment/ModificationDocuments/Mod_02_12%20Amendment%20of%20Credit%20Cover%20requirements.docx) |
| [Mod\_03\_12: Alignment of  TSC with revised VAT arrangements](http://semopub/MarketDevelopment/ModificationDocuments/Mod_03_12%20Alignment%20of%20%20TSC%20with%20revised%20VAT%20arrangements.docx) |
| [Mod\_04\_12: Corporate Website Publication Times for Capacity Settlement Data](http://semopub/MarketDevelopment/ModificationDocuments/Mod_04_12%20Corporate%20Website%20Publication%20Times%20for%20Capacity%20Settlement%20Data.docx) |
| [Mod\_05\_12: Cross Border Settlement Reallocation Calculations](http://semopub/MarketDevelopment/ModificationDocuments/Mod_05_12%20Cross%20Border%20Settlement%20Reallocation%20Calculations.docx) |
| [Mod\_06\_12: Improved Efficiencies in LCF Proces](http://semopub/MarketDevelopment/ModificationDocuments/MOD%2006_12%20Efficiencies%20in%20LCF%20process.docx) & [Presentation Slides (1)](http://semopub/MarketDevelopment/ModificationDocuments/Meeting%2040%20Slides.ppt) & [Presentation Slides 2](http://semopub/MarketDevelopment/ModificationDocuments/Meeting%2040%20Slides%20%282%29.ppt) |
| [CMS Slides](http://semopub/Publications/General/CMS%20Slides%20Meeting%2040.pptx) |

In Attendance

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| --- | --- | --- |
| **Name** | **Company** | **Position** |
| **Modifications Committee** |
| Aodhagan Downey | SEMO | SEMO Alternate |
| Clive Bowers | CER | CER Alternate |
| Emeka Chukwureh | Airtricity | Supplier Alternate |
| Gerry Halligan | ESB Networks | MDP Member |
| Gill Bradley | ESBI | Generator Alternate |
| Gill Nolan | EirGrid | SO Alternate |
| Ian Luney | AES | Generator Member |
| Iain Wright | Airtricity | Supplier Member |
| Jill Murray - Chair | Bord Gáis | Supplier Member |
| Karen Meneely | NIE T&D | MDP Alternate |
| Kevin Hannafin  | Viridian P&E | Generator Member  |
| Killian Morgan | ESB Electric Ireland | Supplier Member |
| Mary Doorly | IWEA  | Generator Alternate |
| Michael Preston  | SONI | SO Member |
| Niamh Delaney  | SEMO | MO Membe |
| Niamh Quinn | ESBI | Generator Member |
| Sean Doolin | ESB Electric Ireland | Supplier Alternate |
| Sheenagh Rooney | CER  | CER Member |
| William Steele | Supplier Member | Power NI |
| **Secretariat** |
| Aisling O'Donnell | SEMO | Secretariat |
| Sherine King | SEMO | Secretariat |
| **Observers** |
| Bryan Hennessy | Vayu | Observer |
| Bryan Murray | CER | Observer |
| Colm Moriarty | ESBI | Observer |
| Eamonn O’Donoghue | Electroroute | Observer |
| Grainne O’Shea | ESB PG | Observer |
| Julie Anne Hannon | Bord Gáis | Observer |
| Marian Troy | Endesa Ireland | Observer |
| Nicola Calvert | SONI | Observer |
| Nuala Dunne | SEMO | Observer |
| Patrick Liddy | Activation Energy | Observer |
| Ross Kelly | Vayu | Observer |
| Sinead O’ Hare | Power NI PPB | Observer |

# SEMO Update

Tracked changes published in version 2.0 of the Minutes from Meeting 39 held on 06 December 2011 were read and approved.

Committee Member changes advised by Secretariat as follows:

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| **Committee Membership changes** |
| **Position** | **Parting Member** | **Replacing Member** |
| NIAUR | Juliet Corbett (NIAUR) | Jean Pierre Miura (NIAUR) |
| **Position** | **Parting Alternate** | **Replacing Alternate** |
| Supply | William Carr (ESB Electric Ireland) | Sean Doolin (ESB Electric Ireland) |

The Secretariat Programme of Work was acknowledged, see appendix 1 for further detail.

