MODIFICATION PROPOSAL FORM			
Proposer *(Company)*	**Date of receipt** *(assigned by Secretariat)*	**Type of Proposal** *(delete as appropriate)*	**Modification Proposal ID** *(assigned by Secretariat)*
EP UK Investments Limited	**19th April 2023**	**Standard**	**Mod_01_23v3**

Contact Details for Modification Proposal Originator		
Name	**Telephone number**	**Email address**
Cormac Daly		**c.daly@tynaghenergy.ie**

Modification Proposal Title
Remuneration of Commissioning Unit (v3)

Documents affected *(delete as appropriate)*	**Section(s) Affected**	**Version number of T&SC or Agreed Procedure used in Drafting**
T&SC Part B **Appendices Part B** **Glossary Part B** **Agreed Procedures Part B**	**Section D.7** **Section F** **Section G** **Section K**	

Explanation of Proposed Change
(mandatory by originator)

This modification seeks to ensure that New Capacity units which are undergoing Commissioning or Grid Code testing can recover their costs. Commissioning and Grid Code testing are important steps for New Capacity units to achieve Substantial Completion. Currently units which are commissioning will act as 'price takers' within the Balancing Market. However, this can result in issues where units are unable to recover the costs which are incurred during the Commissioning and Grid Code testing process.

This issue is compounded depending on the timing of Commissioning and testing, and market conditions for same. In order to connect in time for the beginning of the Capacity Year, most New Capacity units will be required to Commission and perform Grid Code testing over the course of the summer. This will expose units to periods where the Balancing Market price is likely to be negative, possibly resulting in a cost for units that are undergoing Commissioning. This, combined with the cost of operating the plant during the Commissioning phase, results in a double cost exposure for New Capacity units.

This cost exposure is a significant obstacle for New Capacity to achieve Substantial Completion. At a time when New Capacity is urgently needed due to the ongoing Security of Supply Crisis, we believe it is important to address this challenge. As such, we are proposing a modification to address remuneration of a unit while it is Commissioning or Grid Code testing.

These arrangements have not been necessary to date as a thermal generation unit has not Commissioned under the updated SEM arrangements introduced in 2018.

There are a number of changes required in order for this modification to function as intended.

Amended Version: Following feedback from the previous Mods Committee meeting and Industry Call, we have included additional drafting in this modification to ensure that Commissioning Units cannot gain in instances where the BM price is above costs. These changes are applied to Section F of the TSC.

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

This modification proposes the introduction of a new subsection to the Trading and Settlement Code under Section D.7:

D.7.4 Generator Units Under Commissioning and Grid Code Testing

D.7.4.1 The relevant System Operator may grant Generator Units the status of 'Under Commissioning and Grid Code Testing" for a limited period under the terms of the relevant Grid Code.

D.7.4.2 Notwithstanding paragraph D.7.4.1 the status of Under Commissioning and Grid Code Testing shall not be granted to Generator Units which have Priority Dispatch and which are not Dispatchable, Generator Units which are not Dispatchable and Not Controllable (with the exception of Interconnector Units), or Interconnector Residual Capacity Units. Any request from any such Units shall be deemed returned whether or not a response is received from the System Operator.

D.7.4.3 In order for a Generator Unit to acquire Under Commissioning and Grid Code Testing status under this Code, an eligible Participant shall submit an Under Commissioning and Grid Code Flag to the relevant System Operator which should reflect the agreed operational profile as part of the Commissioning and/or Grid Code testing programme agreed with the relevant System Operator.

D.7.4.4 In order for a Generator Unit to acquire Under Commissioning and Grid Code Testing status under this Code, an eligible Participant shall submit Complex Offer Data to the relevant System Operator, and Market Operator, to reflect the costs which will be incurred during the Commissioning phase.

D.7.4.5 The System Operator shall record the Generator Unit Under Commissioning and Grid Code Testing status under this Code for the Imbalance Settlement Periods between the Physical Notification Quantity times associated with the Under Commissioning and Grid Code Testing, starting on the Imbalance Settlement Period in which the Under Commissioning and Grid Code Testing first applies, and ending on the Imbalance Settlement Period in which the Under Commissioning and Grid Code Testing last applies in order to settle appropriately.

D.7.4.6 The Generator Unit Under Commissioning and Grid Code Testing will submit zero Physical Notifications during all Settlement Periods for which the Under Commissioning and Grid Code testing flag applies. For each of these periods, the Unit Under Commissioning and Grid Code Testing will be dispatched by the relevant System Operator, to its agreed test profile.

