

Single Electricity Market

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| Final REcommendation Report  Mod\_16\_18 Interim Suspension Delay Periods  05 June 2018 |

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Document History

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| --- | --- | --- | --- |
| **Version** | **Date** | **Author** | **Comment** |
| 1.0 | 05 June 2018 | Modifications Committee Secretariat | Issued to Modifications Committee for review and approval |
| 2.0 | 22 June 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_16_18%20%20Interim%20Suspension%20Delay%20Periods.docx) |
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# MODIFICATIONS COMMITTEE RECOMMENDATION

## Recommended for approval– Unanimous Vote

|  |  |  |
| --- | --- | --- |
| **Recommended for Approval by Unanimous Vote** | | |
| Derek Scully | Generator Alternate | Approved |
| David Gascon | Generator Alternate | Approved |
| Brian Mongan | Generator Member | Approved |
| William Steele | Supplier Member | Approved |
| Jim Wynne | Supplier Member | Approved |
| Julie-Anne Hannon (Chair) | Supplier Member | Approved |
| Eamonn O’Donoghue | Interconnector Member | Approved |
| Paraic Higgins | Generator Alternate | Approved |
| Robert McCarthy | DSU Alternate | Approved |

# Background

This Modification Proposal was raised by SEMO and was received by the Secretariat on 11 April 2018. The SEM Committee decision on Suspension Delay Periods for ISEM applies different Suspension Delay Periods for Generator and Supplier Units and also Jurisdictionally for Supplier Units per below (See SEM-17-034); however, it is not possible to carry out the credit calculations associated with different values in the market systems.

Note also that, although the Trading and Settlement Code Part B states that there can be distinct Suspension Delay Period values jurisdictionally and by unit, there is further work to be done to apply this to the affected algebra within the rules as acknowledged in the SEM Committee decision.

In the decision document the SEM Committee requested that SEMO raise a proposal ahead of go live to make the necessary Code changes to enact this decision. Since it isn’t possible to put the systems in place to deliver this for go live this proposal has not yet been submitted but will be raised at a later date.

**SEM Committee Decision;**

 the Generator Suspension Delay Period is seven days (in Ireland and Northern Ireland).

 the Supplier Suspension Delay Period will be reduced to seven days (in Northern Ireland)

 the Supplier Suspension Delay Period is maintained at 14 days (in Ireland) which may be amended following the review of the Supplier of Last Resort procedures.

As a result it is necessary to fix the Suspension Delay Periods to a static value for go live, which this proposal seeks to do via an interim provision which would apply until both the rules and the Market Systems are in place to apply dynamic values.

The Regulatory Authorities have indicated that this value should be fixed at seven days in the interim.

The Modification Proposal was discussed and voted on at Meeting 83 on 25 April 2018.

# PURPOSE OF PROPOSED MODIFICATION

**3A.) justification of Modification**

This interim proposal is required to ensure that the rules reflect a fixed Suspension Delay Period until such times as both the rules and systems are amended to handle the dynamic values detailed in the SEM Committee decision in this area.

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

If this proposal is not implemented the Market Rules will imply dynamic values without containing the algebra to deal with these values resulting in an internal inconsistency in the rules and a disconnect between the rules and what is calculated in reality within the market systems resulting in a non compliance for SEMO.

**3c.) Impact on Code Objectiv****es**

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

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 or processes since the change is in line with their current functionality.

No impact on Participant systems or processes anticipated.

Will impact on the value of Required Credit Cover for Participants.

# Impact on other Codes/Documents

N/A

# MODIFICATION COMMITTEE VIEWS

## Meeting **83 – 25 April 2018**

Proposer delivered a [presentation](http://www.sem-o.com/MarketDevelopment/ModificationDocuments/Mod_16_18%20Interim%20Suspension%20Delay%20Periods.pptx) summarising the requirement for this proposal. Proposer advised that this proposal seeks to provide for initially fixed Suspension Delay Periods by temporarily overwriting clause B.18.4.1 which details the determination of Suspension Delay Periods by the Regulatory Authorities. This is because the system functionality to apply dynamic values will not be available for go live.

Proposer discussed the need to fix delay periods to seven days for all suppliers in Ireland for an interim, as determined by the Regulatory Authorities, in line with the Supplier Suspension Delay Period of seven days in NI. Discussion took place focusing on Supplier of Last Resort (SOLR), credit exposure and initial credit cover calculations (which calculations have already taken into account a 7 (as opposed to 14) day period). Members asked if it was 7 days in the interim, when would we return to the dynamic values in the associated SEM Committee decision ([SEM\_17\_034](https://www.semcommittee.com/sites/semcommittee.com/files/media-files/SEM-17-034%20Tranche%201%20Parameters%20Decision.pdf)). RA Member noted the ongoing SOLR process review in ROI and that the Suspension Delay Period value for the ROI jurisdiction may change in future depending on the outcome of that review. Supplier Member noted that it may not be possible to reduce this value and this would depend on the outcome of the review.