MO Member presented the CMS update advising that the deployment for the July 2012 release (SEM R2.0.0) will include:

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| **SEM R2.0.0 - July 2012 Release** |
| Mod\_18\_10 | Intra-Day Trading  |
| Mod\_43\_10 | Variable Price Taker Generator Units and Firm Access |

The release cut-off date for the October 2012 release (SEM R2.1.0) is now closed. All approved Modifications Proposals will be allocated to this release (subject to available capacity). The below seven Modification Proposals with Systems Impacts have received RA Approval:

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| **SEM R2.1.0 - October 2012 Release** |
| Mod\_40\_10 | Differentiation between Dwell Times and Dwell Trigger Points while Ramping up and Ramping down  |
| Mod\_42\_10 | Changes to the Single Ramp-Up Rate and the Single Ramp-Down Rate calculation |
| Mod\_01\_11 | UI Payments for Generator Units |
| Mod\_06\_11 | Increasing maximum daily submission number and automating cancellation of Settlement Reallocation Agreements |
| Mod\_10\_11 | Interconnector Under Test |
| Mod\_12\_11 | Interconnector Unit Loss Adjustment when Exporting |
| Mod\_21\_11 | UI Payments for generator units constrained on |

SEMO Member advised that the release cut-off date for the April 2013 release to the Central Market Systems is: **Friday, June 22nd, 2012**. All approved Modifications Proposals will be allocated to this release (subject to available capacity).

# Review of Actions

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| **Review of Action Items from Meeting 39** |
| **Mod ID** | **Action** | **Comment** |
| Mod\_34\_11: Transition to SEM Intra-Day Trading | SEMO to consider impact on Participants of the credit cover timings | Closed - SEMO issued a response to Participants:“SEMO is aware that Participants would like to have an updated Credit Cover position prior to the start of the new arrangements on the IDT Start Date.  It should be noted that transitional provisions in the Credit Cover calculations only apply to Participants that are Interconnector Users prior to the IDT Start Date (this currently affects 9 Participants). SEMO is planning to deliver an updated Credit Cover position well in advance of the deadline (9pm) as set out in Section 9. However, this assumes that there are no issues with the calculation of the Credit Cover position and the issue of reports in accordance with the pre-IDT provisions.In order to perform the additional calculations as set out in the transitional provisions, SEMO is planning to complete its current obligations in respect of Credit Cover at an earlier stage on the day prior to the IDT Start Date.  This will include calculation of the Credit Cover, preparation of the Credit Cover report (as per the pre-IDT provisions) and issue of relevant notices.  Currently, the obligation is that this is completed by 5pm; however SEMO hopes to complete this activity earlier in the afternoon of the day prior to the IDT Start Date.  Once this is completed, SEMO will need to manually prepare adjusted Credit Cover reports for all Participants with Interconnector Units.  This additional process will perform the credit cover calculations as set out in the Section 9 provisions, in order to provide initial values for the IDT Start Date and to inform Participants of the impacts of the new calculations on their credit cover position.SEMO intends to have concluded this process by 6pm, assuming that there are no issues with the running of the pre-IDT Credit Cover reports.  This is highly desirable, as the Central Market Systems will be unavailable from 6pm to allow the cutover to SEM Intra-Day Trading to occur.  It is therefore hoped that an updated Credit Cover position for all affected Participants will be provided prior to the 9pm deadline |
| Mod\_16\_11: Credit Worthiness Test for SEM Bank and Credit Cover Provider Banks | **Working Group 2 Actions*** SEMO to insert a clause in section 6.164 stating that the subsidiary clause relates only to non- independently rated banks
 | Complete-wording circulated on 09 Jan |
| * SEMO to remove clause 6.15 (c) relating to the inclusion of the government guarantee for the SEM Bank
 | Complete-wording circulated on 09 Jan |
| * SEMO to modify wording regarding LOCs to reflect specific guarantee schemes for LOC providers
 | Complete-wording circulated on 09 Jan |
| * SEMO to circulate modified suggested wording reflective of the discussion at the second Working Group
 | Complete-wording circulated on 09 Jan |
| * Participants to submit comments regarding the suggested wording
 | Complete-wording circulated to Participants 13 Jan |
| * NIE ENERGY PPB to revise justification of Modification Proposal
 | Closed- having reviewed the justification NIE PPB are “unable to add anything further to the wording provided” |
| * NIE Energy PPB to consider submitting alternative version of the proposal.
 | Closed- Alternative version received.  |
| Mod\_23\_11: Additional Clause for Standard Letter of Credit | * Proposer to submit alternative version of proposal upon receipt of RA Decision of Mod\_29\_11
 | Closed-Alternative version received. |

