

MODIFICATION PROPOSAL FORM			
Proposer <i>(Company)</i>	Date of receipt <i>(assigned by Secretariat)</i>	Type of Proposal <i>(delete as appropriate)</i>	Modification Proposal ID <i>(assigned by Secretariat)</i>
SEMO	8th April 2020	Standard	Mod_05_20
Contact Details for Modification Proposal Originator			
Name	Telephone number	Email address	
Chris Goodman		Christopher.goodman@soni.ltd.uk	
Modification Proposal Title			
Provisions for the Settlement of CEADSU			
Documents affected <i>(delete as appropriate)</i>	Section(s) Affected	Version number of T&SC or AP used in Drafting	
T&SC Part B	Section H	Version 21	
Explanation of Proposed Change <i>(mandatory by originator)</i>			
<p>Mod_17_19 'DSU State Aid Compliance Interim Approach' introduced a new charge item as an interim measure to ensure correct Settlement of DSUs where a price event occurs under the interim approach to achieve DSU State Aid Compliance.</p> <p>While that proposal details the calculation of this Demand Side Unit Energy Adjustment Payment or Charge (CEADSU) for each Imbalance Settlement Period it does not apply the charge item to various other downstream provisions which are in place for similar charges as follows:</p> <ul style="list-style-type: none"> • Calculation of daily total charge amount for the application to total daily amounts for Supplier Units for use in Settlement Document Aggregate amount calculations, Settlement Reallocation and Credit Calculations • List of amounts which are set to zero during Administered Imbalance Settlement • List of payments/charges which are under the definition of Trading Payments and Trading Charges which are used or referenced in a number of provisions including Force Majeure, General Communication Failure, Imperfections Charges, Settlement processes including Settlement Queries, Settlement Reallocation and publication of related documents and banking and credit arrangements • List of payments/charges which are under the definition of Settlement Payments and Settlement Charges which are used in Market Working Capital Shortfall provisions and also referenced for settlement timings <p>This proposal seeks to ensure that the CEADSU payment/charge is included in all of the necessary downstream provisions.</p> <p>Rather than supplanting large sections of the Code in the interim provision the approach taken in the legal drafting is to only supplant paragraphs where necessary due to the calculations involved and to state that the CEADSU is included in the sets of charges elsewhere. This is in an effort to avoid verbose drafting where possible Since there are a number of items which must be provided for.</p>			
Legal Drafting Change			
<i>(Clearly show proposed code change using tracked changes, if proposer fails to identify changes, please indicate best estimate of potential changes)</i>			

H.13 INTERIM RULES TO APPLY FOR A FIXED PERIOD OF TIME FOR DEMAND SIDE UNIT SETTLEMENT

H.13.1 Settlement of Ex-ante Market

H.13.1.1 Until the date that is the Mod_17_19 Deployment Date, the following paragraphs shall apply:

The Market Operator shall calculate the Demand Side Unit Energy Adjustment Payment or Charge (CEADSU_{vγ}) for each Trading Site Supplier Unit, v, which is associated with a Demand Side Unit, u, which is associated with a Capacity Market Unit, Ω, in each Imbalance Settlement Period, γ, as follows:

If $QCNET_{\Omega\gamma} = 0$, then $CEADSU_{v\gamma} = 0$,

Else if for all Trades, x, and all positions, k, in the ranked set, $PTDA_{xuh} \leq PSTR_m$, and $PTID_{xuh} \leq PSTR_m$, and $PTB_{uyk} \leq PSTR_m$, then $CEADSU_{v\gamma} = 0$,

