



User Group Meeting

25th November 2020

Agenda

- ❑ Operations Update – Year in Review (20 min)
 - Market Statistics
 - Query Management
 - Registration
 - SEMOpx Rules Updates
 - Brexit
- ❑ Service Improvements (10 min)
 - Implemented
 - Future
- ❑ European Integration (5 min)
- ❑ Service Development (40min)
 - Trade Recall
 - Scalable Complex Orders
 - REMIT Fees
- ❑ Question and Answer (15 min)

Market Statistics – Year 2 of operation

Exchange Members

54 ↑4

↓0.7b

€1.7b

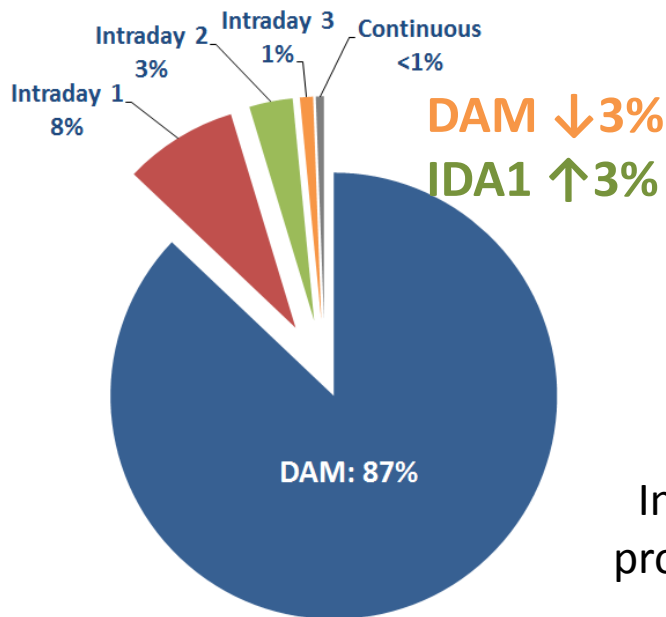
Trade for year

↓2m

€4.8m

Trade per Day

Volumes by Market



↑3TWh

45 TWh

Trade for year

Auctions Successfully Completed

1464 ↑4

11% ↔

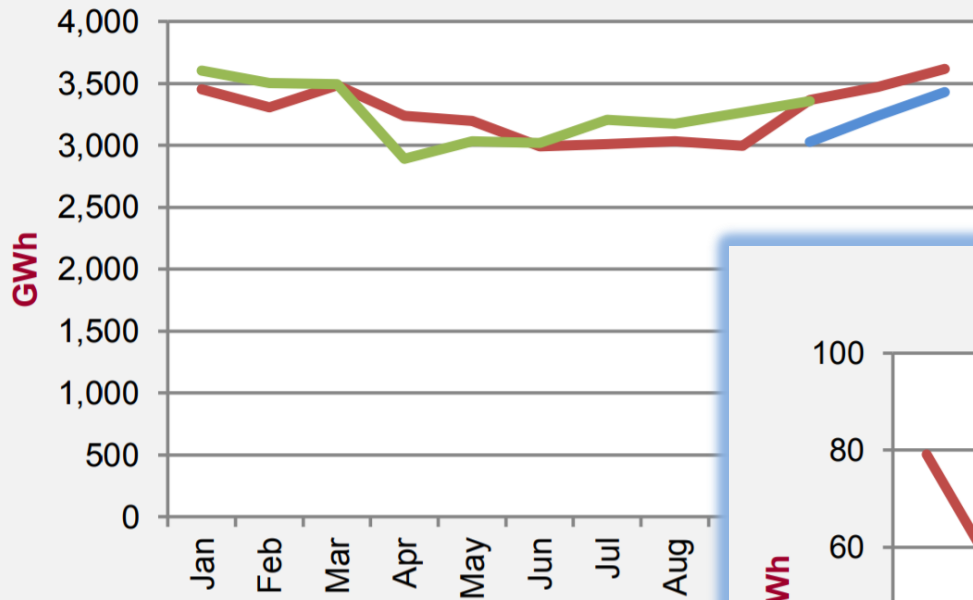
Interconnector trades as proportion of total Ex-Ante trade