# Deferred Modification Proposals

## Mod\_16\_11: credit worthiness test for the sem bank and credit cover provider banks

Proposer V2: NIE Energy PPB

Proposer V3: Bord Gáis Energy

**Mod\_16\_11 Version 2: NIE Energy PPB**

Secretariat presented slides outlining background of the Modification Proposal. NIE Energy PPB proposer outlined Version 2 of Modification Proposal, advising that the Balance Sheet Net Asset Value should read: “means the sum of a company’s assets net of all their liabilities as set out in the published accounts of the company”, as opposed to the definition included in Version 2 of the proposal. NIE Energy PPB proposer advised that as the Government guarantee covers banks but not Letters of Credit (LOCs), hence Version 2 of the proposal does not include the Government guarantee scheme clause (6.163 (2c). NIE Energy PPB proposer advised that no ROI banks would be excluded as a result of this Modification Proposal as Irish Banks currently have a long term debt rating of greater than BB- (S&P) or Ba3 (Moody’s).

**Mod\_16\_11 Version 3: Bord Gáis**

Bord Gáis proposer outlined Version 3, advising that the main difference between NIE Energy PPB’s Version 2 and their Version 3, was the inclusion of clause 6.163 (2c) in Version 3. Bord Gáis proposer advised that it is important to look at the risk to the market in reality and there is a low risk of both the Participant and the LOC bank failing simulaneously. Bord Gáis proposer advised that if the clause is not accepted, there may be a limit to the number of eligible ROI banks. Bord Gáis proposer reiterated NIE PPB proposer’s point that at the moment all Irish banks do meet the criteria, however emphasising that it is important to be cognisant of the fact that in the future, bank ratings may be further reduced. Proposer further advised that this in turn may lead to a knock on effect in competition, barriers to entry, and may result in an increased cost of finance if Participants could not access ROI banks. Proposer advised that the inclusion of clause 6.163 (2c), would ensure that ROI banks continue to provide confidence to market Participants. Bord Gáis proposer advised that both Participant and the LOC bank would need to fail for a default to occur.

**General discussion**

Supplier Member raised a query regarding an action that had been placed at Meeting 36 on SEMO to seek financial advice on the proposed changes. SEMO Alternate advised that SEMO sought financial advice in terms of operational issues and issues related to the SEM Bank, advising that the advice didn’t extend to the broader issues of the proposal. Supplier Member commented that Version 2 of the proposal may result in a future risk of diminished options for ROI Participants.

Supplier Alternate expressed the view that due to the current economic situation, bank ratings should be tightened up as opposed to loosened. Supplier Alternate further added that Airtricity do not agree with the proposed change and the shift in bank ratings to BB- (S&P) or Ba3 (Moody’s). Supplier Alternate commented on an earlier point regarding the low risk of both the Participant and the LOC bank failing, advising that it would only take the Participant not to pay, as opposed to both parties failing for a default to occur.

Supplier Member advised that as the banks are guaranteed by the government, the payments should be honoured. Supplier Alternate reiterated that LOCs are not covered by the guarantee, thus the bank may not honour the payment.

Supplier Member advised that Power NI treasury had advised of two issues to be considered; the first being that if a bank rating falls below BB- (S&P) or Ba3 (Moody’s), it may be advisable to reconsider banking with that organisation. The second point for consideration being that the government guarantee scheme does not cover LOCs.

NIE Energy PPB representative (original mod proposer) stated that if the government guarantee was expanded to cover LOCs, NIE Energy PPB would be happy to include clause 6.163 (2c), but reiterated that as of now it would not. NIE Energy PPB representative advised that Airtricity’s concern regarding the loosening of ratings is understood; however, in response to the economic climate NIE Energy PPB are trying to determine a reasonable rating for a bank, in order to ensure Participants feel comfortable when choosing which organisations to bank with.

