

Single Electricity Market

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| Final REcommendation Report  Mod\_11\_18 correction of minor material drafting errors  10 May 2018 |

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Document History

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| **Version** | **Date** | **Author** | **Comment** |
| 1.0 | 10 May 2018 | Modifications Committee Secretariat | Issued to Modifications Committee for review and approval |
| 2.0 | 25 May 2018 | Modifications Committee Secretariat | Issued to Regulatory Authorities for final decision |

Reference Documents

|  |
| --- |
| **Document Name** |
| [Trading and Settlement Code](http://www.sem-o.com/MarketDevelopment/MarketRules/TSC.docx) |
| [Modification Proposal](http://www.sem-o.com/MarketDevelopment/ModificationDocuments/Mod_11_18%20-%20Correction%20of%20Minor%20Material%20Drafting%20Errors.docx) |
| [Presentation](http://www.sem-o.com/MarketDevelopment/ModificationDocuments/Mod_11_18%20Correction%20of%20Minor%20Material%20Drafting%20Errors.pptx) |

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# MODIFICATIONS COMMITTEE RECOMMENDATION

## Recommended for approval– Majority Vote

|  |  |  |
| --- | --- | --- |
| **Recommended for Approval by Unanimous Vote** | | |
| Cormac Daly | Generator Member | Approved |
| Brian Mongan | Generator Member | Approved |
| William Steele | Supplier Member | Approved |
| Jim Wynne | Supplier Member | Approved |
| Julie-Anne Hannon (Chair) | Supplier Member | Approved |

# Background

This Modification Proposal was raised by SEMO and was received by the Secretariat on 14 February 2018.

This proposal seeks to amend five minor drafting errors which have been identified since Part B was designated. Each of these items is correct in the system build.

The first change relates to incorrect signage in the calculation of Standard Participant Exposure in respect of its Capacity Charges for its Supplier Units in G.14.8.1 by introducing a minus sign. This figure should be negative to indicate an exposure when it is applied to downstream summations including that for Required Credit Cover in G.15.1.1; however, as currently drafted this results in a positive figure in error. This is because Capacity exposure for suppliers is an apportioned sum of positive capacity payments but needs to be converted to a negative exposure. Note that this mod interacts with Mod\_15\_17 which amends the same clause so that care will have to be taken when translating these changes into the Code to ensure that both changes are captured.

The second change also relates to a signage issue this time for the application of Tracked Difference Payment Shortfall Amount calculated in F.20.5.2 and subsequently applied to the calculation of the Difference Payment Reimbursement Amount in F.20.5.3. The application of this figure should always be positive reflecting a payment to Suppliers in F.20.5.3; however the value itself as calculated in F.20.5.2 is negative (or zero) since it is a min(x,0) construct. This is addressed by introducing a minus sign before the summation of the Tracked Difference Payment Shortfall Amount on application in F.20.5.3.

The third change relates to the description of the tie break ordering of trades with the same timestamp in F.18.5.3 and F.20.2.1 which is currently incorrect. The description says that the highest price is allocated first which is wrong as this should reflect the fact that the intention is to order by increasing price i.e. this should state that ‘…where the quantity with the lowest price shall be allocated a position before the quantity with the higher price’ as opposed to the current drafting which states that ‘….where the quantity with the highest price shall be allocated a position number before the quantity with the lower price’

The fourth change relates to the inclusion of Difference Charges in the list of items not calculated /set to zero during Administered Imbalance Settlement. These variables are Day Ahead Difference Charge (CDIFFCDA), Within Day Difference Charge (CDIFFCWD), Non Performance Difference Charge (CDIFFCNP) and Total Difference Charge (CDIFFCTOT).

The fifth and final change this proposal seeks to implement is to introduce brackets into clauses F.4.2.13 and F.4.2.14 which calculate Combined Loss Adjustment Factors for Trading Units and Capacity Market Units respectively. The calculation should evaluate as Sum(FCLAF×qCR)/Sum(qCR); however, since the brackets have been omitted this evaluates as (Sum(FCLAF)×qCR)/Sum(qCR); which is materially incorrect. In fact this doesn’t make logical sense and cannot therefore be evaluated for Trading/Capacity Market Units with multiple Generator Units on a given Trading Site/Capacity Market Unit since the qCR term in the numerator would be ambiguous as to which Generator Unit it referred.

The Modification Proposal was discussed and voted on at Meeting 81 on 13 March 2018.

# PURPOSE OF PROPOSED MODIFICATION

**3A.) justification of Modification**

This proposal seeks to correct known drafting errors which, as currently written would result in materially incorrect outcomes.