Else

$CEADSU_{v\gamma}$

$$\begin{aligned}
 &= \sum_{x \in PTDA_{xvh} > PSTR_m} \left(-qTDA_{xvh} \times \text{Min}(DTDA_x, DISP) \right) \\
 &\times (PTDA_{xvh} - PIMB_\gamma) \\
 &+ \sum_{x \in PTID_{xvh} > PSTR_m} \left(-qTID_{xvh} \times \text{Min}(DTID_x, DISP) \right) \\
 &\times (PTID_{xvh} - PIMB_\gamma) \\
 &- \left(QMLF_{v\gamma} - QEX_{v\gamma} \right) \\
 &+ \left(\sum_{x \in PTDA_{xvh} > PSTR_m} (qTDA_{xvh} \times \text{Min}(DTDA_x, DISP)) \right) \\
 &+ \left. \sum_{x \in PTID_{xvh} > PSTR_m} (qTID_{xvh}) \times \text{Min}(DTID_x, DISP) \right) \times PIMB_\gamma
 \end{aligned}$$

where:

- (a) $QMLF_{v\gamma}$ is the Loss-Adjusted Metered Quantity for Supplier Unit, v, in Imbalance Settlement Period, γ;
- (b) $QEX_{v\gamma}$ is the Ex-Ante Quantity for Supplier Unit, v, in Imbalance Settlement Period, γ;
- (c) $PSTR_m$ is the Strike Price for Month, m, which contains Imbalance Settlement Period, γ.
- (d) $PIMB_\gamma$ is the Imbalance Settlement Price in Imbalance Settlement Period,

- γ , calculated in accordance with Chapter E (Imbalance Pricing);
- (e) $qTDA_{xvh}$ is the Day-ahead Trade Quantity in respect of Supplier Unit v for Day-ahead Trading Period h for Trade x ;
 - (f) $qTID_{xvh}$ is the Intraday Trade Quantity in respect of Supplier Unit v for Intraday Trading Period h for Trade x ;
 - (g) DISP is the Imbalance Settlement Period Duration;
 - (h) $DTDA_x$ is the Day-ahead Trade Duration of Trade, x ;
 - (i) $DTID_x$ is the Intraday Trade Duration of Trade, x ;
 - (j) $PTDA_{xvh}$ is the Day-ahead Trade Price for Trade, x , for Supplier Unit, v , within whose Day-ahead Trading Period, h , the Imbalance Settlement Period, γ , falls in whole or in part;
 - (k) $PTID_{xvh}$ is the Intraday Trade Price associated with the Intraday Trade Quantity ($QTID_{xvh}$) for Trade, x , for Supplier Unit, v , within whose Intraday Trading Period, h , the Imbalance Settlement Period, γ , falls in whole or in part;
 - (l) PTB_{uyk} is the Balancing Trade Price associated with the Balancing Trade Quantity (QTB_{uyk}) for Generator Unit, u , in the position, k , in the ranked set, in Imbalance Settlement Period, γ ;
 - (m) $\sum_{x \in PTDA_{xvh} > PSTR_m}$ is a summation over all Trades, x , where the price associated with that trade, $PTDA_{xvh}$, is greater than the Strike Price for month, m , $PSTR_m$; and
 - (n) $\sum_{x \in PTID_{xvh} > PSTR_m}$ is a summation over all Trades, x , where the price associated with that trade, $PTID_{xvh}$, is greater than the Strike Price for month, m , $PSTR_m$.

H.13.1.2 The total Demand Side Unit Energy Adjustment Payment or Charge ($CEADSU_{vd}$) for Trading Site Supplier Unit v , which is associated with a Demand Side Unit u , for Settlement Day d shall be calculated by the Market Operator as follows:

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$$CEADSU_{vd} = \sum_{\gamma \text{ in } d} CEADSU_{v\gamma}$$

where:

- (a) $CEADSU_{v\gamma}$ is the Demand Side Unit Energy Adjustment Charge or Payment for Trading Site Supplier Unit v , which is associated with a Demand Side Unit u , for Imbalance Settlement Period γ calculated in accordance with H.13.1.1; and
- (b) $\sum_{\gamma \text{ in } d}$ is a summation over all Imbalance Settlement Periods γ in Settlement Day d .