ESB Treasury representative advised that it is not an arbitrary decision for a bank not to honour an LOC as this would result in a default, which would incur detrimental implications for any bank regardless of their rating. ESB Treasury representative advised that the government guarantee is a matter of public policy, thus having examined it in full, ESB are content to continue banking with Irish organisations and have taken comfort with the guarantee.

Supplier Member put forth the suggestion of a third Working Group and felt that the second Working Group had not reached a clear consensus.

NIE Energy PPB representative expressed concern that the proposal had previously been discussed at two Working Groups and that the credit requirements are tight enough.

SEMO Member advised that Working Group 2 had garnered consensus on all aspects of the proposal apart from whether the inclusion of the government guarantee was appropriate. SEMO Member advised that Working Group 2 was not very well attended, therefore a third Working Group may also fail to attract sufficient attendees.

Secretariat advised that all dissenting views and alternatives assessed will be included in the FRR that will be sent to the RAs for final decision.

Actions

* N/A

Decision

* Mod\_16\_11\_V3 (Bord Gáis) was Recommended for Approval by Casting Vote
* Mod\_16\_11\_V2 (NIE PPB) was Recommended for Rejection by Majority Vote

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| **Mod\_16\_11\_V3 (BGE): Recommended for Approval (Casting Vote)** |
| Ian Luney | Generator Member | Reject |
| Emeka Chukwureh | Supplier Alternate | Reject |
| Niamh Quinn | Generator Member | Approve |
| Jill Murray | Supplier Member | Approve |
| Jill Murray-Casting Vote | Supplier Member | Approve |
| Mary Doorly | Generator Alternate | Approve |
| Killian Morgan | Supplier Member | Approve |
| William Steele | Supplier Member | Reject |
| Kevin Hannafin | Generator Member | Reject |
| **Casting Vote** |
| Jill Murray | Vice- Chair | Approve |

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| **Mod\_16\_11\_V2 (NIE): Recommended for Rejection (Majority Vote)** |
| Ian Luney | Generator Member | Approve |
| Emeka Chukwureh | Supplier Alternate | Reject |
| Niamh Quinn | Generator Member | Reject |
| Jill Murray | Supplier Member | Reject |
| Mary Doorly | Generator Alternate | Reject |
| Killian Morgan | Supplier Member | Reject |
| William Steele | Supplier Member | Approve |
| Kevin Hannafin | Generator Member | Approve |

## Mod\_23\_11\_V2: additional clause for standard letter of credit

 Proposer: Airtricity

Proposer advised that the action placed on Airtricity at Meeting 39 to submit an alternative version of the proposal upon receipt of RA Decision of Mod\_29\_11 *Revision of Standard Letter of Credit Template*, was now closed due to submission of the alternative version. Proposer advised that the clause had been inserted into the new Letter of Credit template.

Actions

* N/A

Decision

* Mod\_23\_11\_V2 was Recommended for Approval by Unanimous Vote.

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| **Mod\_23\_11\_V2 : Recommended for Approval (Unanimous Vote)** |
| Ian Luney | Generator Member | Approve |
| Emeka Chukwureh | Supplier Alternate | Approve |
| Niamh Quinn | Generator Member | Approve |
| Jill Murray | Supplier Member | Approve |
| Mary Doorly | Generator Alternate | Approve |
| Killian Morgan | Supplier Member | Approve |
| William Steele | Supplier Member | Approve |
| Kevin Hannafin | Generator Member | Approve |

# New Modifications Proposals

## Mod\_01\_12\_representation of demand side units on the modifications committee

 Proposer V1: Activation Energy

 Proposer V2: Activation Energy

**Mod\_01\_12 Version 1:**

Activation Energy submitted two proposals for the Meeting, Version 1 and Version 2. Proposer outlined the background of Version 1 outlining that DSUs fall between Supplier Units and Generator Units, thus they are not currently represented on the Modifications Committee. Further noting that it is unclear how they could be represented as they have different interests from both suppliers and generators. Version 1 proposed the introduction of 1 seat for DSUs. Proposer clarified that no change to the quorum would be intended as a consequence of the proposal. Proposer advised that Version 1 is the preferred proposal to be progressed.

