

MODIFICATION PROPOSAL FORM			
<b>Proposer</b> <i>(Company)</i>	<b>Date of receipt</b> <i>(assigned by System Operator)</i>	<b>Type of Proposal</b> <i>(delete as appropriate)</i>	<b>Modification Proposal ID</b> <i>(assigned by System Operator)</i>
Utility Regulator	16 January 2019	Urgent	CMC_01_19
Contact Details for Modification Proposal Originator			
<b>Name</b>	<b>Telephone number</b>	<b>Email address</b>	
Kevin Lenaghan		<a href="mailto:Kevin.Lenaghan@uregni.gov.uk">Kevin.Lenaghan@uregni.gov.uk</a>	
Modification Proposal Title			
Proposed Modifications in regards to the Interim Solution for conducting Capacity Auctions			
<b>Documents affected</b> <i>(delete as appropriate)</i>	<b>Section(s) Affected</b>	<b>Version number of CMC used in Drafting</b>	
Capacity Market Code	M.4.1.2, M.4.1.6, M.6.1.7	1.0	
Explanation of Proposed Change <i>(mandatory by originator)</i>			
<p>To comply with the State aid approval, the auction cannot clear additional capacity to resolve local capacity constraints. This is facilitated by the enduring auction solution set out in chapter F of the CMC but is prevented in the Interim Solution laid out in section M.4.</p> <p>The need for this Modification was explicitly recognised in the T-4 Parameters Decision for CY2022/23 (SEM-18-155) in paragraph 3.5.2.</p>			
Legal Drafting Change <i>(Clearly show proposed code change using <b>tracked</b> changes, if proposer fails to identify changes, please indicate best estimate of potential changes)</i>			
<p>Remove M.4.1.2(b)</p> <p style="color: red;">(b) — paragraph 0 has effect in relation to that Capacity Auction in place of paragraph <b>Error! Reference source not found.</b></p> <p>Remove M.4.1.6</p> <p style="color: red;">M.4.1.6 — Where the Interim Auction Solution applies in the case of a Capacity Auction, paragraph <b>Error! Reference source not found.</b> F.8.4.4(c) shall be replaced with the following:</p> <p style="color: red;">“(c) The set of price-quantity pairs cleared shall comply with the following conditions:</p> <p style="color: red;">(i) — a price-quantity pair that is Flexible shall be cleared to a level not less than it is scheduled as determined under paragraph <b>Error! Reference source not found.</b>; and</p> <p style="color: red;">(ii) — a price-quantity pair that is Inflexible and was scheduled under paragraph <b>Error! Reference source not found.</b> to the maximum quantity offered in the price-quantity pair, shall be cleared to the maximum quantity offered;”.</p> <p>Modify M.6.1.7(a)</p>			

- (a) the starting cleared quantity for each priced-quantity pair the subject of a Capacity Auction Offer shall be the minimum value required to be cleared under paragraph **Error! Reference source not found.** ~~or 0~~ (as applicable);

**Modification Proposal Justification**

*(Clearly state the reason for the Modification)*

With M.4.1.6 in place, over-writing F.8.4.4(c), the Interim Solution for the auction is prevented from reducing the volume scheduled for both flexible and inflexible offers determined from the unconstrained schedule produced in sub-section F.8.3. This prevents compliance with the State aid decision requiring that for auctions from CY2020/21, the CRM should not award additional capacity to resolve constraints.

Removal of M.4.1.6 means that the Interim Solution for capacity auctions will use F.8.4.4(c) which only requires the auction solution to accept offers “with a price less than the Offer Price Clearance Ratio of the Auction Clearing Price”. At present, the Offer Price Clearance Ratio is set to zero – so any offer scheduled under F.8.3 could be displaced by a more expensive offer in the final solution in order to resolve locational capacity constraints.

**Code Objectives Furthered**

*(State the Code Objectives the Proposal furthers, see Sub-Section A.1.2 of the CMC Code Objectives)*

To facilitate compliance with decision from competent authority.

**Implication of not implementing the Modification Proposal**

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

Non-implementation of modification proposal leaves the CMC in conflict with State aid approval. The first auction affected is the T-4 auction for CY2022/23.

**Impacts**

*(Indicate the impacts on systems, resources, processes and/or procedures)*

No material impact to systems, resources and processes/procedures.

**Please return this form to the System Operators by email to [modifications@sem-o.com](mailto:modifications@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 Appendix D "List of Agreed Procedures".

**T&SC / Code:** means the Trading and Settlement Code for the Single Electricity Market

**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 the Code (and 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.