This paragraph, D.7.4.5, would mean that a Commissioning Unit is set to zero dispatch initially in settlement, but re-dispatched in accordance with the current TSO procedures. This would enable the recovery of operating costs through the Balancing Market.

A further addition will be required to D.7.1.1:

D.7.1.1 Physical Notification Data submitted in accordance with Appendix I "Offer Data" shall comprise one or more Physical Notification Quantities (qPNuγ(t)) associated with a time during an Imbalance Settlement Period, γ, each of which shall comprise a From MW Level with an associated From MW Time, and a To MW Level with an associated To MW Time. The time element of this data shall represent the start of a minute and shall be expressed in a whole number of minutes. The Physical Notification Data may also include an Under Test Flag or an Under Commissioning and Grid Code Testing Flag.

An addition to the above changes, we believe some amendments would be required to the Glossary of the Trading and Settlement Code. We propose the introduction of the following new definitions:

Under Commissioning and Grid Code Testing means the under commissioning and Grid Code testing accorded to certain Generator Units by the relevant System Operator subject to the requirements that the Market Operator has verified the status with the relevant System Operator and that the relevant Unit is so permitted under section D.7.4.

Generator Unit Under Commissioning and Grid Code Testing means the status of a Generator Unit which has Under Commissioning and Grid Code Testing status in accordance with section D.7.4.

Generator Under Commissioning and Grid Code Testing Notice is a Data Transaction in relation to Generator Unit Under Commissioning and Grid Code Testing status detailed in Appendix F: "Other Communications".

Generator Under Commissioning and Grid Code Testing Request means a notice submitted by a New Capacity generation Participant to the Market Operator and System Operator detailing its intention to apply for the status of Under Commissioning as detailed in Appendix F: "Other Communications".

Unit Under Commissioning and Grid Code Testing Start Date means the date specified in a Generator Under Commissioning and Grid Code Testing Notice as the start date for Under Commissioning and Grid Code Testing status for a Generator Unit.

Unit Under Commissioning and Grid Code Testing End Date means the date specified in a Generator Under Commissioning and Grid Code Testing Notice as the end date for Under Commissioning and Grid Code Testing status for a Generator Unit.

Unit Under Commissioning and Grid Code Testing Starting Trading Day means the Trading Day on which the Under Commissioning and Grid Code Test status begins to apply for a Generator Unit.

Unit Under Commissioning and Grid Code Testing Ending Trading Day means the Trading Day on which the Under Commissioning and Grid Code Test status ceases to apply for a Generator Unit.

As well as the above changes to the main body and Glossary of the Trading and Settlement Code, further amendments would be required to Appendix F: Other Communications, with the addition of the following section:

Generator Unit Under Commissioning and Grid Code Notice

12. Agreed Procedure 4 "Transaction Submission and Validation" sets out the detail of all Generator Unit Under Commissioning and Grid Code Testing Notices, following the principles in paragraphs 13 and 14 of this Appendix below.

13. Each Participant shall submit a Generator Unit Under Commissioning and Grid Code Testing Request to the Market Operator in accordance with the Grid Code in advance of Unit Under Commissioning and Grid Code Testing Start Date. The Generator Unit Under Commissioning and Grid Code Testing Request will specify in all cases Unit Under Commissioning and Grid Code Testing Start Date and time, Unit Under Commissioning and Grid Code Testing End Date and time, and the Generator Under Commissioning and Grid Code Testing and any such requirements as specified in the Grid Code.

14. Participants shall submit a Generator Unit Under Commissioning and Grid Code Testing Notice to the Market Operator in accordance with the Grid Code. The Generator Unit Under Commissioning and Grid Code Testing Notice will specify in all cases the Unit Under Commissioning and Grid Code Testing Start Date and time and the Unit Under Commissioning and Grid Code Testing End Date and time, and the Unit Under Commissioning and Grid Code Testing. The Market Operator will ensure that Unit Under Commissioning and Grid Code Testing Notices can be submitted by Participants through a Type 2 or Type 3 Channel.

In addition to the above changes, we believe a number of amendments would be required to Agreed Procedure 4: "Transaction Submission and Validation" in order to reflect an updated procedure for the submission and validation of Unit Under Commissioning and Grid Code testing requests.

The following amendments are made to Section F of the TSC to ensure that Commissioning Units will not gain in instances where the BM price is above costs.