**Mod\_01\_12 Version 2:**

Proposer outlined background of Version 2 advising that Special Units are currently not suitably represented on the TSC Modifications Committee, as their interests do not align with those of Thermal Generator Units or Traditional Supplier Units. The Modification Proposal proposes the introduction of 2 seats for Special Units.

**General discussion**

SEMO Member advised that although DSUs are defined as Generator Units, they are not defined as Generation Participants. SEMO Member also raised the issue that Version 1 of the proposal would change the number of members on the committee to an odd number so that a casting vote would no longer apply, and queried as to whether the elections process for electing a DSU representative onto the Committee would be different to the usual annual election process.

Supplier Member was of the opinion that both proposals were too ambiguous to be approved, further stating that it is not explicitly clear as to what the constituency would be, the proposal doesn’t state what DSUs would be eligible to vote on, and advised that the biggest concern is that the Modifications Committee panel may be unbalanced as a result of implementation of Version 1 of the proposal.

Supplier Member was in agreement that the proposals were not detailed enough to be voted on at Meeting 40, however stated that more discussion on broadening out representation to non-standard Participants would be desirable. Supplier Member further stated that it is important to have a means for representing views of the market that currently are not represented. SEMO Member reminded the Committee that Participants are elected in order to represent their constituents, and should be doing so. Endesa Ireland representative queried as to what was the justification for originally imposing Committee Membership limitations.

SEMO Member advised that anyone has the opportunity to raise a Modification Proposal and that it would be difficult for the Committee to work as effectively as it currently does, with an infinite number of members. SEMO Member further added that it is imperative that a structure is maintained, as important issues are voted on with the current structure allowing for efficient decision making.

SEMO Alternate queried as to whether the proposer is satisfied with the representation that DSUs have received to date from the Modifications Committee. Proposer agreed that all in attendance at the Meetings are free to speak and accepted that Activation Energy’s previous Mod\_36\_10 *Removal of Connection between Supplier Units and DSUs* had been Recommended for Approval by the Committee. However, proposer voiced concern that no representative on the Committee had queried as to why the proposal has not yet been RA Decision approved. Secretariat clarified that once a vote is taken at a Meeting, the FRR is drafted and sent to the RAs for decision, thus the Committee do not have further dealings with proposals when they reach that stage.

CER Member advised that as per Section 2.153 of the Code, the RAs can if they so wish, nominate a representative that is not currently represented on the Modifications Committee. CER Member advised that currently the RAs do not believe that it is necessary to seek nominations for the appointment of an additional voting member of the Modifications Committee. CER Member advised that the elections process is a democratic process and works efficiently. CER Member also advised that the Modifications Committee is currently awaiting a letter relating to Demand Side Vision which will ask the Modifications Committee to discuss issues that arise in this workstream.

Supplier Member advised that establishing a broad Working Group may be an appropriate way of discussing the various issues surrounding both versions of the proposals, and the wider issue of the Demand Side Vision workstream.

Proposer advised of preference to abstain from getting involved in the wider question of DSU representation and reiterated preference to proceed with Version 1 of the proposal.

NIE Energy PPB representative advised of satisfaction with the Committee process, and feels adequately represented as an observer at Modifications Committee Meetings. NIE Energy PPB representative further stated that there is ample opportunity for observers to voice their views and struggled to see the benefit of the proposal.

SEMO Member l said that it needs to be clear to potential Participants in the market how they can get elected onto the Committee and that there should be a means for them to be elected. Supplier Member reiterated the central issue being that realistically there is no tangible method for DSUs gaining a seat on the Committee.

Proposer expressed the view that there is currently a fundamental advantage to Generators and Suppliers as they are entitled to four seats each on the panel, whereas Version 1 of the proposal is seeking one seat for DSUs.

CER Member stated that not all of the issues are specifically related to Generators and Suppliers and that representatives do not always revert to type for the vote. Secretariat commented that Elexon the UK Market Operator is a closed forum with only Committee Members having an opportunity to voice their views, as distinct from the Trading & Settlement Code Committee where observers are free to engage the Committee.

