

SEMOpX Exchange Committee

Supporting Presentation

2nd November 2023



Agenda

- **New Modifications**
 - SPX_04_23 Increase in the Minimum Price Threshold for the 2nd Auction Trigger
 - SPX_05_23 Greenlink Interconnector Implementation

- **Update on Implementation of Approved Modifications**
 - SPX_07_22 Increase in SDAC Second Auction Maximum Price Threshold
 - SPX_01_23 Member Alternative Position
 - SPX_02_23 Recommendation Reporting Timelines
 - SPX_03_23 HMMCP Methodology for Intraday Auctions

- **Potential Changes**
 - Removal of the Second auction

- **Major Projects Update**
 - Greenlink
 - 30 min MTU
 - SEM EU Integration

- **Technical Changes**
 - Transfer of Units

SPX_04_23 Increase SDAC 2nd Auction Min Price Threshold

Modification History

- Urgent mod raised and communicated in 7th June 2023, which was implemented on 15th June 23.
- *Mod was seen as non-controversial and required by SDAC. Therefore, the request was to raise any concerns at the time of communication of the mod, otherwise this would look to be formally ratified in the next scheduled exchange committee (rather than an emergency sitting).*

Modification Details

- Trigger for Second Auction Minimum Price Threshold increased from -€150 to -€500 by SDAC due to energy prices potentially leading to triggering of this event more often.
- Following 4 instances where the 2nd Auction Price was triggered, following the re-running of the Second Auction, the prices did not change significantly, remained the same or in some cases increased.
- The second Auction process requires significant time and effort by members and MO's, resulting in a delay in results, as well as increase the risk of Full Decoupling.
- The change in the Second Auction Minimum Price Threshold IS the same as the Min Price Cap for the SDAC Day-Ahead Auction
- A change in the Second Auction Price Threshold is purely a procedural change for SDAC as to the trigger point for the Second Auction. It does not limit offer prices nor impact on collateral requirements of members as does the Min Price Cap.
- Modification proposed to align the SEMOpX Operating Procedure with the SDAC change and maintain consistency between the two sets of rules.

Benefits

- Proposal to increase the Second Auction Minimum Threshold minimises delays in publication of SEM market results due to 2nd Auctions being triggered elsewhere in Europe
- No changes to members system, changes are procedural for SDAC only.
- Change does not impact on normal SDAC processing times, only relevant where a 2nd Auction would have been previously triggered due to price of -€150 or lower.

SPX_05_23 Greenlink Interconnector Implementation

Rationale for Modification

- Update the SEMOpx Operating Procedures to accommodate all existing and future SEM-GB interconnectors, including the forthcoming Greenlink Interconnector.

Extent of Changes

- Only impacts on SEMOpx Operating Procedures
 - Appendix A: Schedule A.3: Intraday Auction Specifications; Contracts for Electricity: Coupling.
 - Appendix A: Schedule A.4: Intraday Auction Market Coupling Contract Specifications; Market Coupling Contracts: Coupling

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Update on Implementation of Approved Mods

SPX_07_22 Increase in SDAC Second Auction Maximum Price Threshold

- New methodology for increasing the SDAC max price threshold
- Live from July 2023 in SEM-GB IDAs and 1st September 2023 in SEM IDA3 Local auction.

SPX_01_23 Member Alternative Position

- To alleviate risk of not achieving a quorum
- Provide for an alternate to attend where Exchange Members cannot attend.
- Effective date – 26th July 2023
- Members co-operation required with submission of Alternate details.

SPX_02_23 Recommendation Reporting Timelines

- To allow proactive engagement of Modification Proposals.
- Proposals not limited to meeting schedule.
- Effective date – 6th June 2023

SPX_03_23 HMMCP Methodology for Intraday Auctions

- Clarity about when and how max/min clearing price changes are applied in SEM-GB
- Live from 10th July 2023 in SEM-GB IDAs and 1st September 2023 for SEM IDA3.

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Removal of the Second Auction Process

Background

- In March, an investigation into time savings has been initiated to gain time to support a possible calculation time of 45 minutes (from the current 17) as requested with the Go Live of 15 Minute MTU for 2025.
- Proposals such as initiating PMB calculation time 5 minutes earlier, and parallel approval of NEMOs and TSO results, as well as management of the Partial Decoupling and Second Auction processes i.e. stop calculation process when optimal solution is found.
- Price events began occurring in April (3/4, 18/4*, 26/5, 27/5, 28/5 and 1/7) which initiated the Second Auction process.
- In all instances, prices either remained the same, decreased slightly or in some cases, increased.
- The Second Auction process is an opportunity for members to resubmit orders to remove high prices
- When initiating the Second Auction process on 1/7, not only did the high price remain, but this also triggered PFLOOR prices in 5 different countries.
- When initiating the Second Auction process, this can add between 90 – 120 minutes

Proposed Change

- Based on the lack of impact, as well as the increased risk of delay and potential decoupling that the Second Auction process provides, a proposal was made by the SDAC Timing Subgroup to remove the Second Auction Process
- Proposal raised to NEMO DA SC for discussion. Following support from the SC, a projected timeline was agreed.

