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| **MODIFICATION PROPOSAL FORM** | | | | | |
| **Proposer**  *(Company)* | **Date of receipt**  *(assigned by System Operators)* | | **Type of Proposal**  *(delete as appropriate)* | | **Modification Proposal ID**  *(assigned by System Operators)* |
| **ESB GWM** | **16 January 2019** | | **Standard** | | **CMC\_04\_19** |
| **Contact Details for Modification Proposal Originator** | | | | | |
| **Name** | | **Telephone number** | | **Email address** | |
| **Paraic Higgins** | |  | | **Paraic.higgins@esb.ie** | |
| **Modification Proposal Title** | | | | | |
| **Finalisation of Exchange Rate in Auction Information Pack** | | | | | |
| **Documents affected**  *(delete as appropriate)* | | **Section(s) Affected** | | **Version number of CMC used in Drafting** | |
| **Capacity Market Code** | | **D.3.1.2** | | **Version 2.0** | |
| **Explanation of Proposed Change**  *(mandatory by originator)* | | | | | |
| This modification looks to address the unfair mismatch between the Sterling Auction Price Cap finalised in the Initial Auction Information Pack and the Sterling Auction Price Cap that should be available to Northern Ireland CMUs by (1) having indicative values in the Initial Auction Information Pack for parameters that are in Euro and Sterling and (2) finalising the values in the Final Auction Information Pack. | | | | | |
| **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.3.1.2 The Initial Auction Information Pack for a Capacity Auction shall set out:  (a)….  (f) the ~~final~~ indicative Auction Price Cap to be used in the Capacity Auction (in Euro and Sterling);  (g) the ~~final~~ indicative Existing Capacity Price Cap to be used in the Capacity Auction (in Euro and Sterling);  E.5.1.4 For the purposes of this section:  (a) a proposed Unit Specific Price Cap in an Exception Application, and a Unit Specific Price Cap approved by the Regulatory Authorities, shall be specified in the currency of the Currency Zone of the relevant Capacity Market Unit or proposed Capacity Market Unit; and  (b) the applicable exchange rate shall be the indicative Annual Capacity Payment Exchange Rate specified in the most recent ~~Initial~~ Final Auction Information Pack for the Capacity Year. | | | | | |
| **Modification Proposal Justification**  *(Clearly state the reason for the Modification)* | | | | | |
| The current rules require the Initial Auction Information Pack to finalise a number of parameters that are Euro and Sterling, however, the exchange rate is not finalised until the Final Auction Information Pack. The current rules are allowing for circumstances for an uneven playing field for participants in both Northern Ireland and Ireland. For example, in the T-1 2019/20 Capacity Auction, the finalisation of the Auction Price Cap and Existing Capacity Price Cap, but not the exchange rate, in the Initial Auction Information Pack resulted in a different price caps for Capacity Market Units (CMUs) in Northern Ireland compared to Ireland. This modification is looking to address the potential discriminatory treatment of Capacity Market participants.  The modification to the USPC process (E.5.1.4.b) is required as it ensures participants that are applying for a Unit Specific Price Cap are also on a level playing field as well. The combination of both elements of this modification will ensure all participants regardless of their qualification are competing in the auction on a level playing field.  Further justification is that for a new CMU that is awarded a contract in sterling at the auction price cap, it is liable to performance securities and termination charges based on exchange rate in the Final Auction Information Pack which could result in over/under collateralisation. The current rules leave new CMU open to unnecessary differences between their awarded contract and the performance security it has to post. | | | | | |
| **Code Objectives Furthered**  *(State the Code Objectives the Proposal furthers, see Sub-Section A.1.2 of the CMC Code Objectives)* | | | | | |
| (f) to ensure no undue discrimination between persons who are or may seek to become parties to the Capacity Market Code; and | | | | | |
| **Implication of not implementing the Modification Proposal**  *(State the possible outcomes should the Modification Proposal not be implemented)* | | | | | |
| If this proposal is not implemented it fails to provide a level playing field for all participants in the Capacity Auctions. | | | | | |
| **Impacts**  *(Indicate the impacts on systems, resources, processes and/or procedures)* | | | | | |
| There will be minor changes to the process when implementing this modification. | | | | | |
| ***Please return this form to the System Operators 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 Regulatory Authorities.**
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:**

**CMC / Code: means the Capacity Market Code for the Single Electricity Market**

**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 “System Operators” 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 B.12 of the Code, 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 System Operators and the Regulatory Authorities to publish and/or distribute the Modification Proposal for free and unrestricted access;**
  2. **to the Regulatory Authorities 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 System Operators 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 Regulatory Authorities and that there is no guarantee that my Modification Proposal will be incorporated into the Code.**