Proposer highlighted the fact that three other operators are proposing to start operating DSUs, further advising that one of the aims of the proposals is to create awareness around the issue of DSUs having the ability to input into future decisions.

Actions

* SEMO to work with proposer on content of proposal for next Meeting.

Decision

* The Committee agreed to defer the proposal

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| **Deferred** |

## Mod\_02\_12\_amendment of credit cover requirements

*Proposer: Vayu Limited*

Proposer outlined background of proposal. This proposal would allow a 3rd Party provide credit cover by way of a Letter of Credit on behalf of a Market Participant, in respect of the Market Participant’s obligation to SEM. Proposer advised that under the current rules the Letter of Credit Applicant must be a Market Participant. This proposal would allow more flexibility for Market Participants to satisfy their credit cover obligations and takes account of the tighter access to such products in today’s banking market. Proposer advised that the current arrangements could be construed as a barrier to new market entrants. Proposer advised that no legal text had been drafted prior to the Meeting, and that discussion on the proposal had been had with SEMO.

SEMO Member advised that SEMO have no issue with a 3rd party providing a LOC for a Participant however the Participant must be named in the beneficiary statements e.g. Glencore on behalf of Vayu, and SEMO’s view is that they should be an affiliate of the Participant. SEMO Member advised that if approved, the proposal would require a change to the LOC template. SEMO Member advised that the proposal arose from VAYU trying to use an international bank that was not allowed under the Code. SEMO Member advised that Mod\_16\_11 Credit Worthiness Test for the SEM Bank may alleviate this issue as it may broaden out the requirements enough to satisfy VAYU’s requirement, if it is approved.

Supplier Member expressed the view that the fundamental issue is whether the LOC provider could be trusted to pay and why could any 3rd Party not provide an LOC for a Participant..

SEMO Member advised that perhaps SEMO is being somewhat conservative as the modification proposes moving away from the current situation where a Participant must get an LOC themselves. SEMO’s main concern is that they can draw down on an LOC if required and if neither the market Participant nor an affiliate was able to get an LOC on their own behalf; if not, their credit rating might be a cause for concern. However, SEMO agreed to review this further.

Supplier Member stated that it is necessary to see the proposed legal drafting before attempting to ascertain it will comply with the Code.

Supplier Member queried as to whether it would be possible to know whether a bank would pay for the Participant. SEMO Member advised that there would need to be a stipulation in the beneficiary statement and that the market Participant would be explicitly named in there.

Actions

* SEMO to work with proposer on legal drafting of proposal

Decision

* The Committee agreed to defer the proposal

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| **Deferred** |

## Mod\_03\_12\_Alignment of tsc with revised vat arangements

*Proposer: SEMO*

SEMO Member outlined proposal. The modification is required to allow open competition in the market and allow companies established outside the jurisdiction of the Interconnector Unit to register in SEM. This will allow increased trade on the interconnectors. If it is not implemented, the current rules are limiting those who can join the SEM by requiring a VAT number from companies who are not entitled to one, and so prevent them from joining the SEM. SEMO have agreed with the VAT authorities that the systems will be amended by April 2013 so that these companies can be accommodated.

Supplier Member queried as to the deadline of approval for the proposal. SEMO Alternate clarified that as the cut-off date for the April 2013 CMS Release is 22 June 2012, the proposal must be approved at or by the May Modifications Committee Meeting.

Actions

* SEMO to work on detail of proposal for next Meeting

Decision

* The Committee agreed to defer the proposal

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| **Deferred** |

## Mod\_04\_12\_v2\_corporate website publication times for capacity settlement data

Proposer: SEMO (AP only)

SEMO Alternate outlined proposal advising that the Modification Proposal seeks to remove ambiguity in the Market pertaining to the availability of certain Capacity Settlement Data on the corporate website. SEMO Member further advised that the proposal seeks to apply the same timelines to Data Publication relating to Capacity Settlement as those applied to Energy Settlement Data Publication. In respect of the results of Indicative Settlement and Initial Settlement Energy Payments, the Code provisions include a period of time between the calculation of Energy settlement/provision to Participants and the publication of the associated data on the Market Operator website.  SEMO Alternate advised that no such time period exists for Data Publication relating to Indicative and Initial Capacity Settlement.  As the Capacity data encompasses an entire Capacity Period, the file sizes can be large and take time to transfer to the website.  SEMO therefore propose to introduce the same period of time between the calculation of Capacity settlement/provision to Participants and the publication of the associated data on the Market Operator website.  As a result, SEMO proposes to amend the publication obligations in Appendix E and Agreed Procedure 6, so that:

* Data in respect of Indicative Settlement for Capacity Payments/Charges will be published by 17:00 on CP+4WD
* Data in respect of Initial Settlement for Capacity Payments/Charges will be published by 17:00 on CP+7WD

SEMO Member advised that this breach of the Code had been picked up in an internal audit.

Actions

* N/A

Decision

* The proposal was Recommended for Approval.

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| **Recommended for Approval- AP Only (Unanimous Vote)** |
| Niamh Delaney | MO Member | Approve |
| Gerry Halligan | MDP Member | Approve |
| Ian Luney | Generator Member | Approve |
| Gill Nolan | TSO Alternate | Approve |
| Michael Preston | TSO Member | Approve |
| Niamh Quinn | Generator Member | Approve |
| Jill Murray | Supplier Member | Approve |
| Mary Doorly | Generator Alternate | Approve |
| Sean Doolin | Supplier Alternate | Approve |
| Karen Meneely | NIE T&D | Approve |
| William Steele | Supplier Member | Approve |
| Kevin Hannafin | Generator Member | Approve |
| Iain Wright | Supplier Member | Approve |

## Mod\_05\_12\_cross border settlement reallocation calculations

*Proposer: SEMO*

SEMO Alternate advised that the Modification Proposal had been raised in order to provide clarification of what is currently in practice in relation to the appropriate exchange rates applied to cross border settlement reallocations as part of Settlement calculations and Credit Risk Cover calculations. This is especially important in relation to Credit Risk calculations as cross border Settlement Reallocations submitted for dates in the future and used in the provision of Credit Cover can only use the most recent Trading Day Exchange Rate available, but this is not explicit in the Code.

Actions

* N/A

Decision

* The proposal was Recommended for Approval.

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| **Recommended for Approval (Unanimous Vote)** |
| Iain Wright | Supplier Alternate | Approve |
| Ian Luney | Generator Member | Approve |
| Niamh Quinn | Generator Member | Approve |
| Jill Murray | Supplier Member | Approve |
| Mary Doorly | Generator Alternate | Approve |
| Sean Doolin | Supplier Alternate | Approve |
| William Steele | Supplier Member | Approve |
| Kevin Hannafin | Generator Member | Approve |

## Mod\_06\_12\_improved efficiencies in lcf process

*Proposer: SEMO*

SEMO Member presented slides outlining proposal. SEMO Member advised that the proposal arose out of Mod\_18\_10 *Intra-Day Trading* as SEMO had concerns regarding the existing LCF process and increased likelihood of LCFs with increased numbers of gates which could cause MSP Software Run Cancellations. This Modification Proposal defines a separate LCF process for time critical COD or VDSN submission that will streamline the processing of the offer data and reduce the likelihood of delays in publishing and cancellations. SEMO Member advised that the proposed use of xml files for the COD and VDSN submission, should be much simpler that the current method of the manual entry of offer data by the MO into the Central Market Systems based on faxed values from Participants and less prone to human error.

SEMO propose a one day Working Group to be attended by Participants who use the current process, to do an overview of how the new process will work. SEMO Member advised that a final version of the proposal will be submitted subsequent to this Working Group.

Supplier Member queried as to the cost and delivery timescale of the change? SEMO Member advised that the xml facility is in place on the SEMO website, and as the proposal does not warrant a CMS change the timescale will depend on the implementation of the proposal. SEMO Member advised that when the proposal was discussed, Participants had advised that an electronic means of submission was preferable as the fax method can be unwieldy.

Observer queried as to whether it may be possible to include email as a method of submission? SEMO Member advised that email is not regarded as a legally robust method of communication. Observer queried as to whether a backup is available if the website fails? SEMO Member verified that backup is included.

