

MODIFICATION PROPOSAL FORM			
Proposer <i>(Company)</i>	Date of receipt <i>(assigned by System Operators)</i>	Type of Proposal <i>(delete as appropriate)</i>	Modification Proposal ID <i>(assigned by System Operators)</i>
EnerNOC	25 April 2018	Standard	CMC_06_18
Contact Details for Modification Proposal Originator			
Name	Telephone number	Email address	
Modification Proposal Title			
Disaggregation of Performance Security Requirements to Capacity Market Units			
Documents affected <i>(delete as appropriate)</i>	Section(s) Affected	Version number of CMC used in Drafting	
Capacity Market Code	J.3.2	1.0	
Explanation of Proposed Change <i>(mandatory by originator)</i>			
This modification seeks to disaggregate the provision of performance security requirements from grossed up levels at the Participant level down to discrete levels at the CMU level			
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>			
<p>J.3.2 Obligation to Provide</p> <p>J.3.2.1 If a Participant has been awarded New Capacity in a Capacity Auction in respect of any of its Capacity Market Units, then the Participant shall:</p> <p>(a) for each respective Capacity Market Unit, post a Performance Security in the Participant's designated currency with the System Operators; and</p> <p>(b) at all times ensure that the aggregate amount of the Performance Security for each respective Capacity Market Unit is equal to or exceeds the Required Level calculated in accordance with paragraph J.3.2.4.</p> <p>J.3.2.2 The purpose of the Performance Security is to provide credit support for any Termination Charges which may become applicable to a Capacity Market Unit payable by the Participant in respect of Awarded New Capacity.</p> <p>J.3.2.3 The Regulatory Authorities shall determine and publish the following information in sufficient time for the System Operators to include it in the Initial Auction Information Pack:</p> <p>(a) the Performance Security Posting Dates/ Events; and</p> <p>(b) for each Performance Security Posting Date/ Event, the €/MW rate to be applied to Awarded Capacity in setting Performance Securities.</p> <p>J.3.2.4 At any time, the Required Level for a Participant Capacity Market Unit's Performance Security is equal to the MW quantity of the Awarded New Capacity in respect of that the Participant's Capacity Market Units multiplied by:</p> <p>(a) where the Participant Capacity Market Unit's designated currency is Euro, the</p>			

Performance Security rate for the last Performance Security Posting Date/ Event prior to that time; or

(b) where the ~~Participant~~Capacity Market Unit's designated currency is Sterling, the Performance Security rate for the last Performance Security Posting Date/ Event prior to that time converted to Sterling based on the Annual Capacity Payment Exchange Rate specified in the applicable Final Auction Information Pack.

J.3.2.5 If at any time the aggregate amount of a ~~Participant~~Capacity Market Unit's Performance Security is less than the Required Level, then the System Operators shall notify ~~that~~the Capacity Market Unit's Participant and the Participant shall:

(a) immediately take steps to ensure that the Capacity Market Unit~~Participant's~~ Performance Security is equal to or exceeds the Required Level, whether by posting or putting in place additional Performance Security or otherwise; and

(b) ensure that the aggregate amount of ~~that~~Capacity Market Unit's Performance Security is equal to or exceeds the Required Level by 17:00 on the second Working Day thereafter.

J.3.2.6 A Performance Security in respect of Awarded New Capacity shall be maintained until the Substantial Completion Milestone has been achieved in accordance with paragraph J.2.1.1(c) to the satisfaction of the System Operators.

J.3.2.7 For the purposes of this Chapter J, a Participant's designated currency is the currency of the Currency Zone in which the Capacity Market Unit providing the relevant Awarded New Capacity is Connected.

Modification Proposal Justification

(Clearly state the reason for the Modification)

The objective of this modification is to bring the Performance Security requirements into line with the discretised, unit-based logic of the I-SEM and the Capacity Market. The obligation inherited from a Capacity Market auction lies on the technical and operational characteristics of the relevant Capacity Market Unit – hence this modification seeks to recognise that.

Code Objectives Furthered

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

The modification seeks to further the CMC Code Objectives A.1.2.1:

(c) to facilitate the participation of undertakings including electricity undertakings engaged or seeking to be engaged in the provision of electricity capacity in the Capacity Market;

(d) to promote competition in the provision of electricity capacity to the SEM

Implication of not implementing the Modification Proposal

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

Not implementing this modification creates a barrier to what could be normal commercial transactions. To illustrate, a Participant with multiple CMUs may choose to transact away one of its CMUs with an Awarded New Capacity, post-auction, but prior to the start of the Delivery Year.

With the CMC provision as currently drafted, such a Participant would have to still maintain Performance Security in respect of that CMU, rather than the Required Performance Security with respect to the transacted CMU travelling with the CMU to the new owner/Participant. This scenario is possibly more in relation to T-4 auctions, but could equally arise with T-1 auctions.

With the proposed new drafting, Performance Security will attach to relevant CMUs with Awarded New Capacity and can hence be more readily transacted in normal course of commercial operations.

Impacts

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

There should be no systems or resources implications arising from this modification. However, SEMO's and/or EirGrid's internal processes and/or procedures for processing Performance Security may have to be amended.

Please return this form to the System Operators by email to 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 Regulatory Authorities.
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:

CMC / Code:	means the Capacity Market 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 "System Operators" 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 B.12 of the Code, 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 System Operators and the Regulatory Authorities to publish and/or distribute the Modification Proposal for free and unrestricted access;
 - 1.2 to the Regulatory Authorities 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 System Operators 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 Regulatory Authorities and that there is no guarantee that my Modification Proposal will be incorporated into the Code.