1 ↔

Market Coupling Incident

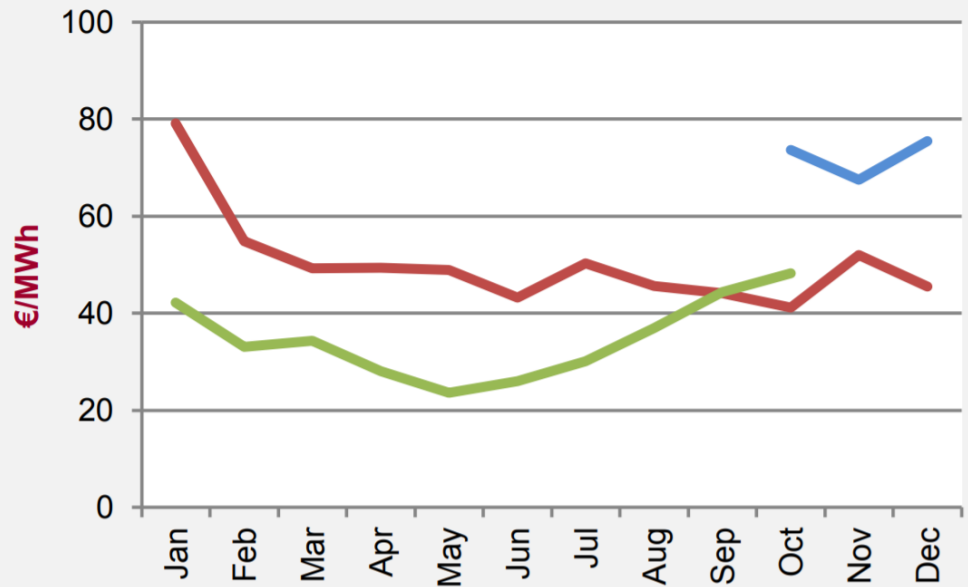
DAM Volumes and Prices

Volume Traded



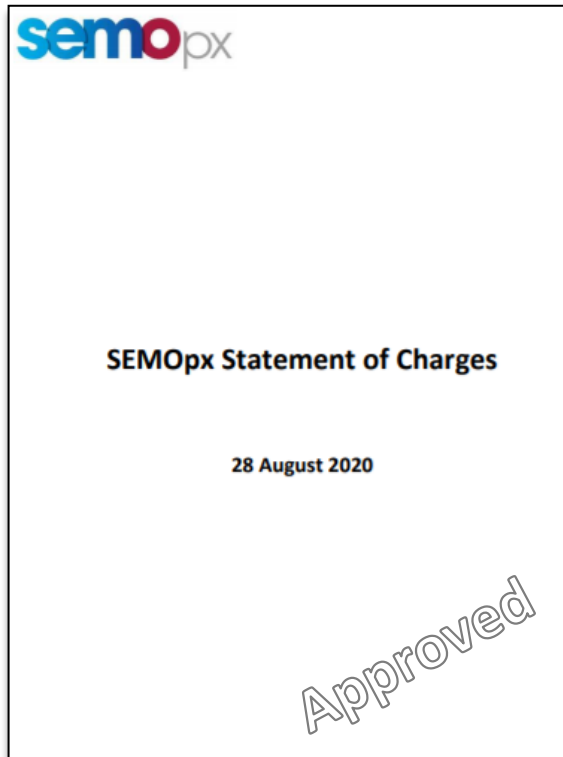
Regular updates on all auctions available from [SEMOPx News](#)

Average Price



— 2018
— 2019
— 2020

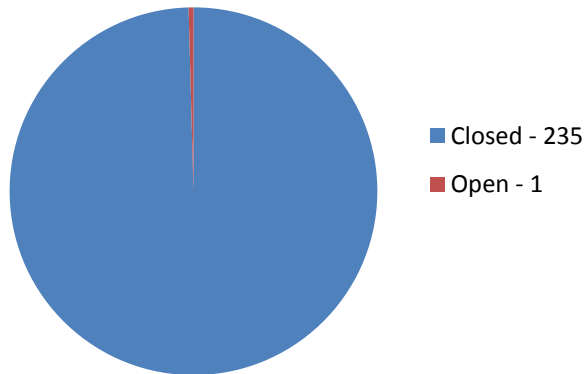
SEMOpX Fees



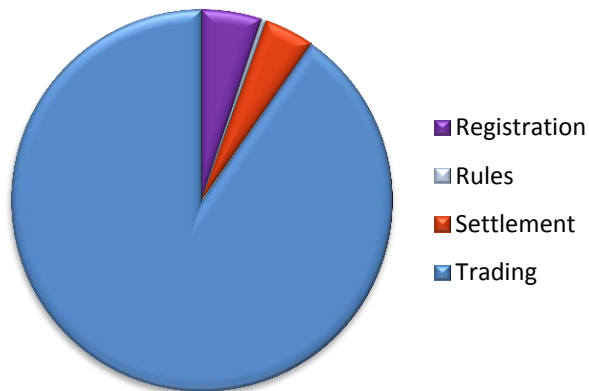
- RA approved [SEMOpX Statement of Charges](#) for Oct 2020 to Sept 2021 published in August 2020
- Annual, Registration and Additional User Fees are the same as last year (allowing for updated exchange rate conversion for £ amounts)
- Variable Fees (per MWh traded) are reduced by ~20%

SEMOpX Helpdesk Statistics: Oct '19 – Sept '20

Overall Status - Open v Closed

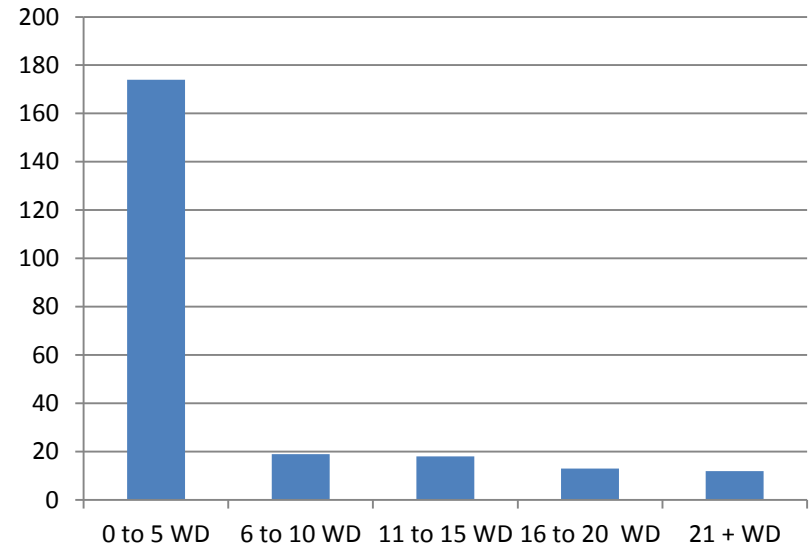


Query Breakdown



**Trading includes ETS & M7 platform, data requests, market analysis queries*

Resolution Response Times



- Reduction in Historical Market Data requests as all information is now conveniently housed in the [Static Reports](#) section of the website. These files are updated monthly.
- Helpdesk continued to provide a high level of customer service, addressing queries, minimising query response times via phone and email despite the challenging last few months.

