

Summary and Rational of Changes to SEMOpx Rules for MCF_004: Market Coupling Facilitator Rules Changes

Submitted to the relevant Regulatory Authorities 14 March 2018

MCF – Changes to Section B

Article	Text Change	Reason
B.2.1.5(e)	where appropriate, transmit information about Transactions and Interconnector Transaction Information to the Clearing House for clearing	SEMOpX will need to submit information that is relevant only to an interconnector in order for ECC to perform their role as shipper. The contents of this information are set out in F.2.5.2.
B.2.1.5(f)	appoint a Clearing House to operate as the central counterparty providing clearing services for the Exchange and notify the Transmission System Operators of Ireland and Northern Ireland of the physical deliveries of contracts-on-the-Exchange Contracts , in accordance with these SEMOpX Rules and the Procedures;	Using the defined term “Contracts” which refers to section E.2.4, which now includes Market Coupling Contracts.

MCF – Changes to Section B

Article	Text Change	Reason
B.2.3.2	The Exchange Committee shall consist of no more than 17 15 members appointed by Exchange Members and two members appointed by SEMOpX, one of whom shall be the chairperson.	Updated to allow for the MCF to sit on the Exchange Committee without impacting on the spaces available for representatives of the market.
B.2.9.2	Subject to paragraph B.2.9.3 , SEMOpX may not limit the number of Exchange Members.	Reflecting that there may only be one MCF per interconnector.
B.2.9.3	There may only be one Market Coupling Facilitator for each Interconnector.	There is only one submission of capacity per interconnector.
B.2.9.4	A Market Coupling Facilitator may not submit Orders for any Product.	An MCF only participates in the Exchange in relation to the relevant Interconnector. This is precluded by the definitions however it is SEMOpX's preference to set this out explicitly in the Rules to avoid confusion.

MCF – Changes to Section B

Article	Text Change	Reason
B.2.9.5	An Exchange Member (other than a Market Coupling Facilitator) may not trade or deal in PTRs or Market Coupling Contracts, on the Exchange.	Only the MCF may deal in PTRs or MCCs.
B.2.11.1	SEMOpX shall appoint a clearing house (the “Clearing House”) for the Exchange that will act as the central counterparty for all Contracts created under these SEMOpX Rules settled on the Exchange.	To establish consistent terminology that can be applied to all Contracts, including Market Coupling Contracts.
B.2.11.2	The Clearing House shall be a credit institution that handles the clearing of Contracts created under these SEMOpX Rules settled on the Exchange	To establish consistent terminology that can be applied to all Contracts, including Market Coupling Contracts.
B.4.1.5	If the Market Coupling Facilitator in respect of an Interconnector is not the Interconnector Owner, then the Market Coupling Facilitator must have arrangements in place with the Interconnector Owner to enable it to perform its obligations, and to carry out its functions, as contemplated by these SEMOpX Rules	The Interconnector Owner may appoint an agent to become the MCF on its behalf. SEMOpX expects that there will be the appropriate arrangements in place between the Interconnector Owner and its agent if this is the case.

MCF – Changes to Section C

Article	Text Change	Reason
C.1.1.1	Subject to paragraph C.1.1.2 , an Exchange Member shall at all times while it remains an Exchange Member	Certain aspects of C.1.1.1 do not apply to MCFs – C.1.1.2 identifies these aspects.
C.1.1.2	Paragraphs C.1.1.1(a), C.1.1.1(b), C.1.1.1(d) and C.1.1.1(f) do not apply in the case of a Market Coupling Facilitator, or an Applicant which SEMOpx considers is seeking to be admitted as an Exchange Member solely in order to be designated as a Market Coupling Facilitator.	<p>C.1.1.1(a) – Interconnector Owners are not Participants as defined under the Trading and Settlement Code</p> <p>C.1.1.1(b) Interconnector Owners do not hold any authorisation and/or licences to trade electricity</p> <p>C.1.1.1(d) Interconnector Owners will not be using the systems of the Exchange in the same manner as Exchange Members</p> <p>C.1.1.1(f) it is not necessary for Interconnector Owners to post collateral with Market Operator</p>

