

Single Electricity Market

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| Final REcommendation Report  Mod\_10\_18 Amendment to Capacity Settlement Statement publication from Monthly to Daily  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_10_18%20-%20Amendment%20to%20Capacity%20Settlement%20Statement%20publication%20from%20Monthly%20to%20Daily.docx) |
| [Presentation](http://www.sem-o.com/MarketDevelopment/ModificationDocuments/Mod_10_18%20Amendment%20to%20Capacity%20Settlement%20Statement%20Publication%20from%20Monthly%20to%20Daily.pptx) |

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# MODIFICATIONS COMMITTEE RECOMMENDATION

## Recommended for approval– Unanimous 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 provide for daily publication of Capacity Settlement Statements where these are currently stated as being published on a monthly Capacity Period Basis.

It is necessary for Capacity Payments and Charges to be calculated on a daily basis for credit calculations. As a result the ISEM systems have been designed to also publish the associated Settlement Statements on a daily basis. Since this is earlier provision of data it is appropriate to change the rules to reflect daily publication rather than change the systems to publish monthly.

Although it could be argued that earlier publication still meets the existing month end obligations without changing the rules, SEMO are of the view that it is best to amend the rules to reflect daily publication of these reports for transparency. To leave the rules stating that publication is by a number of working days post month end and publish the information daily could potentially be misleading. It’s worth noting that Settlement Statements for Capacity Settlement Reruns will still be issued as a single ‘batch’.

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

# PURPOSE OF PROPOSED MODIFICATION

**3A.) justification of Modification**

By detailing daily publication of Capacity Settlement Statements in the Trading and Settlement Code the market rules will more accurately reflect these publication timelines ensuring clarity in the area. This also ensures provision of this data at the earliest possible point

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

If this proposal is not implemented the publication timelines for issuing Capacity Settlement Statements in the code will remain by a number of working days after the capacity period where these Statements will be published daily by the Market Operator so that the market rules would not clearly reflect the timing of these publications.

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

This Modification furthers Code Objective 1.3 (5)

(5) to provide transparency in the operation of the Single Electricity Market;

1. **Assessment of Alternatives**

N/A

# Working Group and/or Consultation

N/A

# impact on systems and resources

No impact on market systems since this proposal is reflected in the current ISEM build.

Also would not anticipate impacts for Participant systems as these will either be configurable to consume daily reports or will be able to consume a months worth of reports at month end despite their earlier publication.

# 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_10_18%20Amendment%20to%20Capacity%20Settlement%20Statement%20Publication%20from%20Monthly%20to%20Daily.pptx) summarising the requirement for this proposal. Proposer advised that this earlier publication meets the existing timeline (i.e. the systems are currently set up for daily publication) however, SEMOs preference is to make this an explicit obligation in the Code to align with the systems, for clarity and also so that SEMO will be obliged under the Code itself to adhere to the daily timelines if this Modification is implemented.

Committee were in agreement to vote on this proposal. The proposal was recommended for approval.

# Proposed Legal Drafting

As set out in Appendix 1.

