

SEMOPX MODIFICATION PROPOSAL FORM			
<b>Proposer</b> (Company)	<b>Date of receipt</b> (assigned by Secretariat)	<b>Type of Proposal</b> (delete as appropriate)	<b>Modification Proposal ID</b> (assigned by Secretariat)
SEMOPx	17 <sup>th</sup> November 2022	Urgent	SPX_07_22
<b>Contact Details for Modification Proposal Originator</b>			
<b>Name</b>	<b>Telephone number</b>	<b>Email address</b>	
John Rooney		John.Rooney@soni.ltd.uk	
<b>Modification Proposal Title</b>			
Increase in SDAC Second Auction Maximum Price Threshold			
<b>Documents affected</b> (delete as appropriate)	<b>Section(s) Affected</b>	<b>Version number of SEMOPx Rules or Operating Procedure used in Drafting</b>	
SEMOPx Operating Procedures	Appendix A: Schedule A.1	Version 5.0	
<b>Explanation of Proposed Change</b> (mandatory by originator)			
<p>The Single Day-Ahead Coupling (SDAC) Committee has agreed to increase the Second Auction Maximum Price Threshold from €1,500 to €2,400.</p> <p>The target go-live date of the change for the Second Auction Price Threshold has been confirmed as 7<sup>th</sup> December, 2022.</p> <p>This modification proposes to align the SEMOPx Operating Procedure with the SDAC change and maintain consistency between the two sets of rules.</p> <p>The update is limited to the SEMOPx Operating Procedure. No updates to the SEMOPx Operating Procedures Glossary, SEMOPx Rules document or SEMOPx Rules Glossary are seen as necessary.</p> <p><u>Legal Drafting Change would be relevant to the SEMOPx Operating Procedures:</u></p> <p>Appendix A; Schedule A.1:</p> <p>Minimum Price Threshold; Maximum Price Threshold (for a second Auction as described in section B.2.3 changing from +1,500 Euro/MWh to +2,400 Euro/MWh.</p> <p>The section of the <u>SEMOPx Operating Procedures</u> with the change tracked and highlighted in yellow is below:</p>			
<p align="center"><b>Legal Drafting Change</b></p> <p align="center"><i>(Clearly show proposed change to SEMOPx Rules (including Appendices and Operating Procedures) using <b>tracked</b> changes, if proposer fails to identify changes, please indicate best estimate of potential changes)</i></p>			

## APPENDIX A

### SCHEDULE A.1: DAY-AHEAD MARKET SEGMENT PRODUCT SPECIFICATIONS

Contracts for electricity		
Bidding areas	<p>Two bidding areas:</p> <ul style="list-style-type: none"> <li>→ Ireland (ROI) — Orders submitted and settled in Euro; and</li> <li>→ Northern Ireland (NI) — Orders submitted and settled in Pounds Sterling</li> </ul> <p>Auction cleared using orders in both bidding areas assuming a virtual unlimited interconnection between bidding areas</p>	
Trading procedure	Daily auction	
Trading Days	Year-round	
Order Book opening	<p>The Order Book opens at 23.00, 19 days before the Trading Day.</p> <p>Orders can be submitted 24 hours a day while the Order Book remains open.</p>	
Order Book Closure	Daily at 11:00 on the day the Trading Day commences	
Coupling	Day-ahead Auction is an auction run by Multi-Regional Coupling where ROI and NI are not coupled to GB.	
Trading Period duration	<p>One hour (24 x one hourly periods each Trading Day):</p> <p>Hour 01: the period between 23.00 and midnight</p> <p>Hour 02: the period between midnight and 01.00, et seq to</p> <p>Hour 24: the period between 22.00 and 23.00.</p> <p>On the day of the change from summer time to winter time, there are 25 Trading Periods, and in this case there will be two records for Hour 01:00 to 02:00. On the day of the change from winter time to summer time, there are 23 Trading Periods, and in this case Hour 01:00 to 02:00 cannot be traded.</p>	
Products	Simple Orders and Complex Orders, as described in Chapter B are available in the Day-ahead Market.	