MCF – Changes to Section C

Article	Text Change	Reason
C.1.2.3	<p>SEMOpx may designate an Exchange Member to be the Market Coupling Facilitator in respect of each Interconnector. The Exchange Member designated for this purpose must be either:</p> <p>(a) the Interconnector Owner (as the person entitled to have the congestion income arising by reason of the operation of that Interconnector transferred to it under Article 68(8) of the CACM Regulation); or</p> <p>(b) a person authorised for this purpose by the Interconnector Owner referred to in sub-paragraph (a).</p>	<p>This article describes the requirements for becoming the MCF and allows for the Interconnector Owner to appoint an agent to become the MCF on their behalf.</p>
C.1.3.1(c)	<p>establish to SEMOpx's satisfaction that they comply with the applicable requirements set out in paragraph C.1.1.1 and are therefore eligible to become an Exchange Member.</p>	<p>To reflect that some aspects of C.1.1.1 are not relevant to the MCF.</p>
C.1.3.4(a)	<p>if the Applicant does not comply with the applicable requirements set out in paragraph C.1.1.1, reject the Membership Application by written notice to the Applicant; or</p>	<p>To reflect that some aspects of C.1.1.1 are not relevant to the MCF.</p>

MCF – Changes to Section C

Article	Text Change	Reason
C.1.4.1	<p>If SEMOpx is satisfied that an Applicant fulfils the applicable requirements set out in section C.1.1, and has provided all the information and clarification required under section C.1.3, SEMOpx shall within 10 Working Days of final receipt of all required information provide the Applicant with an Accession Agreement, under which the Applicant becomes a party to the Exchange Membership Agreement. SEMOpx may specify any conditions that it considers need to be satisfied before the Accession Agreement takes effect.</p>	<p>To reflect that some aspects of C.1.1 are not relevant to the MCF.</p>
C.2.3.3 (b) and (c)	<p>(b) any outstanding Default by the Exchange Member which is capable of remedy has been remedied; and</p> <p>(c) in the case of a Market Coupling Facilitator, another Exchange Member has been designated in accordance with paragraph C.1.2.3 as the Market Coupling Facilitator for the relevant Interconnector with effect from the time of resignation.</p>	<p>There must be an MCF for every Interconnector, so that market coupling contracts are created and settled. If the MCF resigns, the Interconnector Owner must ensure that a new MCF is in place without any gap.</p>

MCF – Changes to Section C

Article	Text Change	Reason
C.2.5.1(a)	the Clearing House (or the Exchange Member's Clearing Entity) has taken any action in relation to the Exchange Member that SEMOpx considers will or could (with the expiration of time) prevent the Exchange Member settling Contracts entered into created under these SEMOpx Rules for a period of time;	The terminology generally used under the Rules is that Contracts are created rather than entered into, so wording has been updated
C.2.7.1 (b)	is no longer able to settle Contracts entered into created under these SEMOpx Rules through the Clearing House; or	The terminology generally used under the Rules is that Contracts are created rather than entered into, so wording has been updated
C.2.8.2(c)	the continuing obligations of the Exchange Member under or in respect of any Contract entered into created prior to its resignation or termination; and	The terminology generally used under the Rules is that Contracts are created rather than entered into, so wording has been updated
C.2.9.1(b)	the Trading Halt or Suspension does not affect the continuing obligations of the relevant Exchange Member under or in respect of any Contract created entered into prior to the Trading Halt or the Suspension Order coming into effect.	The terminology generally used under the Rules is that Contracts are created rather than entered into, so wording has been updated

MCF – Changes to Section D

Article	Text Change	Reason
D.2.2.4	This section D.2.2 does not apply to Market Coupling Facilitators.	MCFs do not submit Orders as defined in these Rules
D.2.3.2	This section D.2.3 does not apply to Market Coupling Facilitators.	MCFs do not submit trade on behalf of clients as contemplated in these Rules
D.2.4.5	This section D.2.4 does not apply to Market Coupling Facilitators.	MCFs do not have Traders.
D.3.1.1 (b)	by notice in writing, to require any Exchange Member (whether or not that Exchange Member is itself suspected of an infringement) to provide specified information or information of a specified description, or to produce specified documents or documents (in whatever format) of a specified description, which appear to the SEMOpX Monitor to relate to any matter relevant to the investigation, including to provide details of the economic beneficiary of any Order, or Transaction or Contract.	Wording updated to include Market Coupling Contracts.
D.3.3.1 (b)	any European or national regulatory authorities or other enforcement authority with relevant jurisdiction over an Exchange Member, Order, or Transaction or Contract;	Wording updated to include Market Coupling Contracts.

