

SEMOPX MODIFICATION PROPOSAL FORM												
Proposer (Company)	Date of receipt (assigned by Secretariat)	Type of Proposal (delete as appropriate)	Modification Proposal ID (assigned by Secretariat)									
SEMOpX	7 <sup>th</sup> June 2023	Standard	SPX_04_23									
Contact Details for Modification Proposal Originator												
Name	Telephone number	Email address										
John Rooney		John.Rooney@soni.ltd.uk										
Modification Proposal Title												
Increase in the Minimum Price Threshold for the 2 <sup>nd</sup> Auction Trigger												
Documents affected (delete as appropriate)	Section(s) Affected	Version number of SEMOpX Rules or Operating Procedure used in Drafting										
SEMOpX Operating Procedures	Appendix A, Schedule A:1	Version 6.0										
Explanation of Proposed Change (mandatory by originator)												
<p>Please see details in the “Modification Proposal Justification” section of the proposal form for the rationale for this change.</p> <p>This modification proposes to update the SEMOpX Operating Procedures to reflect the increase in the minimum threshold for 2<sup>nd</sup> 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 2<sup>nd</sup> auction price threshold increase to be in line with the current minimum price cap. The maximum 2<sup>nd</sup> auction price threshold remains unchanged.</p> <p>Note: The 2<sup>nd</sup> 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.</p> <p>Please find the current and proposed price triggers detailed below:</p> <table border="1"> <thead> <tr> <th></th> <th>Current</th> <th>Proposed</th> </tr> </thead> <tbody> <tr> <td>Minimum Price 2<sup>nd</sup> Auction Threshold</td> <td>-€150</td> <td>-€500</td> </tr> <tr> <td>Maximum Price 2<sup>nd</sup> Auction Threshold</td> <td>€2400</td> <td>€2400 (no change)</td> </tr> </tbody> </table> <p>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.</p> <p>Target go-live date of the changes to the new 2<sup>nd</sup> auction threshold price are being implemented in SDAC from 15 June 2023.</p> <p>The change in the SEMOpX Operating Procedure is limited to Appendix A, Schedule A.1.</p>					Current	Proposed	Minimum Price 2 <sup>nd</sup> Auction Threshold	-€150	-€500	Maximum Price 2 <sup>nd</sup> Auction Threshold	€2400	€2400 (no change)
	Current	Proposed										
Minimum Price 2 <sup>nd</sup> Auction Threshold	-€150	-€500										
Maximum Price 2 <sup>nd</sup> Auction Threshold	€2400	€2400 (no change)										
Legal Drafting Change												

*(Clearly show proposed change to SEMOpx Rules (including Appendices and Operating Procedures) using **tracked** changes, if proposer fails to identify changes, please indicate best estimate of potential changes)*

SEMOpx Operating Procedures:

Appendix A, Schedule A:1:

<b>Minimum Price Threshold; Maximum Price Threshold (for a second Auction as described in section Error! Reference source not found.)</b>	-500 Euro/MWh; 2400 Euro/MWh
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**Modification Proposal Justification**

*(Clearly state the reason for the Modification)*

This modification proposes to increase the minimum threshold, for the 2<sup>nd</sup> auction price trigger in the Day Ahead auction.

Following 4 instances of 2<sup>nd</sup> 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 2<sup>nd</sup> 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 2<sup>nd</sup> 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 2<sup>nd</sup> 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.

**SEMOpx Objective and SEMOpx Principles Furthered**

*(State the SEMOpx Objective and Principles the Proposal furthers, see Section A.1.2 of the SEMOpx Rules for further details)*

The principles of the SEMOpx rules are:

**A.1.2.1** *These SEMOpx Rules are designed to facilitate achievement of the following objective (the “SEMOpx Objective”):*

- (a)** *That participation and trading in commercially viable and sustainable product offerings in the SEMOpx day-ahead and intraday markets meets the needs of current and prospective Exchange Members, and promotes the long-term interests of consumers.*

**A.1.2.2** *The SEMOpx Objective is supported by the following principles: that the SEMOpx Rules should:*

- (a)** *enable compliance with the regulatory requirements of the European Union, Ireland and Northern Ireland;*
- (b)** *promote competitive outcomes through provision of efficient and effective exchange services;*
- (c)** *conform with regional and European-wide arrangements for Market Coupling;*
- (d)** *be transparent, not unduly discriminatory, and promote market integrity and confidence;*
- (e)** *reflect the system design and capabilities and service provider arrangements;*
- (f)** *provide Exchange Members with opportunities to be consulted on changes to SEMOpx Rules and Procedures; and*
- (g)** *promote data security, integrity and confidentiality, being the “SEMOpx Principles”.*

This modification proposal furthers the SEMOpx Objective (a) and SEMOpx Principles (c), (d) and (e) above 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

**Implication of not implementing the Modification Proposal**

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

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.

**Impacts**

*(Indicate the impacts on systems, resources, processes and/or procedures; also indicate impacts on any other Market Code such as Trading and Settlement Code, Capacity Marker Code, Grid Code, Exchange Rules etc.)*

- The SEMOpx Operating Procedures requires an update (this modification). There is no foreseen update to the associated SEMOpx Rules, SEMOpx Rules Glossary or SEMOpx Operating Procedures Glossary.

- There is no impact on Exchange members systems as the 2<sup>nd</sup> Auction trigger is related to the SDAC operating procedures. Exchange members will just need to be aware that the 2<sup>nd</sup> Auction trigger is now higher.
- SEMOpx will be required to update internal and documentation detailing the change in price threshold amounts
- SEMOpx will be required to update participant training materials and website content detailing the price threshold amounts
- SEMOpx and its service providers will need to complete scenario testing and simulation testing with the threshold amounts.

***Please return this form to Secretariat by email to [exchangecommittee@semopx.com](mailto:exchangecommittee@semopx.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 SEMOpx Objective and Principles to enable it to be fully considered by the Exchange Committee.
3. Each Modification Proposal will include a draft text of the proposed Modification to the SEMOpx Rules.
4. For the purposes of this Modification Proposal Form, the following terms shall have the following meanings:

**Modification Proposal:** means the proposal to modify the SEMOpx Rules and / or Operating Procedures 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

**SEMOpx:** has the meaning assigned to it in the glossary to the SEMOpx Rules

**SEMOpx Rules:** means the rules, including the Appendices and Procedures, as amended from time to time or otherwise modified in accordance with those SEMOpx rules.

**SEMOpx Exchange Committee or "the Exchange Committee":** has the meaning assigned to it in SEMOpx Rules.

**Regulatory Authorities:** has the meaning assigned to it in the SEMOpx Rules.

In consideration for the right to submit, and have the Modification Proposal assessed in accordance with the SEMOpx Rules and Exchange Committee Procedures 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 SEMOpx and the Regulatory Authorities to publish and/or distribute the Modification Proposal for free and unrestricted access;
  - 1.2 to the Regulatory Authorities, the SEMOpx Exchange Committee and each member of the Exchange Committee 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 SEMOpx Rules;
  - 1.3 to SEMOpx and the Regulatory Authorities to incorporate the Modification Proposal into the SEMOpx Rules;
  - 1.4 to all Parties to the SEMOpx Rules and the Regulatory Authorities to use, reproduce and distribute the Modification Proposal, whether as part of the SEMOpx Rules or otherwise, for any purpose arising out of or in connection with the SEMOpx Rules.
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 SEMOpx Rules 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 not be supported by the Exchange Committee, may be rejected by SEMOpx and / or the Regulatory Authorities and that there is no guarantee that my Modification Proposal will be incorporated into the SEMOpx Rules.