**3B.) Impact of not Implementing a Solution**

Material errors will remain resulting either in incorrect market outcomes

**3c.) Impact on Code Objectives**

1. to facilitate the efficient discharge by the Market Operator of the obligations imposed upon it by its Market Operator Licences;

Facilitated by providing for accurate calculation of market values and accurate provision of market processes by the Market Operator.

1. **Assessment of Alternatives**

N/A

# Working Group and/or Consultation

N/A

# impact on systems and resources

N/A

# Impact on other Codes/Documents

N/A

# MODIFICATION COMMITTEE VIEWS

## Meeting **81 – 13 March 2018**

Proposer delivered a [presentation](http://www.sem-o.com/MarketDevelopment/ModificationDocuments/Mod_11_18%20Correction%20of%20Minor%20Material%20Drafting%20Errors.pptx) summarising the requirement for this proposal. Proposer advised that the proposal seeks to correct material errors that need correcting. Members identified a change to the proposed drafting for the third change presented in this proposal (the ordering of trades). This noted that the drafted changes to F.18.5.3 and and F.20.2.1 should reference the ‘quantity with the lower price should sequentially be allocated a position before the higher priced quantity’ as opposed to the ‘quantity with the lowest price’ otherwise this could introduce confusion for instances with more than two prices being ranked.

Committee were in agreement to vote on this proposal subject to legal drafting changes as above. The proposal was recommended for approval.

# Proposed Legal Drafting

As set out in Appendix 1.

Note that after this proposal was recommended for approval SEMO identified an unintentional omission in the legal drafting section in that the introduction of a negative sign in G.14.8.1 to correct the signage for a Standard Participants exposure in respect of its Capacity Charges for its Supplier Units is also required for the equivalent clause for New and Adjusted Participants in G.14.3.3 for the same reason.

# LEGAL REVIEW

N/A

# IMPLEMENTATION TIMESCALE

It is proposed that this Modification is implemented on a Trading Day basis with effect from one Working Day after an RA Decision.