Section F - Changes

F.1.2 Settlement Charges and Payments for Generator Units

F.1.2.1 The Market Operator shall calculate the following charges and payments for each Generator Unit in accordance with the Settlement Calendar in section G.2.4:

(a) $CIMB_{u\gamma}$, the Imbalance Component Payment or Charge calculated in accordance with section F.5;

(b) $CPREMIUM_{u\gamma}$, the Premium Component Payment calculated in accordance with section F.6;

(c) $CDISCOUNT_{u\gamma}$, the Discount Component Payment calculated in accordance with section F.6;

(d) $CAOOPO_{u\gamma}$, the Offer Price Only Accepted Offer Payment or Charge calculated in accordance with section F.7;

(e) $CABBPO_{u\gamma}$, the Bid Price Only Accepted Bid Payment or Charge calculated in accordance with section F.7;

(f) $CCURL_{u\gamma}$, the Curtailment Payment or Charge calculated in accordance with section F8**;**

(g) $CAONEPC_{u\gamma}$ the Accepted Offer Not Entitled to Premium Component Charge calculated in accordance with section F.8.4

(h) $CUNIMB_{u\gamma}$, the Uninstructed Imbalance Charge calculated in accordance with section F.9;

(i) $CII_{u\gamma}$, the Information Imbalance Charge calculated in accordance with section F.10**;**

(j) CFC_{ub}, the Fixed Cost Payment or Charge calculated in accordance with section F.11; and

(k) $CTEST_{u\gamma}$, the Testing Charge calculated in accordance with section **F**13.

F.8.4 **Calculation of Accepted Offer Not Entitled to Premium Component Charge**

F.8.4.1 The following provisions of section F.8.4 do not apply to any Unit which is:

(a) An Interconnector Unit;

(b) An Interconnector Residual Capacity Unit; or

(c) A Demand Side Unit

F.8.4.2 The Market Operator shall calculate the Accepted Offer Not Entitled to Premium Component Charge for each Generator Unit, u, in each Imbalance Settlement Period, γ, for which it is undergoing Commissioning or Grid Code testing as follows:

$$CAONEPC_{u\gamma} = \left(\sum_{o}\sum_{i}\left(QAOLF_{uoi\gamma} - Max\left(QAOOPOLF_{uoi\gamma}, QAOBIAS_{uoi\gamma}, QAOUNDEL_{uoi\gamma}, QAOTOTSOLF_{uoi\gamma}\right) \times Min\left(PBO_{uoi\gamma} - PIMB_{\gamma}, 0\right)\right)\right)$$

Where:

(a) $\sum_o$ is the summation of all Bid Offer Acceptances, o;

(b) $\sum_i$ is the summation over all Bands, i;

(c) $QAOLF_{uoi\gamma}$ is the Loss-Adjusted Accepted Offer Quantity for Generator Unit, u, for Bid Offer Acceptance, o, for Band, I, in Imbalance Settlement Period, γ;

(d) $QAOOPOLF_{uoi\gamma}$ is the Loss-Adjusted Offer Price Only Accepted Bid Quantity for Generator Unit, u, for Bid Offer Acceptance, o, for Band, I, in Imbalance Settlement Period, γ, calculated in accordance with section F.7.1;

(e) $QAOBIAS_{uoi\gamma}$ is the Biased Accepted Offer Quantity for Generator Unit, u, for Bid Offer Acceptance, o, for Band, I, in Imbalance Settlement Period, γ, calculated in accordance with section F.6.7;

(f) $QAOUNDEL_{uoi\gamma}$ is the Undelivered Accepted Offer Quantity for Generator Unit, u, for Bid Offer Acceptance, o, for Band, I, in Imbalance Settlement Period, γ, calculated in accordance with section F.6.6;

(g) $QAOTOTSOLF_{uoi\gamma}$ is the Loss Adjusted Trade Opposite TSO Accepted Offer Quantity for Generator Unit, u, for Bid Offer Acceptance, o, for Band, I, in Imbalance Settlement Period, γ, calculated in accordance with section F.6.4;

(h) $PBO_{uoi\gamma}$ is the Bid Offer Price for each Accepted Bid Quantity and Accepted Offer Quantity for Generator Unit, u, for Bid Offer Acceptance, o, for Band, I, in Imbalance Settlement Period, γ; and

(i) $PIMB_{\gamma}$ is the Imbalance Settlement Price in Imbalance Settlement Period, γ.

