

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>
EirGrid	8 th October 2020	Standard	Mod_10_20 v2
Contact Details for Modification Proposal Originator			
Name	Telephone number	Email address	
John Tracey		john.tracey@Eirgrid.com	
Modification Proposal Title			
Rescind CCIN via email when indicative settlement is delayed and settlement team can verify meter volumes			
Documents affected <i>(delete as appropriate)</i>	Section(s) Affected	Version number of T&SC or AP used in Drafting	
T&SC Part B and Agreed Procedures Part B	T&SC: G.12.1.2 G.12.1.3 Addition of G.12.1.7 Agreed Procedure 9: Management of Credit Cover and Credit Default	T&SC Issued on 29/04/2020 AP9 version 22	
Explanation of Proposed Change <i>(mandatory by originator)</i>			
<p>In some instances we have seen participants required collateral being adversely impacted due to delays of indicative runs processing which is being caused by increased Traded Not Delivered Exposure (ETND). The proposed change would rescind credit cover increase notice (CCIN) via email where a Participant (PT) has completed day ahead/intraday trades and the settlement team can verify the units meter quantity against these trades. The rescinding of CCIN would only apply in a specific scenario:</p> <ul style="list-style-type: none"> • Indicative runs are more than two runs behind schedule due to internal processing issues such as Instruction Profiler faults i.e. the number of calculated days in ETND is 5+. • Settlement team has received all meter data values from meter data provider. Delays in processing caused by external data providers or System Operator delays would not trigger this process • Total metering generation for “additional” ETND days would be subtracted from day ahead / intraday trade volume. Surplus ETND would be applied to updated credit calculation in a separate tool outside of the system. • Rescind email will be issued in the same working day (up to 17:00) • CCIN must still be actioned by participant unless rescind email issued <p>The intention of the modification is not to under collateralise the market. The intention is to not penalise participants by increasing collateral when there are settlement processing delays.</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>			
T&SC Part B to be amended as follows:			
<p>G.12.1.2 Following a Credit Assessment, the Market Operator shall provide each Participant with a report (“Required Credit Cover Report”). A Required Credit Cover Report shall include the information listed in paragraph Error! Reference source not found. and shall also contain:</p> <p>(a) a Warning Notice where the Market Operator determines in the Credit Assessment that the Participant’s Credit Cover Ratio is equal to or exceeds</p>			

the Warning Limit but does not exceed the Breach Limit; or

- (b) a Credit Cover Increase Notice where the Market Operator determines in the Credit Assessment that the Participant's Credit Cover Ratio is equal to or exceeds the Breach Limit. If the Credit Cover Report contains a Credit Cover Increase Notice, then it shall specify the amount of additional Credit Cover required to be posted to satisfy the Participant's Required Credit Cover as determined in the Credit Assessment (save where paragraph G.12.1.7 applies).

G.12.1.3 Where a Required Credit Cover Report provided by the Market Operator to a Participant contains a Credit Cover Increase Notice, the Participant shall meet the terms of the Credit Cover Increase Notice by:

- (a) subject to paragraph **Error! Reference source not found.**, paying an outstanding Settlement Document early; or
- (b) posting the additional necessary Credit Cover,

before 17:00 on the second Working Day thereafter (or, in the circumstances contemplated in paragraph **Error! Reference source not found.**, such longer period as may have been specified by the Regulatory Authorities under that paragraph) (save where paragraph G.12.1.7 applies).

G.12.1.7 **The Market Operator shall rescind a Credit Cover Increase Notice via email when:**

- (a) Indicative settlement processing is greater than two runs behind not due to delayed data being received from **any Meter Data providers and/or System Operator;** and
- (b) When total Metered Generation for delayed indicative runs multiplied by Credit Assessment Price is greater in magnitude than the amount by which the Participant which was subject to the Credit Cover Increase Notice was in Breach.

The rescind email must be sent by 17:00 on the same Working Day as the Credit Cover Report **which contained the Credit Cover Increase Notice which is being rescinded.** Where a Credit Cover Increase Notice has been rescinded the paragraph G.12.1.3 shall no longer apply.