# Appendix 1: Mod\_11\_18 Correction of Minor Material Drafting Errors

|  |  |  |  |  |  |
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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** | **14 February 2018** | | **Standard** | | **Mod\_11\_18** |
| **Contact Details for Modification Proposal Originator** | | | | | |
| **Name** | | **Telephone number** | | **Email address** | |
| **Christopher Goodman** | |  | | [Christopher.goodman@sem-o.com](mailto:Christopher.goodman@sem-o.com) | |
| **Modification Proposal Title** | | | | | |
| **Correction of Minor Material Drafting Errors** | | | | | |
| **Documents affected**  *(delete as appropriate)* | | **Section(s) Affected** | | **Version number of T&SC or AP used in Drafting** | |
| **T&SC Part B** | | **Sections F and G** | | **Version 20** | |
| **Explanation of Proposed Change**  *(mandatory by originator)* | | | | | |
| This proposal seeks to amend five minor drafting errors which have been identified since Part B was designated. Each of these items is correct in the system build.  The first change relates to incorrect signage in the calculation of Standard Participant Exposure in respect of its Capacity Charges for its Supplier Units in G.14.8.1 by introducing a minus sign. This figure should be negative to indicate an exposure when it is applied to downstream summations including that for Required Credit Cover in G.15.1.1; however, as currently drafted this results in a positive figure in error. This is because Capacity exposure for suppliers is an apportioned sum of positive capacity payments but needs to be converted to a negative exposure. Note that this mod interacts with Mod\_15\_17 which amends the same clause so that care will have to be taken when translating these changes into the Code to ensure that both changes are captured.  The second change also relates to a signage issue this time for the application of Tracked Difference Payment Shortfall Amount calculated in F.20.5.2 and subsequently applied to the calculation of the Difference Payment Reimbursement Amount in F.20.5.3. The application of this figure should always be positive reflecting a payment to Suppliers in F.20.5.3; however the value itself as calculated in F.20.5.2 is negative (or zero) since it is a min(x,0) construct. This is addressed by introducing a minus sign before the summation of the Tracked Difference Payment Shortfall Amount on application in F.20.5.3.  The third change relates to the description of the tie break ordering of trades with the same timestamp in F.18.5.3 and F.20.2.1 which is currently incorrect. The description says that the highest price is allocated first which is wrong as this should reflect the fact that the intention is to order by increasing price i.e. this should state that ‘…where the quantity with the lowest price shall be allocated a position before the quantity with the higher price’ as opposed to the current drafting which states that ‘….where the quantity with the highest price shall be allocated a position number before the quantity with the lower price’  The fourth change relates to the inclusion of Difference Charges in the list of items not calculated /set to zero during Administered Imbalance Settlement. These variables are Day Ahead Difference Charge (CDIFFCDA), Within Day Difference Charge (CDIFFCWD), Non Performance Difference Charge (CDIFFCNP) and Total Difference Charge (CDIFFCTOT).  The fifth and final change this proposal seeks to implement is to introduce brackets into clauses F.4.2.13 and F.4.2.14 which calculate Combined Loss Adjustment Factors for Trading Units and Capacity Market Units respectively. The calculation should evaluate as Sum(FCLAF×qCR)/Sum(qCR); however, since the brackets have been omitted this evaluates as (Sum(FCLAF)×qCR)/Sum(qCR); which is materially incorrect. In fact this doesn’t make logical sense and cannot therefore be evaluated for Trading/Capacity Market Units with multiple Generator Units on a given Trading Site/Capacity Market Unit since the qCR term in the numerator would be ambiguous as to which Generator Unit it referred. | | | | | |
| **Legal Drafting Change**  *(Clearly show proposed code change using* ***tracked*** *changes, if proposer fails to identify changes, please indicate best estimate of potential changes)* | | | | | |
| G.14.8.1 A Standard Participant’s Exposure in respect of its Capacity Charges for its Supplier Units (EUPECCpg) for Undefined Exposure Period g shall be calculated by the Market Operator as follows:  where:   * + - * 1. CCPΩγ is the Capacity Payment for Capacity Market Unit Ω in Imbalance Settlement Period γ calculated in accordance with section F.17;         2. QUPEBpg is the Billing Period Undefined Potential Exposure Quantity for Participant p in respect of all its Supplier Units v in Undefined Exposure Period g calculated in accordance with paragraph G.14.7.6;         3. VCASpγ is the Credit Assessment Volume for each New Participant in respect of its Supplier Units for the Imbalance Settlement Periods γ;         4. (QUPEBpg X FCAApg) is the Billing Period Undefined Potential Exposure Quantity for Adjusted Participant p in respect of all its Supplier Units v in Undefined Exposure Period g;         5. is the summation across all Imbalance Settlement Periods γ in Undefined Exposure Period g;         6. is the summation across all Capacity Market Units Ω; and         7. is the summation across all Participants p.   F.20.5.3 The Market Operator shall calculate the Difference Payment Reimbursement Amount (CREIMDIFFPvd) for each Supplier Unit, v, in each Settlement Day, d, as follows:  where:   * + - * 1. is a summation over all Supplier Units, v;         2. CSHORTDIFFPTRACKvd is the Tracked Difference Payment Shortfall Amount for Supplier Unit, v, in Day, d; and         3. CBSOCd is the Socialisation Balance for the Day, d.   