SEMOpX Helpdesk– Contact us

- A useful [SEMOpX Contact list](#) can be found on the [Contact Us page](#) of the SEMOpX website
- If unsure where to direct your query please always contact us in the first instance @ info@semopx.com and we will assist
- For any urgent password or log in issues please continue to contact marketops@ops.semopx.com or call using the Helpdesk Phone lines (option 1) which is available 24/7 365 days a year
- SEMOpX helpdesk non-urgent will have restricted operation over Christmas holiday. A market message will be issued on this.

SEMOpX Helpdesk

Republic of Ireland: [1800 283 010](tel:1800283010)

Northern Ireland: [0800 008 3010](tel:08000083010)

International: [+353 1 668 8183](tel:+35316688183)

The SEMOpX Helpdesk is available Mon-Fri from 9.00am until 5.00pm, for all general queries or non-urgent operational queries.

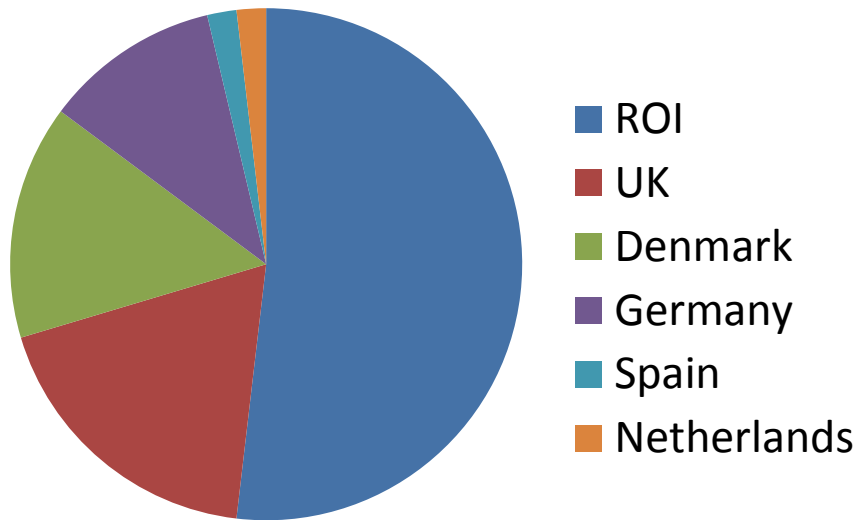
1. Urgent Auction operational issues:	24 hr	marketops@ops.semopx.com
2. Urgent Continuous operational issues:	24 hr	marketops@ops.semopx.com
3. General queries:	9-5	info@semopx.com
4. Registration queries:	9-5	registration@semopx.com

SEMOpX customer support for urgent queries is available 24/7, 365 days a year.

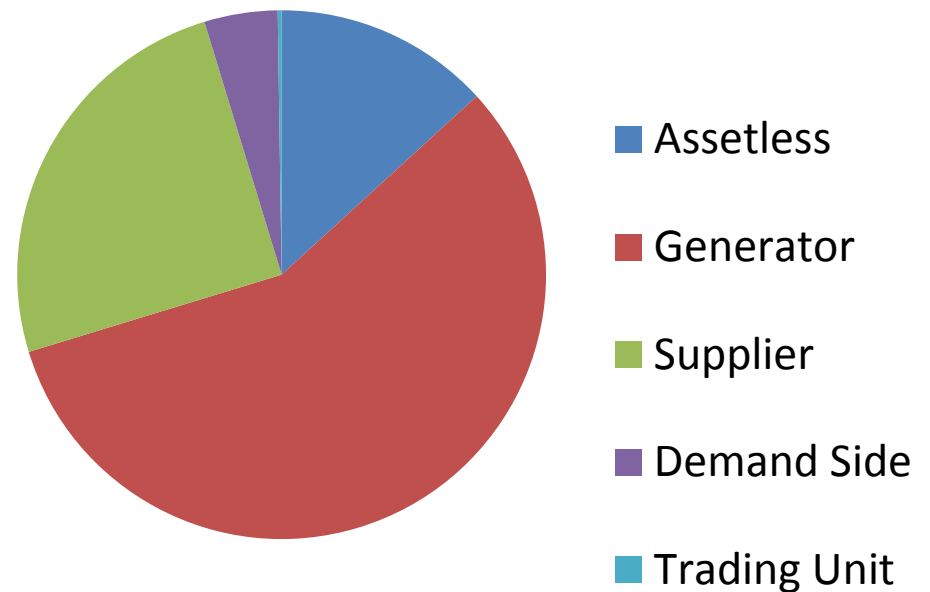
This should only be used for emergency operational issues relating to Day-Ahead Market and Intraday Market.