Proposer advised that the functionality to apply dynamic values was intended to be included as part of the I-SEM day 2 work (in furtherance of SEM-17-034 decision). Query was then raised when the SOLR review was happening. RA Member confirmed that CRU has published a consultation.

Committee were in agreement to vote on this proposal.

# 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 Trading Day basis with effect from one Working Day after an RA Decision.

# Appendix 1: Mod\_16\_18 Interim suspension Delay periods

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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** | **11 April 2018** | | **Standard** | | **Mod\_16\_18** |
| **Contact Details for Modification Proposal Originator** | | | | | |
| **Name** | | **Telephone number** | | **Email address** | |
| **Christopher Goodman** | |  | | **Christopher.Goodman@sem-o.com** | |
| **Modification Proposal Title** | | | | | |
| **Interim Suspension Delay Periods** | | | | | |
| **Documents affected**  *(delete as appropriate)* | | **Section(s) Affected** | | **Version number of T&SC or AP used in Drafting** | |
| **T&SC Part B**  **T&SC Part B Glossary** | | **Part B Section H**  **Glossary** | | **Version 20** | |
| **Explanation of Proposed Change**  *(mandatory by originator)* | | | | | |
| The SEM Committee decision on Suspension Delay Periods for ISEM applies different Suspension Delay Periods for Generator and Supplier Units and also Jurisdictionally for Supplier Units per below (See SEM-17-034); however, it is not possible to carry out the credit calculations associated with different values in the market systems.  Note also that, although the Trading and Settlement Code Part B states that there can be distinct Suspension Delay Period values Jurisdictionally and by unit, there is further work to be done to apply this to the affected algebra within the rules as acknowledged in the SEM Committee decision.  In the decision document the SEM Committee requested that SEMO raise a proposal ahead of go live to make the necessary Code changes to enact this decision. Since it isn’t possible to put the systems in place to deliver this for go live this proposal has not yet been submitted but will be raised at a later date.  **SEM Committee Decision;**   the Generator Suspension Delay Period is seven days (in Ireland and Northern Ireland).   the Supplier Suspension Delay Period will be reduced to seven days (in Northern Ireland)   the Supplier Suspension Delay Period is maintained at 14 days (in Ireland) which may be amended following the review of the Supplier of Last Resort procedures.  As a result it is necessary to fix the Suspension Delay Periods to a static value for go live, which this proposal seeks to do via an interim provision which would apply until both the rules and the Market Systems are in place to apply dynamic values.  The Regulatory Authorities have indicated that this value should be fixed at seven days in the interim. | | | | | |
| **Legal Drafting Change**  *(Clearly show proposed code change using* ***tracked*** *changes, if proposer fails to identify changes, please indicate best estimate of potential changes)* | | | | | |
| B.18.4.1 The Supplier Suspension Delay Period and the Generator Suspension Delay Period in relation to each Jurisdiction shall be determined from time to time by the Regulatory Authorities and notified to the Market Operator. A determination by the Regulatory Authorities in relation to the duration of the Generator Suspension Delay Period or the Supplier Suspension Delay Period for a Jurisdiction, which amends an existing determination in this regard, shall not have effect until the expiry of a period of 10 Working Days following the amending determination, or such longer period as may be specified by the Regulatory Authorities, and, in any event, shall not affect any then current Suspension Order.  H.11 Until the date that is the Mod\_XX\_18 Deployment Date, Section B, Paragraph B.18.4.1 shall be replaced with;  B.18.4.1 The Supplier Suspension Delay Period and the Generator Suspension Delay Period in relation to each Jurisdiction shall be seven days.   |  |  | | --- | --- | | **Mod\_XX\_18 Deployment Date** | means the date proposed by the Market Operator following discussion with the Modifications Committee, and approved by the Regulatory Authorities for the purpose of H.11, such date to be published on the Market Operator web site at least three Working Days in advance of the date concerned. | | | | | | |
| **Modification Proposal Justification**  *(Clearly state the reason for the Modification)* | | | | | |
| This interim proposal is required to ensure that the rules reflect a fixed Suspension Delay Period until such times as both the rules and systems are amended to handle the dynamic values detailed in the SEM Committee decision in this area. | | | | | |
| **Code Objectives Furthered**  *(State the Code Objectives the Proposal furthers, see Section 1.3 of T&SC for Code Objectives)* | | | | | |
| to facilitate the efficient discharge by the Market Operator of the obligations imposed upon it by its Market Operator Licences;  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 Market Rules will imply dynamic values without containing the algebra to deal with these values resulting in an internal inconsistency in the rules and a disconnect between the rules and what is calculated in reality within the market systems resulting in a non compliance for SEMO. | | | | | |
| **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.)* | | |
| Not required | | | No impact on market systems or processes since the change is in line with their current functionality.  No impact on Participant systems or processes anticipated.  No impact on other Market Codes anticipated.  Will impact on the value of Required Credit Cover for Participants. | | |
| ***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.**