Proposed Timelines - Update

- Sept – Oct: Consultation Period (Report expected in Nov)
- NRA/ACER Approval: Nov '23 – Feb '24
- MCSC Consideration / Decision period: Mar '24 – May '24
- Go_live – June '24

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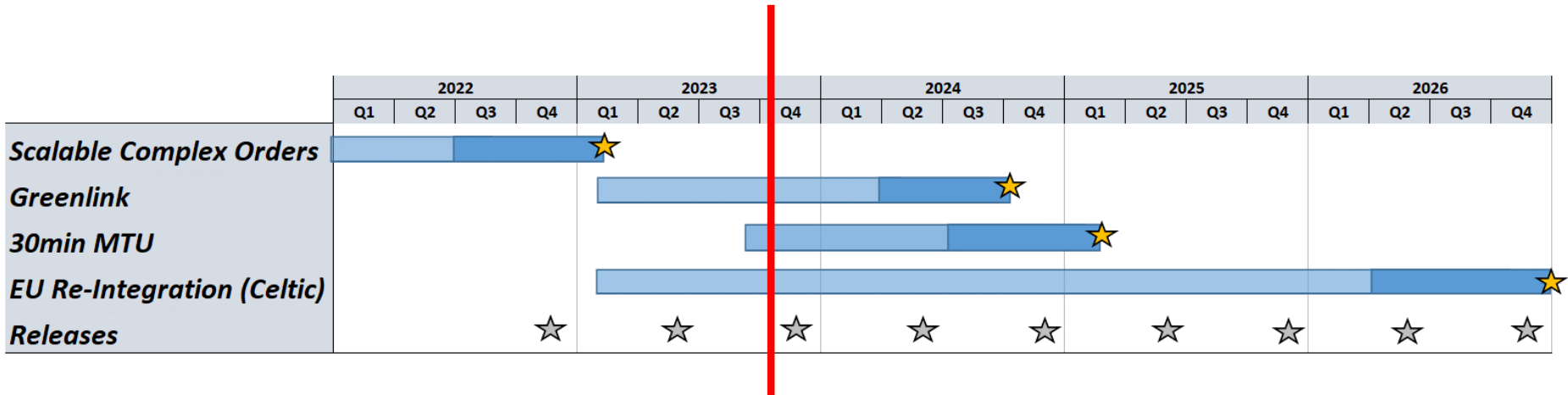
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SEMOpX Future Projects