MCF – Changes to Section E

Article	Text Change	Reason
E.2.1.1	A Product is a specified format in which an Exchange Member must submit Orders for sales and / or purchases of electricity on the Exchange	<p>This does not include Market Coupling Contracts as a “Product” – as Orders are not submitted in respect of Market Coupling Contracts.</p> <p>Section E.2.4 does however clearly set out the specifications for Market Coupling Contracts and how these are created on the Exchange, and Appendices A2 and A4 of the Operating Procedures have been included to do so as well.</p>
E.2.3	Orders and submission of Interconnector information	To include the MCF.
E.2.3.7	<p>A Market Coupling Facilitator shall submit the following information to SEMOpx in relation to the relevant Interconnector:</p> <p>(a) available cross zonal capacities and allocation constraints of the Interconnector; and</p> <p>(b) such other information as is required by the Procedures.</p>	Information required by SEMOpx to implicitly allocate capacity.

MCF – Changes to Section E

Article	Text Change	Reason
E.2.3.8	The information referred to in paragraph E.2.3.7 may be provided on behalf of the Market Coupling Facilitator by the relevant Transmission System Operator, and SEMOpx is entitled to rely on any such information provided by the relevant Transmission System Operator as if it had been provided by the Market Coupling Facilitator.	This paragraph reflects the design that has been agreed by the SEM-GB Regional Project, where the information may be provided by the TSOs.
E.2.4.1	There are two types of Contracts: (a) Contracts for the sale or purchase of electricity; and (b) Market Coupling Contracts.	Updated to include the Market Coupling Contract on the Exchange.
E.2.4.2	Notification of a Transaction by SEMOpx to the Clearing House in accordance with paragraph F.2.5.1-section F.2 creates a Contract for the sale or purchase of electricity between the Exchange Member that submitted the relevant Order and the Clearing House (as the central counterparty) governed by and enforceable in accordance with the Clearing Conditions.	Change to delineate between contracts for electricity arising from Exchange trading and Market Coupling Contracts. The reference to the Clearing Conditions was deleted because it was covered by the Rules in two difference places, in E.2.4.2 and E.2.4.3. SEMOpx considers that the formulation in E.2.4.3 is more correct.

MCF – Changes to Section E

Article	Text Change	Reason
E.2.4.3	<p>A Contract for the sale or purchase of electricity is a firm and irrevocable commitment at in respect of the a specified date and time quantity and Trading Period:</p> <p>(a) in the case of a Contract for the purchase of electricity, for the buyer to take delivery of the underlying electricity and to settle the Contract at the specified price; and</p> <p>(b) in the case of a Contract for the sale of electricity, for the seller to deliver the underlying electricity and to settle the Contract at the specified price,</p> <p>with delivery obligations met through the nomination by the Clearing House of purchases or sales to the Market Operator for the Balancing Market for the SEM, as required by the Trading and Settlement Code, and Settlement in accordance with obligations met through the relevant Exchange Member's arrangements with the Clearing House under the Clearing Conditions.</p> <p>The Contracts traded on SEMOpX are commercial contracts between Exchange Members and the Clearing House in respect of the physical delivery or off take of electricity within the power systems of the Market Areas.</p>	<p>Change to delineate between contracts for electricity arising from Exchange trading and Market Coupling Contracts.</p> <p>Last sentence has been removed as the concept is already covered in the preceding words.</p>

MCF – Changes to Section E

Article	Text Change	Reason
E.2.4.4	<p>Notification of Interconnector Transaction Information by SEMOpx to the Clearing House in accordance with paragraph F.2.5.2 creates a Market Coupling Contract under which the Market Coupling Facilitator for the relevant Interconnector transfers to the Clearing House (as the central counterparty) PTRs in respect of the relevant Interconnector with:</p> <ul style="list-style-type: none">(a) the quantity and price determined by the price coupling solution;(b) delivery obligations met through the nomination by the Clearing House of the quantity and direction of electricity transfer over the Interconnector to the relevant Transmission System Operator(s); and(c) Settlement by way of payment to the Market Coupling Facilitator of any congestion income arising by reason of the operation of the Interconnector.	<p>This introduction is required because Market Coupling Contracts are not the result of Orders and Transactions as defined in these Rules, but follows the general pattern of clause E.2.4.3 in relation to contracts for the sale or purchase of electricity.</p>

