

SEMOpX Exchange Committee
Secretariat Function
The Oval
160 Shelbourne Road
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2 June 2023

SEMOpX Decision in relation to SEMOpX SPX_07_22 Increase in SDAC Second Auction Maximum Price Threshold

Dear Exchange Members,

On 17th November 2022, SEMOpX submitted its Modification Proposal Form regarding the SEMOpX Operating 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 and its proposed changes are based The Single Day-Ahead Coupling (SDAC) Committee's agreement to increase the Second Auction Maximum Price Threshold from €1,500 to €2,400.

This Modification proposes to align the SEMOpX Operating Procedure with the SDAC change and maintain consistency between the two sets of rules.

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.

Legal Drafting Change would be relevant to the SEMOpX Operating Procedures:

Appendix A; Schedule A.1:

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.

The Proposer justified the Modification on the basis that 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.

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.

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.

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 2nd 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.

Considering Modification Proposal SEMOpX SPX_07_22 and in accordance with Paragraph J.4.2.1 of the SEMOpX Rules, SEMOpX approves Modification Proposal SEMOpX SPX_07_22. 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