SEMOpx Exchange Committee
Secretariat Function
The Oval
160 Shelbourne Road
Dublin 4
D04 FW28

2 June 2023

SEMOpx Decision in relation to SEMOpx SPX_03_23 Inclusion of HMMCP methodology for Intraday Auctions

Dear Exchange Members,

On 20th April 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.

The Modification Proposal was discussed at the Exchange Committee Meeting 11 on 11th May 2023. The aim of the Modification is to bring about a change consisting of referencing the SEM Intraday HMMCP methodology in the SEMOpx Operating Procedure, Appendix A, Schedule A.3 which relates to the Intraday Auctions.

The text to be added under the "Minimum Intraday Auction Price; Maximum Intraday Auction Price" row of the schedule will ensure that any change in the max/min prices for the IDA1, IDA2 and IDA3 auctions are triggered and updated based on SEM IDA HMMCP methodology.

The wording to be added is:

"The harmonised minimum and maximum clearing prices set out in the SEM Intraday HMMCP Methodology, as amended from time to time in accordance with the process set out in that methodology. As at the Commencement Date, they are -150 Euro/MWh; +3000 Euro/MWh.!

The Proposer justified the Modification on the basis that In 2022 increased energy prices being experienced in Europe lead to SDAC auction prices in some jurisdictions hitting maximum technical price caps specified in the SDAC auction. The existing Harmonised Maximum and Minimum Clearing Prices (HMMCP) methodology for SDAC- which defines under what circumstances the max/min prices in SDAC market will be adjusted -was found under these circumstances to not be appropriate.

In January 2023 ACER decided on a new HMMCP methodology for SDAC. SEM-GB coupled markets (IDA1 and IDA2) and SEM local market IDA3 are not governed by SDAC and hence a similar HMMCP methodology for SEM-GB coupled auctions does not exist. This has led to ambiguity and uncertainty about how any max/min clearing price changes would be applied in SEM IDA auctions.

Given this lack of clarity all SEM-GB power exchange agreed to implement a SEM-GB HMMCP procedure to govern the triggering and update of max/min price caps in the SEM-GB coupled auctions (IDA1 and IDA2). The procedure developed was based on the SDAC HMMCP methodology.

The SDAC HMMCP methodology is already referenced in the SEMOpx Operational Procedures. However no similar reference is currently in the SEMOpx Operating Procedure relating to the SEM Intraday HMMCP methodology. Hence this modification proposal.

To ensure the SEM Intraday HMMCP methodology is incorporated into the SEMOpx Operating Procedure correctly it would ideally reference the SEM-GB HMMCP procedure directly. However the SEM-GB Procedures are not publicly available, do not cover IDA3, and contain operational details that are only relevant for the SEM-GB parties operating the auctions not for use in public.

To ensure SEMOpx members have transparency of the SEM Intraday HMMCP methodology, SEMOpx have created a SEM Intraday HMMCP methodology document which mirrors the methodology related details in the SEM-GB HMMCP Procedure and will be referenced in the SEMOpx Operating Procedure. This methodology will be published on the SEMOpx website for transparency and be kept in synch with the SEM-GB HMMCP Procedure. The policy will also include reference to the IDA3 auction which is not covered by the SEM-GB HMMCP Procedure as IDA3 is a local and not a coupled auction.

The benefits of incorporating the SEM Intraday HMMCP methodology in the SEMOpx Operating Procedure are:

- Provides clarity and transparency on the triggers and magnitude of updates to the min/max ceiling prices for SEM coupled IDAs (IDA1 and IDA2) and for local IDA3.
- Removes ambiguity and uncertainty about amendment of price caps in SEM IDAs.
- Mitigates other SEM-GB parties suggesting cap increases in the IDAs due to subjective views.
- Delinks max/min price changes in SEM IDAs from SDAC.
- Is consistent with similar HMMCP methodology used for SDAC.

The go-live date for the use of the SEM Intraday HMMCP will be determined in consultation with the other SEM-GB power exchanges.

The below impacts were highlighted:

- 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 SEM-GB Price Cap increases for IDAs.
- SEMOpx will be required to update participant training materials and website content detailing all impacted changes.

SEMOpx is a joint venture between EirGrid plc and SONI Limited
EirGrid plc Registered in Ireland No: 338522, V.A.T. No. IE 6358522H. Registered Office: The Oval, 160 Shelbourne Road, Ballsbridge, Dublin 4.
SONI Limited Registered in Northern Ireland No: NI38715, VAT No: GB 945676869. Registered Office: Castlereagh House, 12 Manse Road, Belfast, Northern Ireland, BT6 9RT.

- SEMOpx and its service providers have scheduled scenario testing and simulation testing with the new methodology.
- The Market Coupling Operators for the SEM-GB and IDA3 auctions will need to implement monitoring of prices to identify price trigger events.

Considering Modification Proposal SEMOpx SPX_03_23 and in accordance with Paragraph J.4.2.1 of the SEMOpx Rules, SEMOpx approves Modification Proposal SEMOpx SPX_03_23. An update to SEMOpx Operating Procedure will apply from the agreed date of implementation with the SEM-GB regional parties. This implementation date will be communicated in advance to Exchange Members.

Yours sincerely,

Michael Kelly