SEMOpX Registration– The Numbers

54 Members



424 Registered Units



New & Changed Unit Registrations appear to be the focus for the immediate future

SEMOpX Registration Freeze

- Balancing market operator advised a Christmas/New Year registration freeze – 16th December 2020 to 5th January 2021
- Impacts on SEMOpX member and unit registrations as link between effective dates
- **SEMOpX related registration freeze:**
 - ***From Thursday 17th December 2020 through to Tuesday 5th January 2021 inclusive.***
- Off system registration elements can be progressed, it is only the systems updates that are frozen.

SEMOpX Rules Updates

SEMOpX Rules and Operating Procedure Updates

- V2.0 published 20th Sept 2019 still the active version
- Additional approved mods also apply

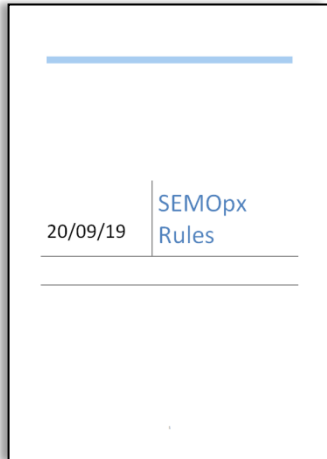
- ✓ SPX_04_20 Operational Timings Amendment in MRC Auction
- ✓ SPX_03_20 Complex Orders Inclusion in Intraday Auctions
- ✓ SPX_02_20 Amendment to publication schedule of ex-ante auctions' Bid/Ask curves

Also, two mods that were withdrawn after discussions in the Exchange Committee

- SPX_01_20 Enable Block Orders in the IDA Auctions
- SPX_01_18 Submission of Cross Zonal Capacities

Three Exchange Committee Meetings held in last year to discuss and vote on the above mods (one more than planned)

Also an election of [new representatives](#) for the Exchange Committee was completed.



Brexit and the Ex-Ante Markets

- “Central Scenario” is the planned
 - Isolated Local DAM covering the SEM
 - Intraday 1 & 2, GB linked, using Moyle/EWIC interconnector capacities
 - Reference [Oct 2019 User Group](#) slides 21-27
- MRC systems test for Brexit - 30th Nov
 - Submission of capacity files with topology changes to remove SEM-GB interconnectors
- Ex-Ante markets will be ready whether trade agreement is reached or not
 - Consensus forming along the following lines
 - Final auction which includes SEM-GB capacity in the DAM to be 11:00 30 Dec 2020
 - Final delivery period 23:00 30 Dec to 23:00 31 Dec

Agenda

- ❑ Operations Update – Year in Review (20 min)
 - Market Statistics
 - Query Management
 - Registration
 - SEMOpx Rules Updates
 - Brexit
- ❑ **Service Improvements (10 min)**
 - Implemented
 - Future
- ❑ European Integration (5 min)
- ❑ Service Development (40min)
 - Trade Recall
 - Scalable Complex Orders
 - REMIT Fees
- ❑ Question and Answer (15 min)

Service Improvements - Implemented

Engagement

Vast majority of queries answered within 5 days

Standardisation of Operational Messages

Registration Welcome Pack

Improvement in quality & timing of release notes

Trading

Complex Orders now available in Intraday Auctions

Variable NTC for Moyle Implemented

ETS and M7 Releases of Additional Functionality

Improved stability and availability of trading systems

Data Publication

Documentation on how to access historical data sources

Summary Market Statistics published monthly, quarterly and yearly

REMIT reporting more stable – issues resolved

Service Improvements - Future

Registration

Unit Transfer Capabilities

Trading

Scalable Complex Orders

Additional Products

ETS/M7 Release of Additional Functionality

Single Intraday Coupling*

Data Publication

Aggregate Bid/Ask Curves

Cross-Zonal Capacities and Interconnector Flow Reports

Website Enhancements, incl. REMIT reporting enduring solution

Agenda

- ❑ Operations Update – Year in Review (20 min)
 - Market Statistics
 - Query Management
 - Registration
 - SEMOpX Rules Updates
 - Brexit
- ❑ Service Improvements (10 min)
 - Implemented
 - Future
- ❑ **European Integration (5 min)**
- ❑ Service Development (40min)
 - Trade Recall
 - Scalable Complex Orders
 - REMIT Fees
- ❑ Question and Answer (15 min)

Key Discussions at European Level

Considerable activity in European Committees with some having direct impact on SEM.

Brexit

- Exit of GB Parties
- Impacts on SEM
- Arrangements for transition agreed

Scalable Complex Orders

- Plan for transition from CO to SCO

Day-Ahead Product Consultation

- Classification of products mandatory/optional

15 Min Market Time Interval (MTU)

- EU NRAs decision to move in a stepwise manner (not big bang)
- Work in Europe has started to ensure implementation
- Envisaged impact on SEM

Please note that some of the key discussions topics/decisions can be found on the all NEMO Committee website: <http://www.nemo-committee.eu/>