F.11.4.2 The Market Operator shall calculate the Make-Whole Payment Revenue ($CREVMWP_{uk}$) for each Generator Unit, u, for each Contiguous Operating Period, k, in each Billing Period, b, as follows:

$$
\begin{aligned}
&CREVMWP_{uk} \\
&= \sum_{\gamma \in k} \left(\sum_{o} \sum_{i} \left(Max(PBO_{uoi\gamma}, PIMB_{\gamma}) \right. \right. \\
&\times \left(QAOLF_{uoi\gamma} \right. \\
&\left. \left. - Max(QAOOPOLF_{uoi\gamma}, QAOBIAS_{uoi\gamma}, QAOUNDEL_{uoi\gamma}, QAOTOTSOLF_{uoi\gamma}) \right) \right) \\
&+ \sum_{o} \sum_{i} \left(Min(PBO_{uoi\gamma}, PIMB_{\gamma}) \right. \\
&\times \left(QABLF_{uoi\gamma} \right. \\
&- Min(QABBPOLF_{uoi\gamma}, QABBIAS_{uoi\gamma}, QABUNDEL_{uoi\gamma}, QABNFLF_{uoi\gamma}, QABCURLLF_{uoi\gamma}, \\
&\left. \left. QABTOTSOLF_{uoi\gamma}) \right) \right) \\
&+ \sum_{o} \sum_{i} \left(PBO_{uoi\gamma} \times Max(QAOOPOLF_{uoi\gamma} - QAOUNDEL_{uoi\gamma}, 0) \right) \\
&+ \sum_{o} \sum_{i} \left(PBO_{uoi\gamma} \times Min(QABBPOLF_{uoi\gamma} - Min(QABCURLLF_{uoi\gamma}, QABUNDEL_{uoi\gamma}), 0) \right) \\
&+ \sum_{o} \sum_{i} \left(PCURL_{u\gamma} \right.
\end{aligned}
$$

$\times Min(QABCURLLF_{uoi\gamma} - Min(QABBIAS_{uoi\gamma}, QABUNDEL_{uoi\gamma}), 0)))$

$+ CAONEPC_{u\gamma}$

where:

(a) $\sum_{\gamma \in k}$ is a summation over all Imbalance Settlement Periods, γ, within the Contiguous Operating Period, k;

(b) $PBO_{uoi\gamma}$ is the Bid Offer Price for each Accepted Bid Quantity and Accepted Offer Quantity for Generator Unit, u, for Bid Offer Acceptance, o, for Band, i, in Imbalance Settlement Period, γ;

(c) $QAOLF_{uoi\gamma}$ is the Loss-Adjusted Accepted Offer Quantity for Generator Unit, u, for Bid Offer Acceptance, o, for Band, i, in Imbalance Settlement Period, γ;

(d) $QABLF_{uoi\gamma}$ is the Loss-Adjusted Accepted Bid Quantity for Generator Unit, u, for Bid Offer Acceptance, o, for Band, i, in Imbalance Settlement Period, γ;

(e) $CAOOPO_{u\gamma}$ is the Offer Price Only Accepted Offer Payment or Offer Price Only Accepted Offer Charge for Generator Unit, u, in Imbalance Settlement Period, γ;

(f) $CABBPO_{u\gamma}$ is the Bid Price Only Accepted Bid Payment or Bid Price Only Accepted Bid Charge, γ;

(g) $CCURL_{u\gamma}$ is the Curtailment Payment or Charge for Generator Unit, u, in Imbalance Settlement Period, γ;

(h) $PIMB_{\gamma}$ is the Imbalance Settlement Price in Imbalance Settlement Period, γ, calculated in accordance with Chapter E (Imbalance Pricing);

(i) $QAOTOTSOLF_{uoi\gamma}$ is the Loss-Adjusted Trade Opposite TSO Accepted Offer Quantity for Generator Unit, u, for Bid Offer Acceptance, o, for Band, i, in Imbalance Settlement Period, γ, calculated in accordance with section F.6.4

(j) $QABTOTSOLF_{uoi\gamma}$ is the Loss-Adjusted Trade Opposite TSO Accepted Bid Quantity for Generator Unit, u, for Bid Offer Acceptance, o, for Band, i, in Imbalance Settlement Period, γ, calculated in accordance with section F.6.4.

