

MODIFICATION PROPOSAL FORM			
Proposer (Company)	Date of receipt (assigned by Secretariat)	Type of Proposal (delete as appropriate)	Modification Proposal ID (assigned by Secretariat)
BnM	14 th April 2021	Standard	Mod_01_21 v2
Contact Details for Modification Proposal Originator			
Name	Telephone number	Email address	
David Gascon		David.gascon@bordnamona.com	
Modification Proposal Title			
Removal of difference charges where operational constraints are binding v2			
Documents affected (delete as appropriate)	Section(s) Affected	Version number of T&SC or AP used in Drafting	
Appendices Part B			
Explanation of Proposed Change (mandatory by originator)			
<p>This is the same proposal as previously submitted by the RAs as part of the consultation paper SEM-19-024 back in May 2019. This consultation set out the option to remove the exposure to Difference Charges of Generator Units whose scheduled output cannot be increased due to an Operational Constraint. This will cover all Operating and Replacement Reserves (except negative reserves) that limit an increase in a unit's output, these are:</p> <ul style="list-style-type: none"> ✓ All Operating and Replacement Reserves (except Negative Reserves) – currently Replacement Reserve only; ✓ S_MWR_ROI, and S_MWR_NI – when transfers from Ireland to Northern Ireland and vice versa are at a maximum; ✓ S_SNSP_TOT – when the System Non-Synchronous Penetration (SNSP) level is equal to the SNSP limit; ✓ S_RoCoF – ensures Ireland and NI power systems do not exceed Rate of Change of Frequency (RoCoF) limits; ✓ S_INERTIA_TOT- Operational limit for inertia. Ensures that all island Inertia does not fall below 23,000 MWs. ✓ S_MWMIN_MOYLE, S_MWMAX_MOYLE, S_MWMIN_EWIC, S_MWMAX_EWIC. Ensures all flows do not exceed a predetermined value for imports to Ireland and exports to GB. ✓ S_MWMAX_NI_GT, S_REP_NI, S_REP_ROI, and S_MWMAX_ROI_GT – combined MW output of OCGTs must be less than set MW number in Ireland and NI. This is required for replacement reserve in NI and Ireland; ✓ S_MWMAX_CRK_MW , and S_MWMAX_STH_MW – generation restriction in the Cork area and Southern Region; and ✓ other constraints that may be added from time to time. Please refer to the latest list of operational constraints as published by the TSO. <p>Under this proposed option, units bound by a binding constraint would be flagged with a System Service Flag. This includes units that are included in the constraints that are available to deliver but OFF at the time.</p> <p>Despite the support of the vast majority of respondents in favour of implementing this proposal, as a prudent approach the RAs decided to hold back any changes with the view of gathering additional operational experience over time. There has been over 15 months since the decision was taken, therefore, it is now time to reconsider this approach.</p>			

Legal Drafting Change

*(Clearly show proposed code change using **tracked** changes, if proposer fails to identify changes, please indicate best estimate of potential changes)*

In terms of implementation, a TSC modification (Appendix N: Flagging and Tagging) would need to be progressed through the Modification process together with a revision to the TSOs' Methodology for Determining System Operator and Non-Marginal Flags. See proposed wording below:

**APPENDIX N: FLAGGING AND TAGGING
SYSTEM OPERATOR AND NON-MARGINAL**

1. For each Imbalance Pricing Period, ϕ , the System Operators shall use information from the most recent Indicative Operations Schedule to identify whether a Generator Unit's scheduled output is bound by the presence of an Operational Constraint with the exception of those Operational Constraints relating to upper MW limits on the Transmission System and where they determine that the Generator Unit is so bound, shall set the System Operator Flag (FSOu ϕ) for that Generator Unit, u, equal to zero for that Imbalance Pricing Period, ϕ . Otherwise, the System Operators shall set the System Operator Flag (FSOu ϕ) for that Generator Unit, u, equal to one for that Imbalance Pricing Period, ϕ .
2. For each Imbalance Pricing Period, ϕ , the System Operators shall use information from the most recent Indicative Operations Schedule to identify whether a Generator Unit's scheduled output is bound by the presence of an Operational Constraint relating to the provision of Replacement Reserve, or any other Operational constraint which has a setting of 'ON' in the Imbalance Pricing System and which limits the potential output the Generator's unit ~~or any other Operational constraint which limits the potential output the Generator's unit and for that a constraint that it is Off in pricing~~, and where they determine that the Generator Unit is so bound, shall set the System Service Flag (FSSu ϕ) for that Generator Unit, u, equal to zero for that Imbalance Pricing Period, ϕ . Otherwise, the System Operators shall set the System Service Flag (FSSu ϕ) for that Generator Unit, u, equal to one for that Imbalance Pricing Period, ϕ .
3. For each Imbalance Pricing Period, ϕ , the System Operators shall use information from the most recent Indicative Operations Schedule to identify whether a Generator Unit's scheduled output is bound by the presence of a Unit Constraint and where they determine that the Generator Unit is so bound, shall set the Non-Marginal Flag (FNMu ϕ) for that Generator Unit, u, equal to zero for that Imbalance Pricing Period, ϕ . Otherwise, the System Operators shall set the Non-Marginal Flag (FNMu ϕ) for that Generator Unit, u, equal to one for that Imbalance Pricing Period, ϕ .

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Modification Proposal Justification

(Clearly state the reason for the Modification)

Based on comments received from the Working Group 1 held on the 22nd of March 2021, it was agreed to implement Mod 01 21 without reversing Mod 09 19. To achieve this, some small changes to the legal drafting are required from v1 of the proposal to ensure maintaining MWR Constraint off in Pricing and applying the System Service flag to all other constraints that are 'on'.

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This proposal is needed to remove the unintended consequence of exposing plants holding a Reliability Option to Capacity Market difference payments, in circumstances where they are in merit and available to deliver and are not dispatched by the System Operator.

Code Objectives Furthered

(State the Code Objectives the Proposal furthers, see Section 1.3 of Part A and/or Section A.2.1.4 of Part B of the T&SC for Code Objectives)

The aim of this Modification is to facilitate the achievement of the following objectives:

- (b) to facilitate the efficient, economic, and coordinated operation, administration and development of the Single Electricity Market in a financially secure manner;
- (c) to facilitate the participation of electricity undertakings engaged in the generation, supply or sale of electricity in the trading arrangements under the Single Electricity Market;

- (d) to promote competition in the Single Electricity Market;
- (e) to provide transparency in the operation of the Single Electricity Market; and
- (f) to ensure no undue discrimination between persons who are parties to the Code.

Implication of not implementing the Modification Proposal

(State the possible outcomes should the Modification Proposal not be implemented)

If this Modification proposal is not implemented, Generator Units which hold Reliability Option (RO) obligations will continue to be exposed by facing Difference Charges (where the imbalance price is higher than the RO strike price) while being unable to be dispatched up by the System Operators due to the presence of an Operational Constraint on the system. These affected units were in merit (in the balancing energy market), and available but were dispatched up to their RO MW level.

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 Market Code, Grid Code, Exchange Rules etc.)

No

Upon approval of this modification the decision could be implemented relatively quickly through configuration settings in the Central Market Systems avoiding the longer timelines needed for system charges.

Please return this form to Secretariat by email to balancingmodifications@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:
 - 1.1 to the Market Operator and the Regulatory Authorities to publish and/or distribute the Modification Proposal for free and unrestricted access;
 - 1.2 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;
 - 1.3 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.