	Additional products offered in the DAM are subject to approval under the rules and procedures governing the MRC.✕	✕
Currency☐	Bidding and settlement in Euro in ROI¶ Bidding and settlement in Pounds Sterling in NI¶ Matching in Euro¶ Conversion using the Trading Day Exchange Rate for the Trading Day published by the Market Operator under the Trading and Settlement Code.✕	✕
Provision of Results¶ (privately available within the Trading System)✕	As soon as practicable from 11:45 for preliminary results.¶ Preliminary results are published for information purpose only. Only final results are binding for Exchange Members.¶ Final results will be published as soon as practicable from 11:55 except in the case of delays due to technical issues or decoupling (decoupling technical deadline).✕	✕
Minimum Day-ahead Price; Maximum Day-ahead Price☐	The harmonised minimum and maximum clearing prices set out in Annex I to the Decision of the Agency for the Cooperation of Energy Regulators No. 04/2017 of 14 November 2017 on the Nominated Electricity Market Operators' Proposal for Harmonised Maximum and Minimum Clearing Prices for Single Day-Ahead Coupling, as amended from time to time in accordance with the process set out in that Decision. As at the Commencement Date, they are -500 Euro/MWh; +4000 Euro/MWh.¶ Or Pounds Sterling equivalent, converted using the Trading Day Exchange Rate published for the Trading Day by the Market Operator under the Trading and Settlement Code.✕	✕
Price increment☐	0.01 Euro/MWh¶ 0.01 Pounds Sterling/MWh¶ (publication of prices with three decimal places)✕	✕
Volume increment☐	0.1 MW✕	✕
Minimum Price Threshold; Maximum Price Threshold (for a second Auction as described in section B.2.3)✕	-150 Euro/MWh; +1,5002,400 Euro/MWh✕	✕
<b>Modification Proposal Justification</b> <i>(Clearly state the reason for the Modification)</i>		
<p>A key priority of SDAC has been to identify processes that can be streamlined to reducing the overall amount of time allocated to the Day-Ahead Auction and reduce delays in the publication of the day-ahead market results. One of these processes being amended is the Second Auction and more specifically the Maximum Price Threshold that triggers a Second Auction.</p> <p>A Second Auction Maximum Price Threshold (currently set to €1,500) is in place in SDAC. Where provisional results of the Day-Ahead Auction are greater than this Second Auction Maximum Price Threshold this triggers the Second Auction process in SDAC. Effectively all order books are reopened for members to update offers and, after the order book reclosure and resubmission, the Day-Ahead Auction is then re-run to obtain the final day-ahead market results. The Second Auction Maximum Price Threshold trigger therefore leads to delays in the publication of day-ahead market results.</p> <p>SDAC have identified that due to the increase in energy prices that has been seen - and is expected to remain relevant for some time - the price threshold trigger for Second Auctions is likely to occur more often than necessary leading to an increase in unwarranted delays to the day-ahead market results.</p>		

The SDAC OPSCOM are proposing to implement an increase in the Second Auction Maximum Price Threshold from €1,500 to €2,400. The €2,400 value has been chosen as it is 60% of the current maximum price cap of €4,000 that applies in SDAC.

**Note:** The change in the Second Auction Maximum Price Threshold is not the same as the Max Price Cap for the SDAC Day-Ahead Auction which has been the topic of discussion recently. 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 Max Price Cap.

The impacts of the proposed change on SEMOpx members are seen as minimal and positive. The identified impacts are:

- a) Given SEM Day-Ahead prices have never reached the existing price threshold but other European regions have, having a higher price trigger reduces the likelihood of the SEM DAM results being delayed due to a 2<sup>nd</sup> Auction event elsewhere in Europe.
- b) No change to members systems is needed, changes are procedural within SDAC.
- c) The measures proposed will not impact on the normal processing times of the Day-Ahead Auction, only where the Second Auction process is triggered will there be a delay in the publication of the day-ahead results. However this is unchanged from the current procedures and any delays would in fact occur less often with a higher Second Auction Maximum Price Threshold.

**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 (b), (c) and (e) above by ensuring:

- the participation and trading in commercially viable and sustainable product offerings in the SEMOpX intraday market meets the needs of current and prospective Exchange Members and promotes the long-term interests of consumers
- the promotion of competitive outcomes through providing better fallback procedures to maximise the inclusion of market coupling capacity in the DAM auction.
- conformity with regional and European-wide arrangements for Market Coupling to align with the timings 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
- the SEMOpX Operating Procedures reflect the system and procedural setup with the new partial and full decoupling timings at SDAC level

#### **Implication of not implementing the Modification Proposal**

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

If this modification is not implemented then SEMOpX Operating Procedures will not be in line with SDAC and more second auction triggers will be encountered, resulting in more delays to the publication of the Day-Ahead Auction results.

#### **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 Market Code, Grid Code, Exchange Rules etc.)*

- The SEMOpX Operating Procedures require an update (this modification). There is no foreseen update to the associated SEMOpX Operating Procedures Glossary, SEMOpX Rules or SEMOpX Rules Glossary.
- Exchange members may need to review internal procedures regarding Second Auctions.

- SEMOpX will be required to update internal exception handling documentation detailing the impacted change.
- SEMOpX will be required to update participant training materials and website content detailing all impacted changes
- SEMOpX and its service providers have already completed scenario testing and simulation testing with the new price threshold increase.

***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.