

MODIFICATION PROPOSAL FORM			
Proposer (Company)	Date of receipt (assigned by Secretariat)	Type of Proposal (delete as appropriate)	Modification Proposal ID (assigned by Secretariat)
SSE	14 th April 2021	Standard	Mod_06_21
Contact Details for Modification Proposal Originator			
Name	Telephone number	Email address	
Stacy Feldmann		Stacy.feldmann@sse.com	
Modification Proposal Title			
Proposing invoicing improvements to reduce burden on market participants			
Documents affected (delete as appropriate)	Section(s) Affected	Version number of T&SC or AP used in Drafting	
T&SC Part B Glossary Part B	TSC G.7.1. Glossary, additional definition	Version 23.0 (Nov 2020)	
Explanation of Proposed Change (mandatory by originator)			
<p>The proposed modification is seeking to address a specific issue of resource and financial burden in the current invoicing structure. Transactional charges (approx. €8) are levied by the Market Participant's banks for every invoice that needs to be processed, regardless of value. There is a tendency for very low value Market Operator Charge invoices to be issued by SEMO and this incurs the same transactional charges and resources for processing, as higher value invoices. The proposal intends that there is a continued roll over of the invoice value until it reaches the MOC Threshold (defined below), or until the quarter period is reached, whichever is first. This is anticipated to maximise the resources available and will minimise the volume of transactional charges currently needing to be paid out for low volume invoices. This change only applies to the Market Operator Charge invoice, i.e. the payments to the Market Operator for their services in the market. The Market Operator Charge is defined in the Glossary as follows "means a charge levied on Participants intended to recover costs and expenses of the Market Operator which shall be calculated pursuant to section G.7."</p> <p>Under the old SEM, there was a process under AP09 that allowed the use of excessive cash collateral to pay invoices (section 3.5) and MOD_58_08 Final Report that introduced the ability for Market Participants to pay small value invoices using the cash from the collateral account and the benefits and justification (i.e. reduce banking transactional charges). This is not allowed for under the new SEM, and therefore we are proposing this minor change to allow a reduction in burden, in the same way AP09 and Mod 58-08 allowed for this under the old SEM.</p>			
Legal Drafting Change (Clearly show proposed code change using <i>tracked</i> changes, if proposer fails to identify changes, please indicate best estimate of potential changes)			
Modification Proposal Justification (Clearly state the reason for the Modification)			
<p>This proposal is required to reduce the resource and financial burden of smaller value invoices which take time and incur banking charges regardless of the low value. Our proposed amendment is to G.7 Market Operator Charge as well as insertion of a new definition in the Glossary under Part B of the TSC.</p> <p>G.7.1.5. Each Participant shall pay any Market Operator Charge together with the</p>			

appropriate amount of VAT, where applicable, within 5 Working Days of the issue of the relevant Market Operator Charge invoice.

G.7.1.6. Interest shall accrue on any overdue payments in accordance with paragraph **Error! Reference source not found.**

G.7.1.7 The Market Operator shall issue an invoice if it is equal or above the **MOC Threshold limit**

Additional definition to the Glossary:

MOC Threshold Limit means €500 or such other amount as the SEM Committee may determine from time to time

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)

(b) to facilitate the efficient, economic and coordinated operation, administration and development of the Single Electricity Market in a financially secure manner;

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, there is no great impact. However, it does pose an unnecessary burden on market participants and Treasury. Continued bank transfer charges for small amounts, as small as €0.50, is unreasonable. Our proposal mirrors an approach taken in GB under their Balancing and Settlement Code for parallel charges in the market. In our experience this is an efficient way to approach this and maximises resources (N7.1.5 and N7.1.6). The key is it will only minimally affect SEMO cashflow but not Participants and doesn't complicate the BM / CRM settlement arrangements.

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.