(k) $QABNFLF_{uoi\gamma}$ is the Loss-Adjusted Non-Firm Accepted Bid Quantity for Generator Unit, u, for Bid Offer Acceptance, o, for Band, i, in Imbalance Settlement Period, γ, calculated in accordance with section F.6.5**.**

(l) $QAOUNDEL_{uoi\gamma}$ is the Undelivered Accepted Offer Quantity for Generator Unit, u, for Bid Offer Acceptance, o, for Band, i, in Imbalance Settlement Period, γ, calculated in accordance with section F.6.6.

(m) $QABUNDEL_{uoi\gamma}$ is the Undelivered Accepted Bid Quantity for Generator Unit, u, for Bid Offer Acceptance, o, for Band, i, in Imbalance Settlement Period, γ, calculated in accordance with section F.6.6

(n) $QAOBIAS_{uoi\gamma}$ is the Biased Accepted Offer Quantity for Generator Unit, u, for Bid Offer Acceptance, o, for Band, i, in Imbalance Settlement Period, γ, calculated in accordance with section F.6.7;

(o) $QABBIAS_{uoi\gamma}$ is the Biased Accepted Bid Quantity for Generator Unit, u, for Bid Offer Acceptance, o, for Band, i, in Imbalance Settlement Period, γ, calculated in accordance with section F.6.7;

(p) $QABCURLLF_{uoi\gamma}$ is the Loss-Adjusted Curtailment Accepted Bid Quantity for Generator Unit, u, for Bid Offer Acceptance, o, for Band, i, in Imbalance Settlement Period, γ, calculated in accordance with section F.8.1;

(q) $QAOOPOLF_{uoi\gamma}$ is the Loss-Adjusted Offer Price Only Accepted Bid Quantity for Generator Unit, u, for Bid Offer Acceptance, o, for Band, i, in Imbalance Settlement Period, γ, calculated in accordance with section F.7.1.;

(r) $QABBPOLF_{uoi\gamma}$ is the Loss-Adjusted Bid Price Only Accepted Bid Quantity for Generator Unit, u, for Bid Offer Acceptance, o, for Band, i, in Imbalance Settlement Period, γ, calculated in accordance with section F.7.1;

(s) $\sum_o$ is a summation over all Bid Offer Acceptances, o; ~~and~~

(t) $\sum_i$ is a summation over all Bands, i; and

(u) $CAONEPC_{u\gamma}$ is the Accepted Offer Not Entitled to Premium Component Charge for Generator Unit, u, in Imbalance Settlement Period γ calculated in accordance with section F.8.4;

Section G

G.4.10 **Charges for Testing**

G.4.10.1 The total Testing Charge ($CTEST_{ud}$) made for each Generator Unit u for each Settlement Day d shall be calculated by the Market Operator as follows:

$$CTEST_{ud} = \sum_{\gamma \, in \, d} CTEST_{u\gamma}$$

where:

(a) CTESTuγ is the Testing Charge for Generator Unit u in Imbalance Settlement Period γ calculated in accordance with section F.13; and

(b) $\sum_{\gamma \, in \, d}$ is a summation over all Imbalance Settlement Periods γ in Settlement Day d.

G.4.10.2 The Accepted Offer Not Entitled to Premium Component Charge $(CAONEPC_{ud})$ made for each Generator Unit u for each Settlement Day d shall be calculated by the Market Operator as follows:

$$CAONEPC_{ud} = \sum CAONEPC_{u\gamma}$$

$\gamma \; in \; d$

where:

(a) CAOENPCuγ is the Generation Under Commissioning Not Entitled Premium Component Charge for Generator Unit u in Imbalance Settlement Period γ calculated in accordance with section F.8.4; and

(b) $\sum_{\gamma \; in \; d}$ is a summation over all Imbalance Settlement Periods γ in Settlement Day d.

K.4.11 **Total Daily Amounts for Generator Units**

K.4.11.1 The Total Daily Amounts ($CDAY_{ud}$) made for each Generator Unit u for each Settlement Day d shall be calculated by the Market Operator as follows:

$$CDAY_{ud} = CIMB_{ud} + CPREMIUM_{ud} + CDISCOUNT_{ud} + CAOOPO_{ud} + CABBPO_{ud} + CCURL_{ud} + CUNIMB_{ud} + CII_{ud} + CTEST_{ud} + CAONEPCud$$

where:

(a) $CIMB_{ud}$ is the total Imbalance Component Payment or Charge for Generator Unit, u, for Settlement Day, d, calculated in accordance with section G.4.2;

(b) $C\text{PREMIUM}_{ud}$ is the total Premium Component Payment for Generator Unit, u, for Settlement Day, d, calculated in accordance with section G.4.3;

