|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **SEMOPX MODIFICATION PROPOSAL FORM** | | | | | |
| **Proposer**  *(Company)* | **Date of receipt**  *(assigned by Secretariat)* | | **Type of Proposal**  *(delete as appropriate)* | | **Modification Proposal ID**  *(assigned by Secretariat)* |
| **Moyle Interconnector Ltd** | **09 November 2018** | | **Urgent** | | **SPX01\_18** |
| **Contact Details for Modification Proposal Originator** | | | | | |
| **Name** | | **Telephone number** | | **Email address** | |
| **Paul McGuckin** | | **02890 437 580** | | **paul.mcguckin@mutual-energy.com** | |
| **Modification Proposal Title** | | | | | |
| **Submission of cross zonal capacities** | | | | | |
| **Documents affected**  *(delete as appropriate)* | | **Section(s) Affected** | | **Version number of SEMOpx Rules or Operating Procedure used in Drafting** | |
| **SEMOpx Rules and Operating Procedures** | | **SEMOpx Rules E.2.3**  **Operating Procedures A.4.2** | | **No version number on file. Downloaded from SEMOpx 8/11/18** | |
| **Explanation of Proposed Change**  *(mandatory by originator)* | | | | | |
| The SEMOpx Operating Procedures set out timings for how long in advance of Order Book Closure for day ahead and intraday auctions the Market Coupling Facilitator [interconnector owner] shall submit its available cross zonal capacity to SEMOpx. The procedures/rules are ambiguous about whether the cross zonal capacity may be updated after these times and the prescribed timings are not aligned with CACM.  It is the view of Moyle that the interconnector owners should be capable of revising the submitted figures after these times (such as in the event of a trip) whereas SEMOpx believes that the timings in the Operating Procedures are a cut-off point after which they will not accept any updated or new submissions. CACM also allows submission of cross zonal capacity up to 30 minutes ahead of day ahead gate closure where it has not been possible to make any submission earlier.  The purpose of these modifications is to remove ambiguity and improve compliance with CACM (this is explained further below). This will provide clarity for all parties, consistency with underlying regulation and avoid negative outcomes for interconnectors, Exchange Members and end consumers. We also propose moving the relevant provisions from the SEMOpx Operating Procedures to the SEMOpx Rules as this is a matter that affects the market as a whole and should be subject to regulatory approval. | | | | | |
| **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)* | | | | | |
| The proposed changes are shown as tracked changes to the current section A.4.2 of the Operating Procedures. We propose that the wording of section A.4.2 should be should be moved to section E.2.3 of the SEMOpx Rules.   * + - 1. Each Market Coupling Facilitator shall ordinarily submit the information referred to in paragraph A.4.2.1 in respect of:          1. a Day-ahead Auction, not later than 90 minutes before the Order Book Closure for that Auction; and          2. an Intraday Auction, not later than 45 minutes before the Order Book Closure for that Auction.   In cases where the Market Coupling Facilitator is unable to submit the information in line with these timings it shall notify SEMOpx and may submit the information no later than 30 minutes ahead of Order Book Closure for the relevant Auction.   * + - 1. A Market Coupling Facilitator may resubmit information provided pursuant to paragraph A.4.2.2 in respect of:          1. a Day-ahead Auction, not later than 60 minutes before the Order Book Closure for that Auction; and          2. an Intraday Auction, at any time before the Order Book Closure for that Auction.   If a Market Coupling Facilitator submits information referred to in paragraph A.4.2.1 in respect of an Auction more than once, the last set of information submitted prior to Order Book Closure shall (unless subsequently cancelled) be deemed to be the valid set for use in the Auction. | | | | | |
| **Modification Proposal Justification**  *(Clearly state the reason for the Modification)* | | | | | |
| The SEMOpx Rules and Operating procedures are ambiguous about the rigidity of the timings prescribed by paragraph A.4.2.2. SEMOpx has advised the interconnector owners that these timings are firm and they will not accept any submission of cross zonal capacity or allocation constraints after these times. It is our view that this interpretation discriminates between interconnector owners and other classes of Exchange Members as the latter may submit bids up to Order Book Closure (see paragraphs A.4.1.5 and A.4.1.6). The SEMOpx timings and interpretation are also inconsistent with both the CACM Guideline and the all TSOs’ proposal for the Day Ahead Firmness Deadline required under same (which was approved by all European regulators including the Utility Regulator and Commission for Regulation of Utilities).  Article 46(2) of CACM states:  *“If a coordinated capacity calculator is unable to provide for cross-zonal capacity and allocation constraints one hour prior to the day-ahead market gate closure time, that coordinated capacity calculator shall notify the relevant NEMOs. These NEMOs shall immediately publish a notice for market participants. In such cases, cross-zonal capacity and allocation constraints shall be provided by the coordinated capacity calculator no later than 30 minutes before the day-ahead market gate closure time.”