Agenda

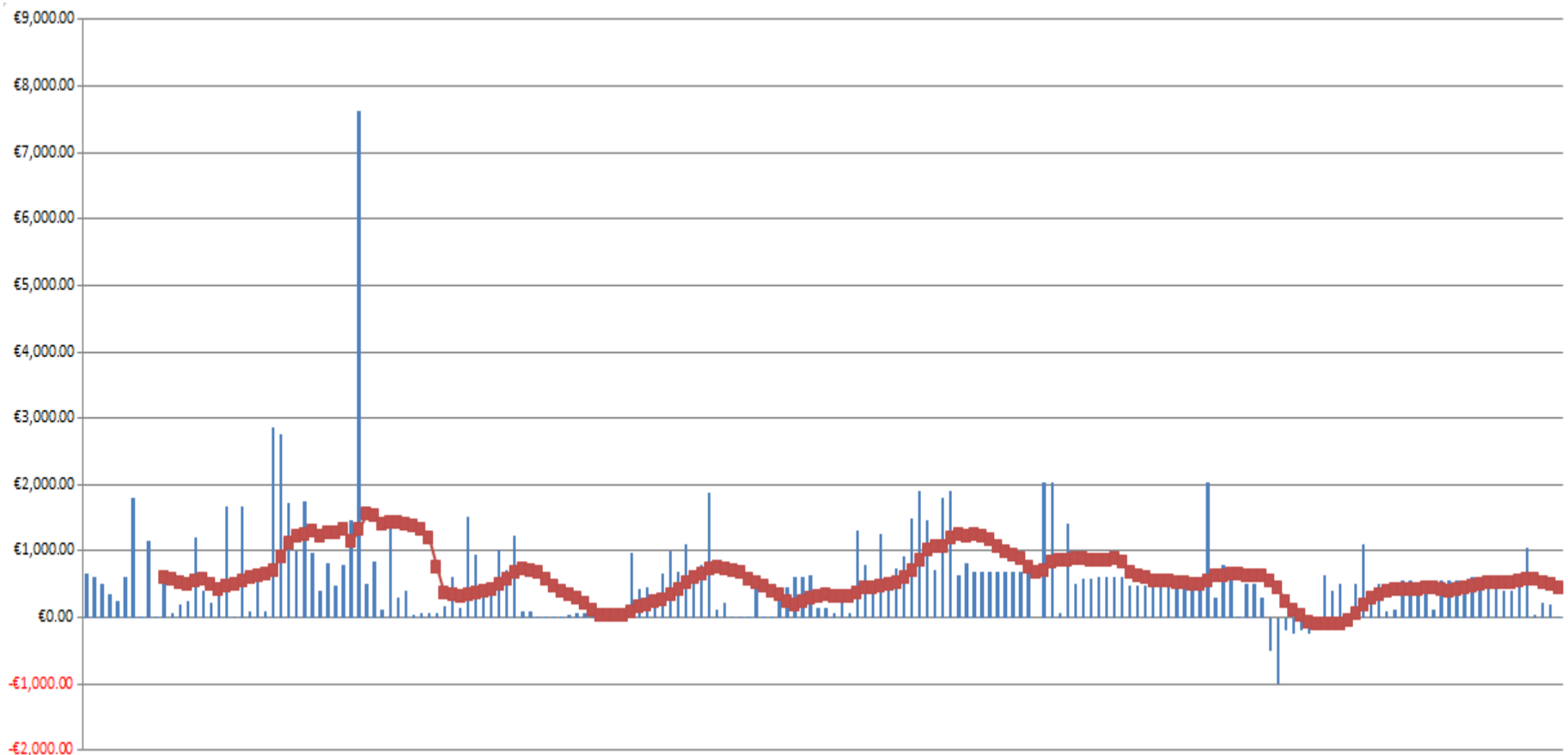
- ❑ Operations Update – Year in Review (20 min)
 - Market Statistics
 - Query Management
 - Registration
 - SEMOpx Rules Updates
 - Brexit
- ❑ Service Improvements (10 min)
 - Implemented
 - Future
- ❑ European Integration (5 min)
- ❑ **Service Development (40min)**
 - **Trade Recall**
 - Scalable Complex Orders
 - REMIT Fees
- ❑ Question and Answer (15 min)

IDC Trade Recall Story to Date ...

- Intraday Continuous Trade Recall has been available to our members since Market Go-Live
- This is a standard service used by power exchanges throughout Europe
- European power exchanges typically charge approx. €3,000 each time it is utilised
- Currently SEMOpx does not charge members to use the service
- The service is provided to allow the recall of 'fat-finger' type trading errors. Data suggests, in some cases, members are potentially using it for:
 - Strategy Testing
 - 'Get out of Jail free' after the fact trading mistakes
 - Training for new trading team members
- While the SEMOpx Market Monitor can and does query members use of the service, this is a limited deterrent
- **This proposal aims to encourage Participants to use the service for what it was intended, as a last resort to resolve unintended trading mistakes**