Major Projects - Greenlink

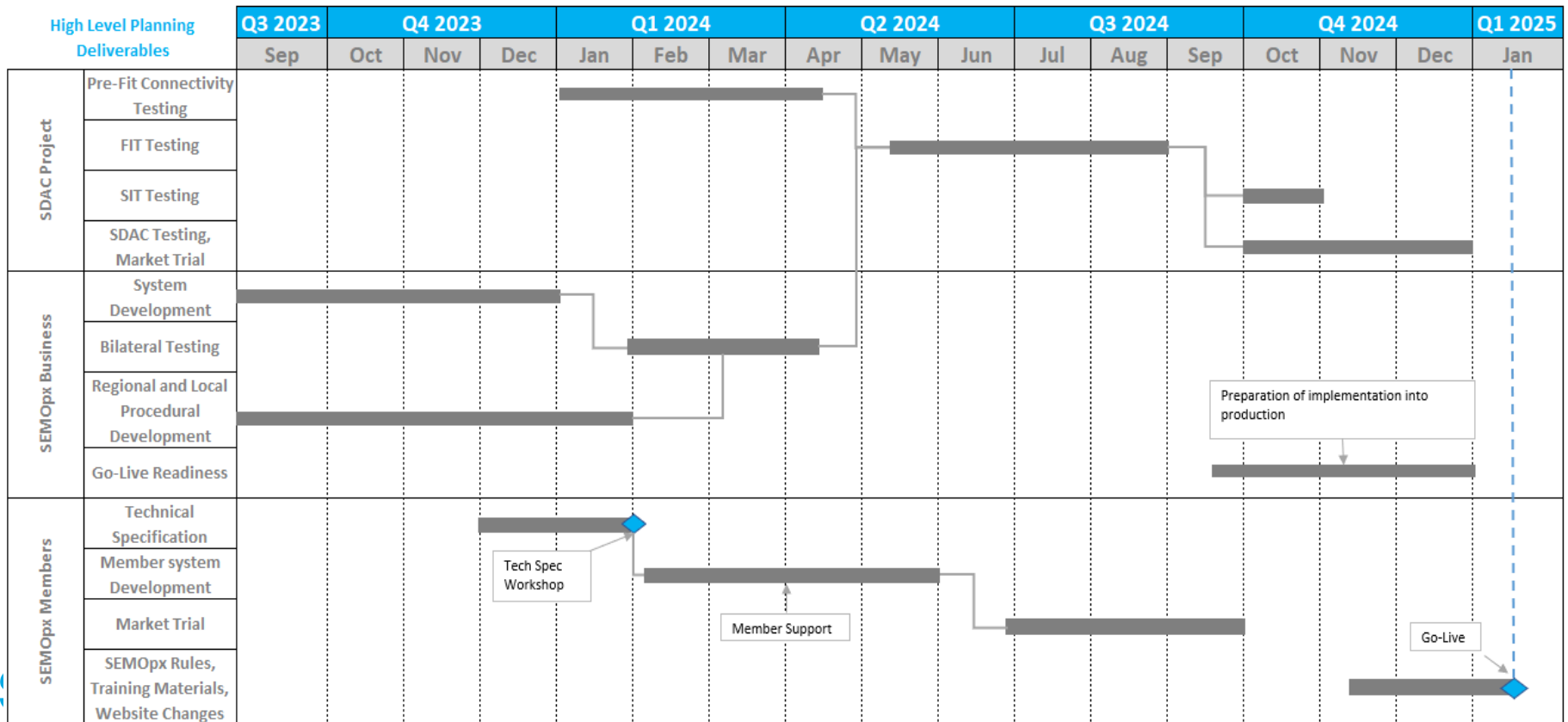
➤ **Greenlink (Target: Sept 2024)**

- Similar market implementation to Moyle/EWIC
- Balancing Market Go-Live (to allow power flow testing) – Aug 2024
- Market Coupling Go-Live (capacities available to market) – Sept 2024
- Limited impact on Members (as changes are related capacity submission and market coupling)
 - New information on SEMOpx website on Greenlink flows
 - Greater potential trades between SEM-GB in IDA1 and IDA2.

Major Projects - 30 Minute MTU

➤ 30 min MTU (Target: Start 2025)

- Part of EU requirement to move to more granular trading periods equivalent to the imbalance settlement periods. Most of Europe 15 min, SEM 30 min.
- Initiation of 15min EU Working Group, focus on 1st phase of Pre-FIT Connectivity testing in Q1 2024, followed by FIT, SIT and SDAC testing throughout 2024, along with Market Trial for members (Timeline on next page).
- Communicate technical requirements with members in January 2024
- Similar system design to IDA auctions
- System build target completion for Q1 2024



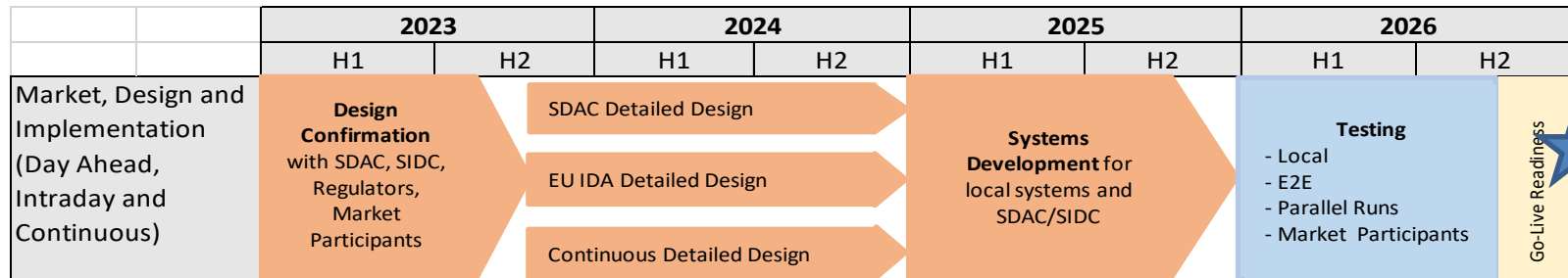
Major Projects - EU Integration

Scope

- SDAC EU Integration [SEM-FR]
- SIDC Intraday Auctions (IDAs) integration [SEM-FR]
- SIDC Intraday Continuous (IDC) integration [SEM-FR]

Indicative Timelines

- Design confirmation 2023
- Detail Design 2024
- System Development 2025
- Testing 2026
- Go-Live end of 2026



Detailed Design to confirm technical requirements for local systems and SDAC/SIDC

➤ EU Integration (Target: End of 2026)

- Ex-Ante Market Design proposed (May)
- Feedback from Market Participants (July)
- Discussions with RAs and finalisation of the baseline design underway
- Further information on the wider programme including scope and timelines will be provided in the near future.

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Technical Change: Transfer of Units

Background

- Currently the ex-ante and balancing market systems require a new unit id to be defined and implemented each time a unit changes ownership from one participant to another.
- This is due to technical restrictions in the systems which do not allow the same unit to be assigned to different participants (even for different timeframes).
- At present a transfer of unit can more than 60 working days and requires considerable effort to implement as each new unit id added must complete testing before being released into production.
- The market operator is seeing more and more requests for the transfer of units between parties leading to large overheads in processing unit changes and longer delays in processing requests to transfer units.

Proposed Change

- No change to SEMOpX Rules or Operating Procedure. Change is purely technical.
- Enhance the balancing market and ex-ante trading systems to allow units to be transferred between participants while maintaining the same time sliced unit id information.

Benefits

- Faster transfer of units between market participants.
- Significant reduction in effort to complete each transfer
- Minimisation of risk of errors and delays in transfers.

Proposed Implementation Timelines - Update

- *Target was October 2023, now rescheduled to April 2024 (due to impacts on external Shipping agent system release)*