MCF – Changes to Section F

Article	Text Change	Reason
F.2.3.2	<p>For the Day-ahead Auction and Intraday Auction Market Segments:</p> <p>(a) SEMOpx shall anonymise and submit Orders contained in a closed Order Book and the information provided under paragraph E.2.3.7 to the relevant Coupling Operator;</p> <p>(b) the Orders and information submitted by SEMOpx shall be inputs into the Market Coupling process together with orders and information in respect of the same Market Segment submitted by other power exchanges, in accordance with rules and procedures applicable to the Market Coupling;</p> <p>(c) Exchange Members acknowledge that, in the case of coupled Market Segments, before SEMOpx publishes Auction results, a Transmission System Operator of the coupled market area may:</p> <ul style="list-style-type: none"> (i) verify elements of the results; and (ii) reject such elements as being inconsistent with cross zonal capacity and allocation constraints provided by the Transmission System Operator; and <p>(d) applying the results provided by the relevant Coupling Operator, SEMOpx shall determine the execution status of each Order and the Interconnector Transaction Information.</p>	<p>To include the Interconnector information in the information that is sent to the Coupling solution.</p>

MCF – Changes to Section F

Article	Text Change	Reason
F.2.5.2	<p>SEMOpx shall also notify the Clearing House of the following information (Interconnector Transaction Information) arising out of an Auction in relation to each Interconnector:</p> <ul style="list-style-type: none"> (a) relevant Interconnector; (b) scheduled quantity and direction of electricity transfer; (c) relevant Trading Period; and (d) such other information as the Procedures or the Clearing Conditions require. 	<p>This article is needed to set out the information that is required by ECC to perform its role as shipper.</p>
F.2.5.4	<p>Contracts for electricity created on the Exchange are physically settled by the Clearing House notification of Contracted Quantities to the Market Operator under the Trading and Settlement Code.</p>	<p>To reflect that this clause applies only to Contracts for electricity and not to MCCs.</p>
F.2.6.5	<p>Settlement of Market Coupling Contracts will be in Euro.</p>	<p>This is an agreed design feature.</p>

MCF – Changes to Section F

Article	Text Change	Reason
F.3.1.2 (a)	<p>Under circumstances set out in paragraph F.3.1.1, SEMOpX may take such of the following measures as it considers appropriate to remedy the situation:</p> <p>(a) conduct a local auction for the Market Areas, without Market Coupling;</p>	<p>If a local auction takes place interconnector capacity will not be included and SEMOpX is therefore not coupled with Great Britain or the rest of Europe.</p>
G.4.3	<p>G.4.3 Market Coupling Contracts</p> <p>G.4.3.1 Market Coupling Contracts in respect of an Interconnector do not give rise to any obligation on the part of any person (including the relevant Market Coupling Facilitator or the Interconnector Owner) to transfer any physical capacity of the Interconnector.</p>	<p>Physical Transmission Rights (conferred by Market Coupling Contracts) are only intended to be notional. Market Coupling Contracts are a mechanism to allow for the congestion income arising from an Interconnector to be settled on the Exchange in accordance with Article 68(8) of CACM. Accordingly, they do not actually transfer the physical capacity of the Interconnector to any person.</p>

MCF – Changes to Section H and I

Article	Text Change	Reason
H.5.1.1	<p>In order to carry out its obligations under these SEMOpx Rules, SEMOpx shall collect, retain or process the following data (“Data”):</p> <p>(.....)</p> <p>(b) trading data, including: (.....)</p> <p>(iv) Interconnector Transaction Information;</p>	Updated to reflect the data relevant to the MCF that is used by SEMOpx.
I.1.1.1	<p>This Chapter I describes the high level technical requirements that Exchange Members must satisfy in order to trade participate on the Exchange. Exchange Members must also meet the detailed technical requirements set out in the Procedures.</p>	This change is required to include MCFs since MCFs do not trade on the Exchange.