Actions

* Working Group to be convened
* Participants to advise Secretariat of attendees for Working Group

Decision

* The Committee agreed to defer the proposal

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| **Deferred** |

## Upcoming Events

A provisional Working Group date of 21 February 2012 for Mod\_06\_12 *Improved Efficiencies in LCF process.*

Modifications Committee Meeting 41 is scheduled for 27 March 2012 in Belfast.

# Appendices

## Appendix 1 - Secretariat Programme of Work

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| **Status as at 31 January 2012** |
| **FRRs ‘Recommended for Approval’ with systems impacts awaiting RA Decision** |
| Mod\_17\_11 Clarifying the requirement to provide Dispatch Instruction for Generator Units | T & SC Appendix O | 17 January 2012 |
| Mod\_18\_10 Intra-Day Trading | T & SC Sections 2, 3, 4, 5, 6Appendices D, E, H, I, J, K, N, PAP 1, 2, 4, 6, 9, 10, 11, 13, 17 | 30 January 2012 |
| **FRRs ‘Recommended for Approval’ without systems impacts awaiting RA Decision** |
| Mod\_36\_10 Removal of connection between Supplier Units and DSUs | T & SC Section 2 & 5 | 22 February 2011 |
| Mod\_18\_11 Definition of ‘Availability’ | T & SC Glossary | 08 September 2011 |
| Mod\_27\_11 Market Operator Solver Policy | T & SC Section 4, Glossary | 08 September 2011 |
| Mod\_33\_11 Temporary Exclusion of Interconnector Error Unit Testing Charges from Settlement Calculations  | T & SC Section 7 | 14 September 2011 |
| [Mod\_04\_11\_v2 Facilitating demand sites with an MEC less than 10MW to participate as part of a Demand Side Unit](http://semopub/MarketDevelopment/ModificationDocuments/Mod_04_11_v2.docx) | T & SC Section 5 | 18 January 2012 |
| Mod\_32\_11 Excess Cash Collateral Drawdown | Agreed Procedure 9 | 18 January 2012 |
| Mod\_34\_11 Transition to SEM Intra-Day Trading | T & SC Section 2.8, new Section 9 | 30 January 2012 |
| **FRRs ‘Recommended for Rejection’ awaiting RA Decision** |
| Mod\_14\_11Pumped Storage Under Test | T & SC Section 5 | 17 January 2012 |
| **RA Decision Approved Modifications with System Impacts** |
|  **Title** |  **Sections Modified** |  **Effective Date** |
| Mod\_01\_11 UI Payments for Generator Units | T & SC Section 4 | October 2012 |
| Mod\_40\_10 Differentiation between Dwell Times and Dwell Trigger Points while ramping up and ramping down | T & SC Appendix I,N,O | October 2012  |
| Mod\_42\_10 Changes to the Single Ramp Up Rate and the Single Ramp Down Rate Calculation | T & SC Section 5, Appendix H, I, N & Glossary | October 2012  |
| Mod\_43\_10 Variable Price Taker Generator Units & Firm Access | T & SC Section 5 | July 2012 (11th Scheduled Release) |
| Mod\_06\_11 Increasing Maximum Daily Submission Number and Automating Cancellation of Settlement Reallocation Agreements | AP 10 | October 2012 |
| Mod\_10\_11Interconnector Under Test | T & SC Section 5 | October 2012 |
| Mod\_12\_11 Interconnector Unit Loss Adjustment when Exporting | T & SC Section 4 | October 2012 |
| Mod\_21\_11UI Payments for generator units constrained on | T & SC Section 5 | October 2012 |
| **RA Decision Approved Modifications without System Impacts** |
| Mod\_29\_11 Revision of Standard Letter of Credit Template | T & SC Appendix A | 09 January 2012 |
| Mod\_31\_11 Calculation of Estimated Energy Price (EEP) and Estimated Capacity Price (ECP) | T & SC Section 6 | 15 December 2011 |
| **CMS cut-off date** |
| April 2013 CMS Release | RA Decision Approved Mods only | 22 June 2011 |
| **T&SC Version 11 - July 2012** |
|  3 approved Modification Proposals pending implementation in Version 11.0 of the Code |