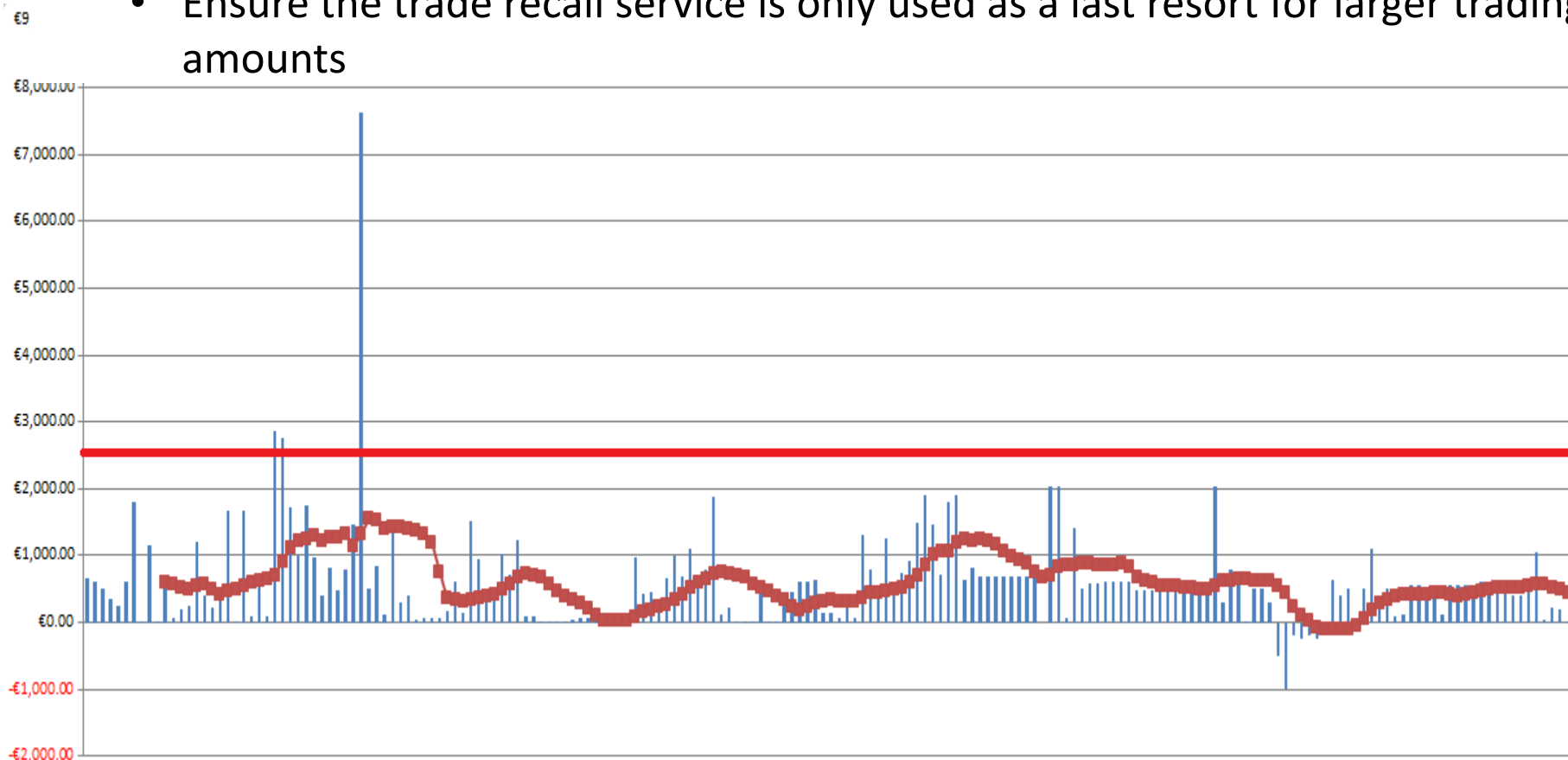
Intraday Continuous Trade Recall € values since Go-Live

- Recall Euro values are generally below €2,000
- **Average value of €599** (Max €7,630; Min €2)



Proposal on Charges for Trade Recalls

- SEMOpx propose to set the trade recall charge to **€2500**
 - High enough for Participant to want to seek other routes (i.e. trade out) to resolve their initial error,
 - Ensure the trade recall service is only used as a last resort for larger trading amounts



How the charge would be implemented?

Update Statement of Charges

SEMOPx request and receive approval from RAs to update the SEMOPx Statement of Charges to include the charge for Trade Recalls

Execute Trade Recall

The trade recall would be initiated and completed in the normal way

Charge included in Invoice

On a monthly basis SEMOPx would identify and include the trade recall charges for a member in their SEMOPx fee invoice under the "Technical" line item.

