

SEMOpX Exchange Committee
Secretariat Function
The Oval
160 Shelbourne Road
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29 January 2024

SEMOpX Decision in relation to SEMOpX SPX_04_23 Increase in the Minimum Price Threshold for the 2nd Auction Trigger

Dear Exchange Members,

On 7th June 2023, SEMOpX submitted its Modification Proposal Form with regard to the SEMOpX Operating Committee Procedures in accordance with Paragraph J.2.1.1 of the SEMOpX Rules. An adhoc Exchange Committee Meeting was offered at that time but not deemed necessary and therefore discussed at Meeting 12.

The Modification Proposal was discussed at the Exchange Committee Meeting 12 on 21 November 2023. The aim of the Modification is to increase the minimum threshold, for the 2nd auction trigger in the Day Ahead auction.

This modification proposes to update the SEMOpX Operating Procedures to reflect the increase in the minimum threshold for 2nd auction price trigger in the Day Ahead auction. This has been agreed in the All NEMO Day Ahead Operating Agreement Operational Committee (ANDOA OPSCOM). The agreed ANDOA OPSCOM changes will see the minimum 2nd auction price threshold increase to be in line with the current minimum price cap. The maximum 2nd auction price threshold remains unchanged.

Note: The 2nd auction price threshold is not related to the max and min price caps which apply in the day-ahead market. These price caps are not changing.

Please find the current and proposed price triggers detailed below:

	Current	Proposed
Minimum Price 2 nd Auction Threshold	-€150	-€500
Maximum Price 2 nd Auction Threshold	€2400	€2400 (no change)

The updates are limited to the SEMOpX Operating Procedures. No updates to the SEMOpX Rules document, SEMOpX Operating Procedures Glossary or SEMOpX Rules Glossary are seen as necessary.

Target go-live date of the changes to the new 2nd auction threshold price are being implemented in SDAC from 15 June 2023.

The change in the SEMOpX Operating Procedure is limited to Appendix A, Schedule A.1.

The Proposer justified the Modification on the basis that following 4 instances of 2nd Auction minimum price triggers in the DAM auction (18/4, 26/5, 27/5 & 28/5) the second auction process was initiated, with the regions and trading periods (where the price event occurred) notified and order books re-opened. Following the re-running of the second auction the prices were found to not change significantly either reduced marginally, remaining the same or increased.

With the implementation of the 2nd Auction process, additional time is required to notify members of the price event and re-opening of order books, as well as re-run the auction process. This means that the results of the auction are delayed across Europe until the 2nd Auction has completed. In addition, running a second auction also increases risks of decoupling occurring as if any further issues were to arise after the 2nd Auction being run there would be less time to resolve these issues before full decoupling would be invoked. On the dates of the 18/4 and 27/5 there were instances that went close to the full decoupling being required although these were avoided in the end.

Therefore, ANDOA OPSCOM agreed that due to the ineffectiveness of the second auction process regarding price improvement, that mitigation measures be implemented regarding the second auction process to reduce risks posed due to timing delays. Therefore, it was proposed that by increasing the minimum price threshold to align with the minimum price caps, that the possible triggering of the second auction process would be reduced to only be relevant in the case of an auction curtailment event rather than just higher prices.

This modification proposal furthers the SEMOpX Objective (a) and SEMOpX Principles (c), (d) and (e) by ensuring:

- by implementing this modification, this ensures that participation and trading in commercially viable and sustainable product offerings in the SEMOpX day-ahead market will remain, with ongoing delays and risk of auction cancellation being removed.
- conformity with regional and European-wide arrangements for Market Coupling to align with the price threshold changes set out at SDAC level, ensuring that SEMOpX members receive the relevant communications in line with the expected timelines set out in the SEMOpX Operating Procedures
- this modification promotes confidence in the market and its outcomes by implementing risk mitigation measures.
- the SEMOpX Operating Procedures reflect the new second auction price threshold limits at SDAC level.

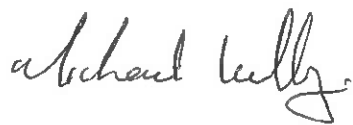
The below impact was highlighted:

- As this modification is being implemented by all NEMOs in SDAC, if the modification was not passed by SEMOpX, SEMOpX would pose an ongoing risk of a price event being triggered,

resulting in delays to the SDAC auction with no benefit. By not implementing this modification, SEMOpX would not be aligned with the agreed threshold changes in SDAC.

Considering Modification Proposal SEMOpX SPX_04_23 and in accordance with Paragraph J.4.2.1 of the SEMOpX Rules, SEMOpX approves Modification Proposal SEMOpX SPX_04_23. An update to SEMOpX Operating Procedure will apply from 15th June 2023, being the agreed date of implementation with the SEM-GB regional parties.

Yours sincerely,



Michael Kelly