# LEGAL REVIEW

N/A

# IMPLEMENTATION TIMESCALE

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

# Appendix 1: Mod\_10\_18 Amendment to Capacity Settlement Statement Publication from Monthly to Daily

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **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\_10\_18** |
| **Contact Details for Modification Proposal Originator** | | | | | |
| **Name** | | **Telephone number** | | **Email address** | |
| **Christopher Goodman** | |  | | **Christopher.Goodman@sem-o.com** | |
| **Modification Proposal Title** | | | | | |
| **Amendment to Capacity Settlement Statement Publication from Monthly to Daily** | | | | | |
| **Documents affected**  *(delete as appropriate)* | | **Section(s) Affected** | | **Version number of T&SC or AP used in Drafting** | |
| **T&SC Part B**  **Appendices Part B**  **Agreed Procedures Part B** | | **Part B section G.2.5.2**  **Part B Agreed Procedure 15 section 3.2 (Table and Swimlanes)** | | **Version 20** | |
| **Explanation of Proposed Change**  *(mandatory by originator)* | | | | | |
| This proposal seeks to provide for daily publication of Capacity Settlement Statements where these are currently stated as being published on a monthly Capacity Period Basis.  It is necessary for Capacity Payments and Charges to be calculated on a daily basis for credit calculations. As a result the ISEM systems have been designed to also publish the associated Settlement Statements on a daily basis. Since this is earlier provision of data it is appropriate to change the rules to reflect daily publication rather than change the systems to publish monthly.  Although it could be argued that earlier publication still meets the existing month end obligations without changing the rules, SEMO are of the view that it is best to amend the rules to reflect daily publication of these reports for transparency. To leave the rules stating that publication is by a number of working days post month end and publish the information daily could potentially be misleading.  It’s worth noting that Settlement Statements for Capacity Settlement Reruns will still be issued as a single ‘batch’. | | | | | |
| **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.2.5.2 The Market Operator shall produce and issue documents for Capacity Payments and Capacity Charges in accordance with Appendix G “Settlement Statements, Settlement Reports and Settlement Documents” and the following:   * + - * 1. indicative Settlement Statements for Capacity Payments and Capacity Charges shall, in respect of each Settlement Day within a Capacity Period, be produced and issued to all Participants in respect of their Units by 17:00 on Settlement Day + 1 WD;         2. initial Settlement Statements for Capacity Payments and Capacity Charges shall, in respect of each Settlement Day within a Capacity Period, be produced and issued to all Participants in respect of their Units by 12:00 on Settlement Day + 5WD.   Agreed Procedure 15 (note that the associated swimlane diagram will require similar updates to reflect the timing change)  **3.2 Settlement Documents in respect of Capacity Period Initial Settlement Statements and Settlement Rerun**   | Step | Step Description | Timing | Method | From / By | To | | --- | --- | --- | --- | --- | --- | |  | Produce and issue indicative Settlement Statements and Settlement Reports for the Capacity Period. | Before 17:00, 1 WD after Settlement Day | Balancing Market Interface | Market Operator | Participant | |  | Validate and if required raise Settlement Query. | In accordance with Agreed Procedure 13 “Settlement Queries | In accordance with Agreed Procedure 13 “Settlement Queries” | Participant | Market Operator | |  | Produce and issue initial Settlement Statements and Settlement Rerun for the Capacity Period. | Before 12:00 5WD after Settlement Day for Initial Settlement Statements and in accordance with the Settlement Calendar for Settlement Reruns | Balancing Market Interface | Market Operator | Participant | |  | Validate and if required raise Settlement Query | In accordance with Agreed Procedure 13 “Settlement Queries” | In accordance with Agreed Procedure 13 “Settlement Queries | Participant | Market Operator | |  | Produce and issue Settlement Documents based on the Initial Settlement Statements and Settlement Reports, Settlement Rerun and Settlement Reallocation Agreements. | In accordance with paragraph G.2.5.3 of the Code | Balancing Market Interface | Market Operator | Participant | |  | Payment of Settlement Documents. | By 12:00 3 WD after the date of issue of the Settlement Document | In accordance with Agreed Procedure 17 “Banking and Participant Payments” | Participants | Market Operator | |  | Establish whether there is a Shortfall. If there is no Shortfall go to step 14. Otherwise continue to step 8. | Before 17:00 4 WD after the date of issue of the Settlement Document | - | Market Operator | - | |  | Draw down Credit Cover of any Participant with a Shortfall and follow Agreed Procedure 9 “Management of Credit Cover and Credit Default” as required.  If Credit Cover drawdown covers the whole amount of the Shortfall prior to payment of the Settlement Document, go to step 14. Otherwise, go to step 9. | In sufficient time to meet payment deadline (before 17:00 4 WD after the date of issue of the Settlement Document) | - | Market Operator | - | |  | Calculate and issue Debit Notes for the applicable Participants. | Before 17:00, 4 WD after the date of issue of the Settlement Document | Email / Facsimile | Market Operator | Participant | |  | Pay the net of the Debit Note and Settlement Document to each Participant. | Before 17:00, 4 WD after the date of issue of the Self Billing Invoice | In accordance with Agreed Procedure 17 “Banking and Participant Payments” | Market Operator | Participant | |  | Issue a Default Notice to the Participant and initiate Suspension procedure in Agreed Procedure 18 "Suspension and Termination". | Before 17:00, 4 WD after the date or issue of the Settlement Document | In accordance with Agreed Procedure 18 “Suspension and Termination” | Market Operator | Defaulting Participant | | 1. 12. | Attempt to recover Unsecured Bad Debt. If Unsecured Bad Debt is recovered Market Operator issues a Settlement Document for Unsecured Bad Debt. | In accordance with timelines for the next Settlement Document for a Capacity Period after recovery of monies. | Post, phone, fax | Market Operator | Reduced Participant | |  | Market Operator pays Settlement Document for Unsecured Bad Debt.  If there is still Unsecured Bad Debt return to step 12, otherwise **end process**. | In timescales for the next Settlement Documents for a Capacity Period after recovery of monies. | In accordance with Agreed Procedure 17 “Banking and Participant Payments” | Market Operator | Reduced Participant | |  | Payments due to Participants are issued. | Before 17:00, 4 WD after the date of issue of the Settlement Document | In accordance with Agreed Procedure 17 “Banking and Participant Payments” | Market Operator | Participant | | | | | | |
| **Modification Proposal Justification**  *(Clearly state the reason for the Modification)* | | | | | |
| By detailing daily publication of Capacity Settlement Statements in the Trading and Settlement Code the market rules will more accurately reflect these publication timelines ensuring clarity in the area. This also ensures provision of this data at the earliest possible point | | | | | |
| **Code Objectives Furthered**  *(State the Code Objectives the Proposal furthers, see Section 1.3 of T&SC for Code Objectives)* | | | | | |
| This Modification furthers Code Objective 1.3 (5)  (5) to provide transparency in the operation of the Single Electricity Market; | | | | | |
| **Implication of not implementing the Modification Proposal**  *(State the possible outcomes should the Modification Proposal not be implemented)* | | | | | |
| If this proposal is not implemented the publication timelines for issuing Capacity Settlement Statements in the code will remain by a number of working days after the capacity period where these Statements will be published daily by the Market Operator so that the market rules would not clearly reflect the timing of these publications. | | | | | |
| **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 impact on market systems since this proposal is reflected in the current ISEM build.  Also would not anticipate impacts for Participant systems as these will either be configurable to consume daily reports or will be able to consume a months worth of reports at month end despite their earlier publication. | | |
| ***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.**