H.13.1.3 Paragraph G.5.6.1 shall be replaced with:

“The Total Daily Amounts ($CDAY_{vd}$) for Supplier Unit v for Settlement Day d shall be calculated by the Market Operator as follows:

$$CDAY_{vd} = CIMB_{vd} + CIMP_{vd} + CCA_{vd} + CREV_{vd} + CDIFFPACHIEVE_{vd} + CEADSU_{vd}$$

where:

- (a) CIMB_{vd} is the total Imbalance Component Charge or Payment for Supplier Unit v for Settlement Day d calculated in accordance with section Error! Reference source not found.
- (b) CIMP_{vd} is the total Imperfections Charge for Supplier Unit v for Settlement Day d calculated in accordance with section Error! Reference source not found.
- (c) CREV_{vd} is the total Residual Error Volume Charge for Supplier Unit v, which is not a Trading Site Supplier Unit, for Settlement Day d calculated in accordance with section Error! Reference source not found.
- (d) CCA_{vd} is the total Currency Adjustment Charge for Supplier Unit v, which is not a Trading Site Supplier Unit, for Settlement Day d calculated in accordance with section Error! Reference source not found.
- (e) CDIFFPACHIEVE_{vd} is the Achievable Difference Payment for Supplier Unit v for Settlement Day d calculated in accordance with section F.20; and
- (f) CEADSU_{vd} is the Demand Side Unit Energy Adjustment Charge or Payment for Trading Site Supplier Unit v associated for Settlement Day d calculated in accordance with H.13.1.2.

H.13.1.4 The Demand Side Unit Energy Adjustment Payment or Charge (CEADSU_{vd}) shall be included in the following groups of payments and charges, and the provisions which relate to them, for Trading Site Supplier Units associated with Demand Side Units:

- (a) The set of amounts to be set equal to zero where Administered Imbalance Settlement is in effect as contemplated by paragraph G.17.3.2;
- (b) Settlement Payments and Settlement Charges as contemplated by the glossary definitions for those terms and application of the same in sections F.1 and F.22; and
- (c) Trading Payments and Trading Charges as contemplated by the glossary definitions for those terms and application of the same in sections B.22, C.5, F.12, G.1, G.2, G.5, G.14, G.15, G.16, G.18, Appendix E, Appendix G, Agreed Procedure 9 "Management of Credit Cover", Agreed Procedure 10 "Settlement Reallocation", Agreed Procedure 13 "Settlement Queries", Agreed Procedure 17 "Banking and Participant Payments" and Agreed Procedure 15 "Settlement and Billing".

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

<p>This proposal seeks to ensure that a new charge which has been introduced is robustly applied to downstream provisions to ensure that there is clarity as to its application and also to ensure that there is no material error of omission.</p>	
<p style="text-align: center;">Code Objectives Furthered <i>(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)</i></p>	
<p>(a) to facilitate the efficient, economic and coordinated operation, administration and development of the Single Electricity Market in a financially secure manner;</p> <p>By ensuring that the application of a new charge item is captured robustly and without material omission.</p> <p>(e) to provide transparency in the operation of the Single Electricity Market;</p> <p>By ensuring that the application of a new charge item is clearly captured within the market rules</p>	
<p style="text-align: center;">Implication of not implementing the Modification Proposal <i>(State the possible outcomes should the Modification Proposal not be implemented)</i></p>	
<p>If this proposal is not implemented there will be an absence of clarity and material omission in relation to the rules which apply to a charge item which is required to ensure compliance with state aid provisions.</p>	
<p>Working Group <i>(State if Working Group considered necessary to develop proposal)</i></p>	<p>Impacts <i>(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.)</i></p>
<p>No</p>	<p>Impacts on systems have already been captured when developing the implementation details of associated Mod_17_19 which details the calculation of the charge itself so this proposal does not lead to any further impacts.</p>
<p>Please return this form to Secretariat by email to balancingmodifications@sem-o.com</p>	

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.