(c) $C\text{DISCOUNT}_{ud}$ is the total Discount Component Payment for Generator Unit, u, for Settlement Day, d, calculated in accordance with section G.4.4;

(d) $C\text{AOOPO}_{ud}$ is the total Offer Price Only Accepted Offer Payment or Charge for Generator Unit, u, for Settlement Day, d, calculated in accordance with section G.4.5;

(e) $C\text{ABBPO}_{ud}$ is the total Bid Price Only Accepted Bid Payment or Charge for Generator Unit, u, for Settlement Day, d, calculated in accordance with section G.4.6;

(f) $C\text{CURL}_{ud}$ is the total Curtailment Payment or Charge for Generator Unit, u, for Settlement Day, d, calculated in accordance with section G.4.7;

(g) $C\text{UN}IMB_{ud}$ is the total Uninstructed Imbalance Charge for Generator Unit, u, for Settlement Day, d, calculated in accordance with section G.4.8;

(h) CII_{ud} is the total Information Imbalance Charge for Generator Unit, u, for Settlement Day, d, calculated in accordance with section G.4.9;

(i) $C\text{TEST}_{ud}$ is the total Testing Charge for Generator Unit, u, for Settlement Day, d, calculated in accordance with section G.4.10;

(j) $C\text{AONEPC}_{ud}$ is the total Accepted Offer Not Entitled to Premium Component Charge for Generator Unit, u, for Settlement Day, d, calculated in accordance with section G.4.10.2;

Glossary

Accepted Offer Not Entitled to Premium Component: an adjustment to ensure that Generator Units undergoing Commissioning or Grid Code testing do not recoup Premium Component payments or Charges where it is not entitled to. It is calculated in accordance with Section F.8.4.

Modification Proposal Justification
(Clearly state the reason for the Modification)

The appropriate settlement of thermal generation Units has not been tested within the current SEM arrangements. The current market rules expose New Capacity units to steep cost exposure. This downside has the potential to make New Capacity projects economically infeasible in the short-term, and in the long-term will dissuade future investment into new generation.

In a best case scenario, a generator would need to delay its Commissioning to a point in time when it is able to cover its incurred costs. This would delay New Capacity which is urgently needed in order to address the Security of Supply crisis. We believe it essential that all New Capacity is connected as quickly as possible.

Ensuring adequate capacity is present on the system during the winter period will avoid significant cost to the consumer. This cost is already being incurred as seen with the hundreds of millions of euro which have been spent on emergency generation which is procured outside of the competitive capacity market. These costs are incurred at a point in time when consumers already face increased costs due to rising commodity prices, meaning that the impact of any capacity shortfall is compounded.

This modification represents a better outcome for consumers by addressing capacity deficits through the securing of New Capacity. Additionally, it is a fairer outcome for Commissioning Units which will be able to recover their costs when carrying out the required testing before Substantial Completion. Failure to implement this modification would result in New Capacity projects being burdened with significant costs which are irrecoverable through the Balancing Market.

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)

A.2.1.4. (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;

(g) to promote the short-term and long-term interests of consumers of electricity on the island of Ireland with respect to price, quality, reliability, and security of supply of electricity.

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

Obstacles to the delivery of New Capacity in the SEM, combined with rapid demand growth, has resulted in a Security of Supply crisis which has led to the need to procure expensive emergency generation in order to ensure the lights stay on in winter. This modification seeks to remove one of these barriers, by ensuring that New Capacity projects are not burdened with an irrecoverable cost. Doing so would result in an easier completion process for New Capacity and an alleviation of the current supply deficit.

This modification seeks to ensure that the CRM can deliver New Capacity as intended to do so. Failure to implement the modification would represent a continuation of the challenges which have made investment so difficult to date. If units are unable to recover their commissioning costs, they may delay testing until it is

financially viable to do so, which means they would likely miss the key winter period for which they are required. Alternatively, they may terminate their project altogether – and potential new investment would be dissuaded from entering the market.

Additionally, failure to implement this modification would result in significantly greater costs to consumers arising due to a lack of competition in the supply of generation. This has been witnessed already with the procurement of emergency generation at the cost of hundreds of millions to the consumer. This generation is procured outside the competitive process which is a core principle of the CRM. Failure to address challenges and obstacles to capacity delivery will result in a continued reliance on emergency generation. Not only will this result in further costs for consumers, it also represents a major risk to Security of Supply. With continued demand growth, there is no guarantee that there will be available emergency generation to address any deficit.

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.)*

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.**