

SEMOPX MODIFICATION PROPOSAL FORM			
Proposer (Company)	Date of receipt (assigned by Secretariat)	Type of Proposal (delete as appropriate)	Modification Proposal ID (assigned by Secretariat)
SEMOpX	20 th April 2022	Standard	SPX_04_22
Contact Details for Modification Proposal Originator			
Name	Telephone number	Email address	
Amy Yeung		Amy.Yeung@Eirgrid.com	
Modification Proposal Title			
Updates to SEMOpX Operating Procedures as a result of an increase in the Maximum Day-Ahead Price.			
Documents affected (delete as appropriate)	Section(s) Affected	Version number of SEMOpX Rules or Operating Procedure used in Drafting	
SEMOpX Operating Procedures	Appendix A – Schedule A.1	Version 4.0	
Explanation of Proposed Change (mandatory by originator)			
<p>This modification proposes to update the SEMOpX Operating Procedures to increase the Maximum Day-Ahead Price from +3,000 Euro/MWh to +4,000 Euro/MWh. This is the price cap used in the algorithm of the Day-Ahead auctions. There is no change to the Minimum Day-Ahead Price of -500 Euro/MWh.</p> <p>The modified Maximum Day-Ahead Price will be applied to the Day-Ahead Market Auction only.</p> <p>As well as the Day-Ahead Auction EUPHEMIA algorithm, the change will impact on the technical bidding limit for Euro orders (ROI members) in the ETS trading system changing this from +3,000 Euro/MWh to +4,000 Euro/MWh.</p> <p>There is no requirement for a change to the technical bidding limit for GBP (NI members) orders in the ETS trading system (to allow sufficient margin to ensure the max offers for GBP orders are >4,000 Euro/MWh after FX rate conversions to Euro).</p> <p>The updates are limited to the operating procedures. No updates to the SEMOpX Operating Procedures Glossary, SEMOpX Rules document or SEMOpX Rules Glossary are seen as necessary.</p> <p>A brief summary of the SEMOpX Operating Procedure change is provided below:</p> <p><u>SEMOpX Operating Procedures:</u></p> <p>Appendix A: Schedule A.1 – updated – amount relating to “Maximum Day-Ahead Price” for Day-Ahead Market Segment Product Specifications to read “+4,000 Euro/MWh”.</p>			

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 section of the document (Appendix A – Schedule A.1) with changes tracked as shown below:

Minimum Day-ahead Price; Maximum Day-ahead Price	<p>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; +3000<u>+4000</u> Euro/MWh.</p> <p>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.</p>
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Modification Proposal Justification

(Clearly state the reason for the Modification)

Under the Harmonisation of Minimum and Maximum Clearing Prices (HMMCP) modification mechanism of the SDAC Operating Procedures pursuant to Article 41 of the CACM Regulation, a review and uplift of price caps are triggered in the event the clearing price/published market price exceeds a value of 60 percent of the predefined harmonized maximum clearing price (+3000 Euro/MWh) for the SDAC auction in at least one trading period. On the 3rd April, 2022 (for Trade Date 4th April, 2022), in the French region of SDAC, high prices were reached and exceeded this threshold of 60% of the maximum clearing price threshold in 2 trading periods.

In order to accommodate the changing trading environment and under the SDAC Operating Procedures, it was agreed at the SDAC OPSCOM level to increase the Maximum Day-Ahead Price by +1,000 and the increase to be implemented in 5 weeks. The implementation of this modification will allow the change in the SEMOpx Operating Procedures from +3,000 Euro/MWh to +4,000 Euro/MWh to align with updated SDAC Operating Procedures.

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) and (e) above by ensuring:

- the participation and trading in commercially viable and sustainable product offerings in the Day-Ahead Market meets the needs of current and prospective Exchange Members and promotes the long-term interests of consumers
- promotion of competitive outcomes through provision of efficient and effective exchange services by decreasing the number of rejected prices due to exceeding the Maximum Day-Ahead Prices
- conformity with regional and European-wide arrangements for Market Coupling to align with SDAC OPSCOM’s decision to increase the Maximum Day-Ahead Price
- the SEMOpX operating procedures reflect the trading system setup with the new Maximum Day-Ahead Price of +4,000 Euro/MWh

Implication of not implementing the Modification Proposal

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

If this modification is not implemented, members will be limited to the existing maximum price of +3,000 Euro/MWh with the trigger being at 60% of maximum clearing price when submitting bids/offers to the SEM Day-Ahead Auction, even though members may want to bid/offer at greater than this threshold given the current market conditions. For example, participants may wish to trade in the Day-Ahead Market at prices in excess of +1,800 Euro/MWh (60% of Max Price) without triggering a second auction to avoid exposure to high imbalance settlement prices in the Balancing Market.

Under the SDAC Operating Procedures pursuant to Article 41 of the CACM Regulation, the increase will be implemented within 5 weeks of the trigger (Go-Live planned for 10th May, 2022). Since the decision of the modification committee will be made after the increase of the Maximum Day-Ahead Price is already in effect at

the SDAC level, if the modification is not implemented, the SEMOpx Operating Procedures will not align with SDAC OPSCOM decision and SDAC Operating Procedures, which could cause confusion to SEMOpx Members.

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 as the changes are limited to the Operating Procedures.
- SEMOpx will need to update member training materials and website content as a result of the new Maximum Day-Ahead Price.
- SEMOpx Trading Platform (ETS) and ECC systems will need to be updated to reflect the new Maximum Day-Ahead Price.
- SEMOpx will need to update internal training materials as a result of the new maximum Day-Ahead Auction Price.
- SEMOpx will need to facilitate testing with SEMOpx members to ensure their systems are updated to accept the changes to the Maximum Day-Ahead Price
- SEMOpx Members will need to review their trading strategies based on the new maximum allowable price
- SEMOpx Members will need to review their collateral requirements and bidding behaviour to ensure they have sufficient collateral in place should they be executing bids/offers that use the maximum price in the Day-Ahead Auction.

Please return this form to Secretariat by email to 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.