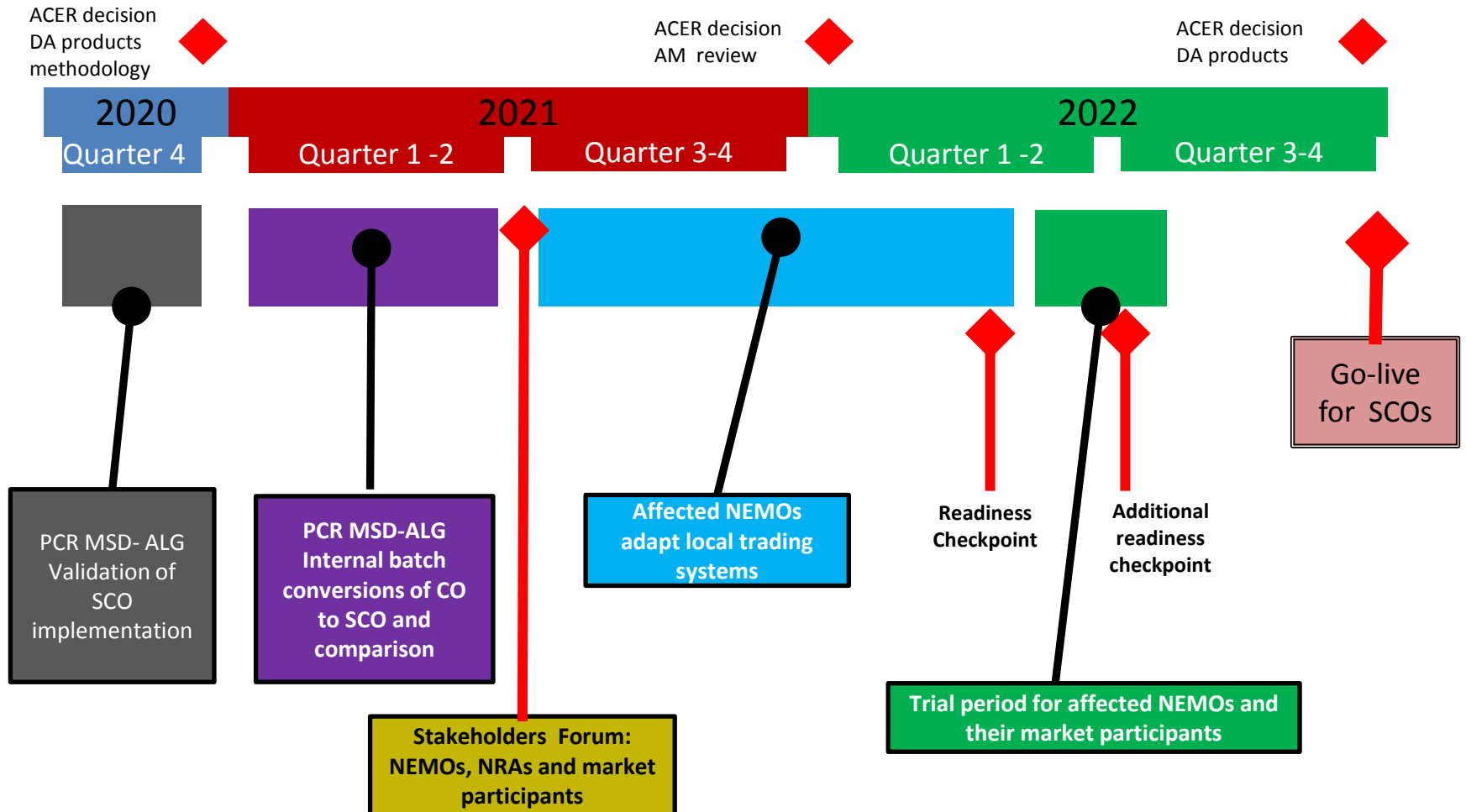
Use of Fees Collected

Any fees collected over and above the costs of administering the collection process would be k-factored (as a credit) into SEMOPx fees in the subsequent year

Agenda

- ❑ Operations Update – Year in Review (20 min)
 - Market Statistics
 - Query Management
 - Registration
 - SEMOpx Rules Updates
 - Brexit
- ❑ Service Improvements (10 min)
 - Implemented
 - Future
- ❑ European Integration (5 min)
- ❑ **Service Development (40min)**
 - Trade Recall
 - **Scalable Complex Orders**
 - REMIT Fees
- ❑ Question and Answer (15 min)

Proposed Timeline for CO2SCO



Agenda

- ❑ Operations Update – Year in Review (20 min)
 - Market Statistics
 - Query Management
 - Registration
 - SEMOpx Rules Updates
 - Brexit
- ❑ Service Improvements (10 min)
 - Implemented
 - Future
- ❑ European Integration (5 min)
- ❑ **Service Development (40min)**
 - Trade Recall
 - Scalable Complex Orders
 - **REMIT Fees**
- ❑ Question and Answer (15 min)

REMIT Fees - Background

- The EU Commission have been looking at the introduction of REMIT fees
 - Regulation (EU) 2019/942 introduced fees as an additional source of funding for ACER
 - Fees are to cover the costs of REMIT related activities, including collecting, handling, processing and analysing the information that market participants report
 - Details of the [consultation](#) launched on 8 June 2019 by the EU Commission were communicated by [SEMC](#), [CRU](#) and [UR](#), with the consultation closing 31 August 2020
 - Adoption of the Commission's Fee decision is due November 2020, with implementation from 1 January 2021
- SEMOpx as a Registered Reporting Mechanism (RRM), have been provided with details of how the fee model is likely to work, and has been looking at how best to implement the collection of the fees in the SEM.

Proposed Fee Structure by the EU Commission

- **Transaction records-based fees**
 - Calculated for each market participant
 - Transaction records = number of transactions submitted to REMIT platform, not the value (€) or the volume traded (MWh)
 - Different fees based on ranges of transaction record
 - Transaction records based on estimated number of transactions in previous year
 - Estimation for full year based on transaction records to September
 - True up between actual and estimated transactions occurs after end of full year
 - Tariff ranges are large so likelihood of true up being needed is small
 - Total estimated SEM transaction record based fees ~ €65,000/year
- Plus **Flat Fee** per RRM, ~ €9,000/year

Impact of Fees on Members

Note:

- Estimates of transaction records are based on approximations from the number of completed trades in SEM for each member
- Estimated fees per member are calculated assuming full pass-through of the transaction record fee model proposed by the Commission.
- Tariff categories are based on the examples provided by the Commission at an RRM workshop held in October, and are subject to the final decision and approval of the relevant REMIT fees budget.

