

MODIFICATION PROPOSAL FORM			
Proposer <i>(Company)</i>	Date of receipt <i>(assigned by System Operator)</i>	Type of Proposal <i>(delete as appropriate)</i>	Modification Proposal ID <i>(assigned by System Operator)</i>
UR	5 th May 2021	Standard	CMC_05_21
Contact Details for Modification Proposal Originator			
Name	Telephone number	Email address	
Kevin Lenaghan		kevin.lenaghan@uregni.gov.uk	
Modification Proposal Title			
Substitution of Candidate Units			
Documents affected <i>(delete as appropriate)</i>	Section(s) Affected	Version number of CMC used in Drafting	
CMC	J.5.5	4.0	
Explanation of Proposed Change <i>(mandatory by originator)</i>			
<p>As things stand CMUs are fixed at the point of qualification and there is no process available to allow for reconfiguration, with the exception of Section J.5 (and subsection I.1.3 for aggregated units) of the CMC. J.5 allows for various forms of change to the delivery of Awarded Capacity to both ensure that consumers receive the New Capacity awarded at Auction and to reduce the risk to capacity providers of delivering New Capacity. However, the RAs are aware that there may be circumstances where a one-to-one substitution of one CMU for another is not possible and it is necessary to replace a single CMU with multiple units in order to deliver Awarded Capacity on time.</p> <p>An affected Participant can apply to the RAs to substitute multiple substitute Candidate Units to deliver Awarded Capacity (a Substitution Application). This application is made on similar grounds to change of EPC or Technology Class but where a 1-1 replacement of units is not possible. The application is made on the basis of complete replacement of the affected Awarded Capacity with a set of substitute Candidate Units.</p> <p>The RAs, in conjunction with the SOs, consider the application. If they reject the application they inform the Participant giving reasons.</p> <p>If the RAs do not reject the Substitution Application, then the new Candidate Units need to go through a version of the Application Process to change into CMUs so that Awarded Capacity can be transferred to them. This follows the same process as set out in Chapter E but with an exceptional timetable.</p> <p>If the Candidate Units Qualify, then Awarded Capacity is transferred from the original CMU to the new CMUs in line with the Substitution Application.</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>			
Add a new sub-section J.5.5 as follows:			

J.5.5 Substitution of Candidate Units

- J.5.5.1 Where required to avoid or minimise delays in the completion of Awarded New Capacity or due to an Insolvency Event or material breach by the EPC Contractor which would entitle the Participant to terminate or replace the appointment of the EPC Contractor, a Participant or an Enforcing Party (on behalf of a Participant) may apply for approval from the Regulatory Authorities to deliver the Awarded New Capacity by use of substitute Candidate Units.
- J.5.5.2 An application under paragraph J.5.5.1 (a “**Substitution Application**”) shall include:
- (a) reasons for the request in reasonably sufficient detail to enable the Regulatory Authorities in considering the request;
 - (b) supporting evidence;
 - (c) Implementation Plans for each substitute Candidate Unit with detailed reasoning; and
 - (d) details of the portion of Awarded New Capacity to be delivered by each substitute Candidate Unit.
- J.5.5.3 Where a Participant makes a Substitution Application the Regulatory Authorities may request further information or clarification by written notice to the Participant identifying the further information or clarification required and specifying a timeframe for providing it.
- J.5.5.4 If the Regulatory Authorities do not receive the clarification or the further information requested from a Participant under paragraph J.5.5.3 within the specified timeframe, the Participant shall be deemed to have withdrawn the application.
- J.5.5.5 The Regulatory Authorities will share the Substitution Application with the System Operators and will review the application in consultation with the System Operators.
- J.5.5.6 If the Regulatory Authorities consent to further consideration of the Substitution Application, then paragraphs J.5.5.6 to J.5.5.11 shall apply. If the Regulatory Authorities reject the Substitution Application then they shall notify the Participant or Enforcing Party (on behalf of a Participant) of such rejection in writing giving reasons for their rejection.
- J.5.5.7 If the Substitution Application has not been rejected, the substitute Candidate Units will be subject to an exceptional Application Process for Qualification to enable them to Qualify in the absence of a Capacity Auction for the affected Capacity Year. The System Operators shall provide a timetable to be used for such exceptional Application Process in substitution for the Capacity Auction Timetable which would normally apply.
- J.5.5.8 Based on the Capacity Auction Timetable determined under J.5.5.7, the System Operators and Participant shall follow the Qualification Process set out Chapter E of this Code in respect of each of the substitute Candidate Units for the relevant Capacity Auction *mutatis mutandis*.
- J.5.5.9 Where the Awarded New Capacity applies for more than a single year, the Participant should follow the process set out in sub-section E.5 of the Code for a proposed Maximum Capacity Duration of more than one year in respect of each substitute Candidate Unit.

<p>J.5.5.10 For those substitute Candidate Units that are Qualified with the same Maximum Capacity Duration as the original Capacity Market Unit, the System Operators shall transfer from the original Capacity Market Unit to each such substitute Candidate Unit a volume of Awarded New Capacity equal to the minimum of</p> <ul style="list-style-type: none"> (a) the Net De-rated Capacity of the Candidate Unit; and (b) the portion of the Awarded Capacity identified in respect such Candidate Unit <p>up to a maximum of the Awarded New Capacity in total.</p> <p>J.5.5.11 The System Operators shall notify the Participant and the Regulatory Authorities of the transfers made under J.5.5.9 of Awarded New Capacity and shall update the Capacity and Trade Register appropriately.</p>
<p>Modification Proposal Justification <i>(Clearly state the reason for the Modification)</i></p>
<p>Section J.5 of the CMC allows for various forms of change to the delivery of Awarded Capacity to both ensure that consumers receive the New Capacity awarded at Auction and to reduce the risk to capacity providers of delivering New Capacity.</p> <p>There may be circumstances where a one-to-one substitution of one CMU for another is not possible and it is necessary to replace a single CMU with multiple units in order to deliver Awarded Capacity on time. This Modification is designed to allow such a substitution, subject to the approval of the RAs and the successful completion of an exceptional Qualification Process.</p>
<p>Code Objectives Furthered <i>(State the Code Objectives the Proposal furthers, see Sub-Section A.1.2 of the CMC Code Objectives)</i></p>
<p>A.1.2.1(b): efficiency A.1.2.1(c): facilitate participation A.1.2.1(g): consumers' interests</p>
<p>Implication of not implementing the Modification Proposal <i>(State the possible outcomes should the Modification Proposal not be implemented)</i></p>
<p>Without this modification, the risk of delivery of Awarded Capacity is increased for both capacity providers and consumers.</p>
<p>Impacts <i>(Indicate the impacts on systems, resources, processes and/or procedures)</i></p>
<p>The SOs will need to be able to run the Qualification Process away from a Capacity Auction.</p>
<p>Please return this form to the System Operators by email to CapacityModifications@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 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.