Part B Agreed Procedure 9 to be amended as follows:

1. PROCEDURAL STEPS

1.1 Management of Credit Cover Requirements

Step	Procedural Step	Timing	Method	By/From	To
1	Carry out a Credit Assessment for each Participant.	In accordance with the timelines set out at section 2.5 above	-	Market Operator	-

<p>2</p>	<p>In respect of any Participant, if the circumstances set out at section G.12.3.2 of the Code apply, the Market Operator shall not accept Contracted Quantities submitted by the relevant Scheduling Agent under paragraph F.2.2.1 of the Code in respect of the Participant after the expiration of the applicable Response Period, in accordance with paragraph G.12.3.3 of the Code.</p> <p>In respect of any other Participant the Market Operator shall accept Contracted Quantities for any Units submitted by the relevant Scheduling Agent under paragraph F.2.2.1 of the Code and update the Credit Assessment for that Participant as appropriate.</p>	<p>-</p>	<p>Balancing Market Interface / Email / Facsimile</p>	<p>Market Operator</p>	<p>Scheduling Agent</p>
<p>3</p>	<p>Produce and issue a Required Credit Cover Report to each Participant, which shall contain any Warning Notices and Credit Cover Increase Notices, as follows:</p> <p>(a) If its Credit Cover Ratio is equal to or exceeds the Warning Limit and is less than the Breach Limit, a Warning Notice shall apply; or</p> <p>(b) If its Credit Cover Ratio is equal to or exceeds the Breach Limit, a Credit Cover Increase Notice shall apply.</p>	<p>In accordance with the timelines set out at section 2.5 above</p>	<p>Balancing Market Interface</p>	<p>Market Operator</p>	<p>Participant</p>
<p>4</p>	<p>Provide each SEM NEMO with a SEM NEMO Credit Report which shall include in relation to Participants which are participating in the SEM NEMO's day-ahead or intraday market:</p> <p>(a) details of any Participant whose Credit Cover Ratio is equal to or exceeds the Breach Limit; and</p> <p>(b) details of any Participant whose Credit Cover Ratio was equal to or exceeded the Breach Limit in the previous SEM NEMO Credit Report but is now less than the Breach Limit.</p>	<p>On completion of each Credit Assessment</p>	<p>Balancing Market Interface / Email / Facsimile</p>	<p>Market Operator</p>	<p>Each SEM NEMO</p>
<p>5</p>	<p>Confirm issuance of any Credit Cover Increase Notice, rescinding of Credit Cover Increase Notice or Warning Notice to each Participant. If a</p>	<p>Each WD by 17:00</p>	<p>For a Credit Cover Increase Notice or rescind of</p>	<p>Market Operator</p>	<p>Participant</p>

<p>Credit Cover Increase Notice has been issued and has not been rescinded in accordance with paragraph G12.1.7 of the code continue to step 6, otherwise end process.</p>	<p>Credit Cover Increase Notice by Email and/or Telephone For a Warning Notice by Email</p>
<p>Modification Proposal Justification <i>(Clearly state the reason for the Modification)</i></p>	
<p>This modification would not penalise some participants if there are delays in indicative run processing. At present a participant could have a CCIN due to high ETND caused by delayed indicative processing. This modification would specifically cater for this scenario and ensure these participants are not penalised in the scenario outlined above.</p>	
<p>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>The modification furthers the following code objective:</p> <ul style="list-style-type: none"> to facilitate the efficient, economic and coordinated operation, administration and development of the Single Electricity Market in a financially secure manner <p>This Modification would not penalise some participants for delayed settlement processing. In previous instances some participants have had to increase their posted collateral due to settlement processing delays. This change if approved would remove this burden on participants of increasing posted collateral when they have traded responsibly.</p>	
<p>Implication of not implementing the Modification Proposal <i>(State the possible outcomes should the Modification Proposal not be implemented)</i></p>	
<p>Credit report would remain the same and potentially a participant could receive a CCIN due to settlement processing delays i.e. no fault of their own.</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 Market Code, Grid Code, Exchange Rules etc.)</i></p>
<p>No working group required to develop proposal. This proposal has been reviewed and discussed in previous modification meetings.</p>	<p>There would be no system updates required to facilitate this modification. The only impact would be on the settlement team who would complete review of credit report breaches if the indicative runs are more than two runs behind schedule due to internal processing.</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.