*  The proposed addition to paragraph A.4.2.2 would make the SEMOpx Operating Procedures/Rules compliant with Article 46(2) of CACM.  The additions to paragraph A.4.2.6 also improve compliance with the CACM Guideline. While SEMOpx’s default timings for notification of day ahead and intraday cross zonal capacity are retained to provide visibility of available capacity for market participants, the firmness of that capacity is now aligned with regulatory requirements:   * the European wide approved day ahead firmness deadline of 60 minutes before gate closure would apply. * the firmness of intraday capacity would be consistent with Article 71 of CACM which states *“Cross-zonal intraday capacity shall be firm as soon as it is allocated”.* | | | | | |
| **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 SEMOpx Objective is *“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”.* The modifications ensure that Exchange Members continue to have the same level of visibility of the available cross zonal capacities while ensuring that the markets more accurately reflect the *actual* available cross border capacity i.e. if capacity is available but technical issues prevent submission at the preferred time, it may still be submitted up to 30 minutes ahead of order book closure and, if an interconnector trips, the available capacity may be updated in line with regulatory requirements. These changes therefore do not harm the needs of Exchange members and promote the interests of consumers.  The proposal also furthers the following SEMOpx Principles:   * enable compliance with the regulatory requirements of the European Union, Ireland and Northern Ireland; * promote competitive outcomes through provision of efficient and effective exchange services; * conform with regional and European-wide arrangements for Market Coupling; * be transparent, not unduly discriminatory, and promote market integrity and confidence; * reflect the system design and capabilities and service provider arrangements;   As described above, this proposal improves compliance with regulatory requirements. It improves the efficiency and effectiveness of the exchange services by more accurately capturing cross zonal capacities. It brings conformity with the European-wide day ahead firmness deadline. Improves transparency by bringing clarity, removes what could be viewed as discriminatory treatment of interconnector Exchange Members and improves the integrity/confidence of the market by ensuring Exchange Member trading is based on more accurate cross zonal capacity. We are aware that the proposed timings are capable of being delivered within the existing service provider arrangements. | | | | | |
| **Implication of not implementing the Modification Proposal**  *(State the possible outcomes should the Modification Proposal not be implemented)* | | | | | |
| There is a potentially significant negative commercial impact on interconnector owners of SEMOpx imposing firmness requirements that go beyond what is required by the relevant regulations. Since interconnectors are ultimately underwritten by end consumers, the whole market would feel this negative impact both directly and indirectly:   * without the addition to paragraph A.4.2.2, there is an increased likelihood of interconnectors being unnecessarily decoupled solely because of the SEMOpx Operating Procedures rather than any availability or technical issue. This results in lost revenue for interconnectors and the loss of the benefits of interconnection for the connected markets as a whole. * Without the amendments to paragraph A.4.2.6, there will be increased likelihood that the availability of an interconnector is not accurately represented in the day ahead and intraday markets, again simply because of the SEMOpx Operating Procedures rather than any practical necessity or regulatory requirement. This will skew the results of those markets, result in large volumes unnecessarily appearing in the imbalance market, pushing up the imbalance price and causing the interconnector owner (and other parties who are out of balance) significant exposure to high imbalance prices.   Not implementing the proposal would also mean that the SEMOpx Operating Procedures would continue to be non-compliant with the CACM guideline. | | | | | |
| **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.)* | | | | | |
| SEMOpx and SONI/EirGrid TSO would need to update their internal procedures to accept updates to the cross zonal capacity and allocation constraints from interconnector owners in line with these timings. These appear to be the only impacts. | | | | | |
| ***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. **to the SEMOpx and the Regulatory Authorities to publish and/or distribute the Modification Proposal for free and unrestricted access;**
  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;**
  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.**