Count of Fee Category by Member based on **Transaction Based Fee Model**

Tariff Category	No. of Members
€ 250	0
€ 500	4
€ 1,000	31
€ 2,000	12
€ 4,000	2

Count of Fee Category by Member based on **Volume Based Apportionment**^{#1}

Fee Range	No. of Members
€0 - €250	27
€251 - €500	5
€501 - €1,000	7
€1,001 - €2,000	5
€2,001 - €4,000	0
€4,001 - €20,000	5

#1 – apportioned by adding total transaction records fees to the existing SEMOpx variable trading fee which is based on MWhs traded

Options Identified

It is proposed that the **Flat Fee costs per RRM** are included as a pass-through cost in SEMOpx operating costs

In terms of the **Transaction Based costs** – three options have been identified:

<i>Option</i>	<i>Description</i>	<i>Ease of Implementation</i>	<i>Minimal Implementation Costs</i>	<i>Minimal Operational Costs</i>	<i>Based on Commission Fee Model</i>	<i>Transparent</i>
1	Include in SEMOpx Variable Fees	✓	✓	✓	✗	✗
2	Included in existing “Technical” fee line item on SEMOpx Invoices	✓	✓	✓	✓	✓
3	Included in new “REMIT” fee line item on SEMOpx Invoices	✗	✗	✓	✓	✓

Commentary on Transaction Cost Options Assessment

1

Include transaction based costs in *SEMOpX Variable Fees*

- Change is to tariff calculation, so no member or SEMOpX system changes envisaged
- Limited impact on operational costs as estimate of transaction record costs included into SEMOpX Variable Fee setting process each year, then k-factor any difference into subsequent years
- Fee effectively based on volume traded, so not in line with transaction record based fee model. Will lead to some members paying more and most members paying less than if transaction records fees applied.
- SEMOpX Variable Fee will not be a true reflection of power exchange costs as would incorporate Commission fee charges for REMIT as well
- Cost are less transparent as hidden in SEMOpX variable fee

2

Include transaction based costs for each member in the *existing "Technical" fee line item* on SEMOpX Invoices

- Utilises existing line item in SEMOpX invoice. So minimal implementation costs.
- Technical fee value will now cover both additional user login fees and REMIT fees in the one line item.
- Minimal additional operational costs to add in REMIT fees to "technical" line item, although would possibly require sending of additional backing information to the members
- Assignment of REMIT fees to members is the same as ACER transaction record based fee model
- REMIT Fees included separately from power exchange fees so more transparent

3

Included transaction based costs for each member in a *new "REMIT" fee line item* on SEMOpX Invoices

- Utilises new line item in SEMOpX invoice. So implementation costs for members and SEMOpX accounting systems likely.
- REMIT" fee line item separate from "Technical" fee line item that is used for additional user login fees, so more transparent.
- Minimal additional operational costs to add in REMIT fees, although may require sending of additional backing information to the members
- Assignment of REMIT fees to members is the same as ACER transaction record based fee model
- REMIT Fees included in separate line item on invoice so fully transparent

Favoured Option

- Implement **Option 2**: **REMIT transaction record costs included in “Technical” fee line item on SEMOpx Invoices** based on:
 - ✓ Mirrors Commission’s transaction records fee model
 - ✓ Can be implemented within the timelines proposed by the Commission
 - ✓ Minimal implementation costs for members or SEMOpx
 - ✓ Minimal operational costs for members or SEMOpx
- **Flat Fee per RRM included as pass-through cost in SEMOpx operating costs**
 - ✓ Difficult to apportion to each member as no transaction records based
 - ✓ Smaller total value than transaction records component

Consideration longer term to the implementation of Option 3: REMIT transaction record costs included in separate “REMIT Fees” line item on SEMOpx invoices =>> if strong support from members.

REMIT Fees - Next Steps

Action	Target Date
<i>EU Commission Decision on REMIT fees</i>	30 th Nov 2020
<i>Feedback from members on proposed approach EU Commission</i>	4th Dec 2020
<i>Decision by SEMOpx on approach for collecting fees</i>	9 th Dec 2020
<i>Submission to RA's on inclusion of REMIT Fees in SEMOpx Statement of Charges</i>	9 th Dec 2020
<i>Approval by RA's on inclusion of REMIT Fees in SEMOpx Statement of Charges</i>	31 st Jan 2021
<i>ACER provide transaction record based fee information for billing</i>	31 st Jan 2021
<i>SEMOpx include REMIT fees in February 2021 invoice</i>	5 th Feb 2021
<i>SEMOpx pay REMIT fees to ACER</i>	31 st March 2021

Agenda

- ❑ Operations Update – Year in Review (20 min)
 - Market Statistics
 - Query Management
 - Registration
 - SEMOpx Rules Updates
 - Brexit
- ❑ Service Improvements (10 min)
 - Implemented
 - Future
- ❑ European Integration (5 min)
- ❑ Service Development (40min)
 - Trade Recall
 - Scalable Complex Orders
 - REMIT Fees
- ❑ Question and Answer (15 min)

Feedback Requested

- Please provide any additional feedback on:
 - Trade Recall Charges
 - Scalable Complex Orders
 - REMIT Fee implementation
 - Or any other topic

To info@semopx.com by 4th December

We would appreciate your views.

Q & A