MCF – Changes to Definitions

Name	Definition	Reason for change
congestion income	has the meaning given in the CACM Regulation.	New definition for the MCF changes
Interconnector	means electric lines and electric plant used solely for conveying electricity from outside both Ireland and Northern Ireland directly to or from a substation located in either Ireland or Northern Ireland.	New definition for the MCF changes
Interconnector Owner	in respect of an Interconnector, means the person that owns or legally controls (under contract or at law) the Interconnector and who has registered the Interconnector under paragraph B.10.1.1 of the Trading and Settlement Code.	New definition for the MCF changes
Interconnector Transaction Information	has the meaning given in paragraph F.2.5.2.	New definition for the MCF changes
Market Coupling Contract	a Contract that is created by operation of paragraph E.2.4.4.	New definition for the MCF changes
Market Coupling Facilitator	for an Interconnector, means the Exchange Member designated under paragraph C.1.2.3 in respect of the Interconnector.	New definition for the MCF changes

MCF – Changes to Definitions

Name	Definition	Reason for change
Physical Transmission Right or PTR	means a notional right granted by the Market Coupling Facilitator to the Clearing House to arrange for the transfer of energy over an Interconnector for a Trading Period with the direction, quantity and price determined by the price coupling solution.	New definition for the MCF changes
Transmission System Operator and TSO	means an entity responsible for operating an electricity transmission system, and includes the holder of an electricity transmission system operation licence granted by a Regulatory Authority pursuant to Section 14 of the Electricity Regulation Act 1999 (Ireland) or Article 10 of the Electricity (Northern Ireland) Order 1992.	Broadening the definition to reflect the fact that the term TSO in the Rules is also used in places to refer to the TSO in the market which is coupled with SEM, who may not necessarily hold an Irish or Northern Ireland transmission licence.

Errors in approved version of the Rules

Article	Text Change	Reason
C.2.5.1(b) and (c)	<p>(a) SEMOpx becomes aware that the Exchange Member otherwise no longer complies with the requirements set out in paragraph C.1.1.1; or</p> <p>(b) the Exchange Member has failed to pay any fees when due under these SEMOpx Rules or the SEMOpx Statement of Charges within the period of 20 Working Days after they became due and payable.</p>	Correcting a typo in the approved version of the SEMOpx Rules
E.2.1.2	Product Specifications for the Day-ahead Auction, Intraday Auction and intraday continuous Matching Market Segments of the Exchange are listed in Appendix A of the operating Procedures.	Correcting a typo in the approved version of the SEMOpx Rules
F.2.5.1	<p>SEMOpx shall notify the Clearing House of such information on each Transaction (which has not been cancelled in accordance with the Procedures) as is required by the Clearing House, including:</p> <p>(f) date and time of delivery relevant Trading Period.</p>	More accurately reflects the information that is sent to the Clearing House. It reflects the fact that trading on the exchange is on a Trading Period basis (which varies depending on the Market Segment), ie, SEMOpx has no discretion as to what delivery period it notifies.

Errors in approved version of the Rules

Article	Text Change	Reason
F.3.1.2	Under circumstances set out in paragraph F.3.1.1, SEMOpX may take such of the following measures as it considers appropriate to remedy the situation: (c) postpone or modify the time at which the Order Book is closed or the outcome is published;	Clause F.3.1.5 has provisions dealing with what happens if there is a “postponement of the Order Book Closure” (as will the fall-back provisions in the Procedures), but clause F.3.1.2 (which sets out the measures that SEMOpX may take to remedy a problem) does not specifically contemplate postponement of Order Book closure.
I.1.2.1	Exchange Members shall submitting Orders to the SEMOpX Trading Systems shall do so in accordance with the operating Procedures	corrects an a error in the approved Rules. The intention was that there is no obligation on Exchange Members to submit orders, but should they choose to do so, they must follow the Operating Procedures.
F.2.5.4	Contracts for electricity created on the Exchange are physically settled by the Clearing House following notification of Contracted Quantities to the Market Operator under the Trading and Settlement Code.	Typographical error in approved version of the SEMOpX Rules

Errors in approved version of the Rules

Name	Definition	Reason for change
Market Coupling	means the matching of orders from the day-ahead and intraday markets for different bidding zones and simultaneously allocating cross-zonal capacities through the Price Coupling of Regions.	To reflect that the Price Coupling of Regions has been identified as the solution for the single day-ahead coupling as required by CACM.
Market Area	Has the meaning given in section E.2.5	Deleting a repeated definition in the approved version of the Rules.
Price Coupling of Regions (PCR)	means the initiative of seven European P power E exchanges to develop a single price coupling solution to be used to calculate electricity prices across Europe, and allocate cross border capacity on a day-ahead basis.	