F.18.5.3 The Market Operator shall derive a ranked set for each Capacity Market Unit, Ω, which does not represent an Autoproducer Unit, and for each Trading Site, s, which is associated with a Capacity Market Unit, Ω, which represents an Autoproducer Unit, in Imbalance Settlement Period, γ, of all Loss-Adjusted Accepted Offer Quantities (QAOLF’uoiγ), Loss-Adjusted Accepted Bid Quantities (QABLF’uoiγ) and Intraday Trade Quantities (qTIDxuh) for all Generator Units, u, which comprise the Capacity Market Unit, Ω, which does not represent an Autoproducer Unit, and for all Generator Units, u, in Trading Site, s, which is associated with a Capacity Market Unit, Ω, which represents an Autoproducer Unit, within whose Imbalance Settlement Period, γ, or Intraday Trading Period, h, as the case may be, the Imbalance Settlement Period falls in whole or in part, in order of the time stamp of their Bid Offer Acceptance Time (in the case of Loss-Adjusted Accepted Offer Quantities and Loss-Adjusted Accepted Bid Quantities) or clearing time of the trade (in the case of Intraday Trade Quantities). The quantity with the earliest time stamp shall be allocated a position number k = 1, the quantity with the next earliest time stamp a position number k = 2, and so on until all quantities have been allocated a position number. Where two or more quantities have the same time stamp, they shall be ranked in order of increasing price where the quantity with the lowest price shall be allocated a position before the quantity with the higher price. Where two or more quantities have equal prices, they shall be ranked using a systematic process of random selection which may include making small alterations to the submitted prices. Any such amended prices shall only be used for this purpose in the ranking process.  F.20.2.1 The Market Operator shall derive a ranked set for each Supplier Unit, v, which is not a Trading Site Supplier Unit, in Imbalance Settlement Period, γ, of all Intraday Trade Quantities (qTIDxvh) for the Supplier Unit, v, within whose Intraday Trading Period, h, the Imbalance Settlement Period falls in whole or in part, in order of the time stamp of their clearing time of the trade. The quantity with the earliest time stamp shall be allocated a position number k = 1, the quantity with the next earliest time stamp a position number k = 2, and so on until all quantities have been allocated a position number. Where two or more quantities have the same time stamp, they shall be ranked in order of increasing price where the quantity with the lowest price shall be allocated a position before the quantity with the higher price. Where two or more quantities have equal prices, they shall be ranked using a systematic process of random selection which may include making small alterations to the submitted prices. Any such amended prices shall only be used for this purpose in the ranking process.  G.17.3.2 For all Imbalance Settlement Periods, γ, for which Administered Imbalance Settlement is in effect, the Market Operator shall set the following amounts equal to zero for all Generator Units and Supplier Units as applicable:   * + - * 1. Premium Component Payment (CPREMIUMγ);         2. Discount Component Payment (CDISCOUNTγ);         3. Offer Price Only Accepted Offer Payment or Charge (CAOOPOγ);         4. Bid Price Only Accepted Bid Payment or Charge (CABBPOγ);         5. Curtailment Payment or Charge (CCURLγ);         6. Uninstructed Imbalance Charge (CUNIMBγ);         7. Fixed Cost Payment or Charge (CFCγ);         8. Information Imbalance Charge (CIIγ);         9. Testing Charge (CTESTγ);         10. Imperfections Charge (CIMP);         11. Residual Error Volume Charge (CREVγ);         12. Currency Adjustment Payment or Charge (CCAγ);         13. Difference Payment Socialisation Charge (CSOCDIFFPγ);         14. Achievable Difference Payment (CDIFFPACHIEVEγ);         15. Day Ahead Difference Charge (CDIFFCDA);         16. Within Day Difference Charge (CDIFFCWD);         17. Non Performance Difference Charge (CDIFFCNP); and         18. Total Difference Charge (CDIFFCTOT).   F.4.2.13 The Market Operator shall calculate the Combined Loss Adjustment Factor (FCLAFuγ) for each Trading Unit, u, in each Imbalance Settlement Period, γ, as follows:  where:   * + - * 1. qCRu is the Registered Capacity of Generator Unit, u;         2. FCLAFuγ is the Combined Loss Adjustment Factor for Generator Unit, u, in Imbalance Settlement Period, γ;         3. is a summation over all Generator Units, u, not including the Trading Unit, in the Trading Site, s, to which the Trading Unit is registered; and         4. The expression denotes the highest Combined Loss Adjustment Factor (FCLAFuγ) of each Generator Unit, u, not including the Trading Unit, in the Trading Site, s, to which the Trading Unit is registered, in Imbalance Settlement Period, γ.   F.4.2.14 The Market Operator shall calculate the Combined Loss Adjustment Factor (FCLAFΩγ) for each Capacity Market Unit, Ω, in each Imbalance Settlement Period, γ, as follows:  where:   * + - * 1. qCRu is the Registered Capacity of Generator Unit, u;         2. FCLAFuγ is the Combined Loss Adjustment Factor for Generator Unit, u, in Imbalance Settlement Period, γ;         3. is a summation over all Generator Units, u, in the Capacity Market Unit, Ω; and         4. The expression denotes the highest Combined Loss Adjustment Factor (FCLAFuγ) of each Generator Unit, u, in the Capacity Market Unit, Ω, in Imbalance Settlement Period, γ. | | | | | |
| **Modification Proposal Justification**  *(Clearly state the reason for the Modification)* | | | | | |
| This proposal seeks to correct known drafting errors which, as currently written would result in materially incorrect outcomes. | | | | | |
| **Code Objectives Furthered**  *(State the Code Objectives the Proposal furthers, see Section 1.3 of T&SC for Code Objectives)* | | | | | |
| 1. to facilitate the efficient discharge by the Market Operator of the obligations imposed upon it by its Market Operator Licences;   Facilitated by providing for accurate calculation of market values and accurate provision of market processes by the Market Operator. | | | | | |
| **Implication of not implementing the Modification Proposal**  *(State the possible outcomes should the Modification Proposal not be implemented)* | | | | | |
| Material errors will remain resulting either in incorrect market outcomes | | | | | |
| **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 | | | No | | |
| ***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.**