Submission Report
SPX_02_24 SDAC Removal of Second Auction Process

1   EXCHANGE COMMITTEE MEETING 13

Proposer SEMOpx

The Proposer gave a [presentation](#) on this Modification Proposal giving a background to the Proposal. It was advised that it was linked to SPX_01_24 and was drafted following an investigation into time savings that SDAC were proposing to support future algorithm run times. The 2nd Auction process was discussed noting that based on historical evidence the 2nd Auction did not provide mitigations for high and low-price events as original intended. The Proposer went through the examples and listed several mitigating measures that are being considered to minimise order submission errors leading to high and low-price events. It was communicated that the 2nd Auction Process removal was likely to be implemented in November 2024 subject to final approval by SDAC.

Support was given for this Proposal by Members.

Proposal [SPX_02_24 SDAC Removal of Second Auction Process](#)

2   LEGAL DRAFTING

As set out in the legal drafting section of SPX_02_24:

All text in <mark>yellow</mark> is to be removed from the SEMOpx Rules and Operating Procedures.

SEMOpx Rules:

F.3.1.2 (e)

F.3.1.2   Under circumstances set out in paragraph F.3.1.1, SEMOpx may take such of the following measures as it considers appropriate to remedy the situation:

(a)   conduct a local auction for the Market Areas, without Market Coupling;

(b)   suspend or cancel trading in respect of a Trading Period;

(c)   postpone or modify the time at which the Order Book is closed or the outcome is published;

(d)   authorise Exchange Members to place new Orders or to modify existing Orders, and if it does so, SEMOpx shall provide Exchange Members with a new closing time for the Order Book;

(e)   <mark>conduct a second Auction in accordance with the Procedures;</mark>

(f)   implement fall-back procedures in accordance with the Procedures;

(g)   cancel one or more Orders or Transactions or an Auction; or

(h)   take any other measure that it reasonably considers will most effectively mitigate the circumstances arising under paragraph F.3.1.1.

SEMOpx Operating Procedures:

B.2.3:

B.2.3 **Second Auction**

B.2.3.1 If, in respect of a Day-ahead Auction, SEMOpx considers that:

(a) a coupled Region is subject to an Auction Curtailment; or

(b) the Auction may result in an Auction Price that is equal to or lower than the applicable Minimum Price Threshold or equal to or higher than the applicable Maximum Price Threshold,

then SEMOpx shall cancel the Auction and conduct a second Auction in its place.

B.2.3.2 Where SEMOpx decides to conduct a second Auction, SEMOpx will notify Exchange Members and reopen the relevant Order Book for 10 minutes. The notice to Exchange Members shall specify:

(a) the time the Order Book will re-open; and

(b) the Region(s) and Trading Periods affected.

B.2.3.3 The reopening of an Order Book enables Exchange Members to take the following actions:

(a) for the Trading Period(s) for which:

(i) the Auction may result in an Auction Price that is equal to or higher than the Maximum Price Threshold: Exchange Members may modify Orders so as to add sale volumes, remove purchase volumes or lower the prices; or

(ii) the Auction may result in an Auction Price that is equal to or lower than the Minimum Price Threshold: Exchange Members may modify Orders so as to add purchase volumes, remove sale volumes or increase the prices; and

(b) for other Trading Periods: an Exchange Member may modify Orders only if at the same time it modifies Orders for the Trading Period(s) referred to in sub-paragraph (a).

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B.2.3.4 A reference to modifying Orders in paragraph B.2.3.3 includes cancelling existing Orders and submitting new Orders.

B.2.3.5 A second Auction under this section B.2.3 shall be conducted in accordance with this Chapter B, except that:

(a) paragraph B.2.3.1 shall not apply in the case of the second Auction;

(b) preliminary results and final results are published as soon as practicable after the second Auction; and

(c) the final results of the second Auction will be substituted for those of the cancelled Auction.

B.2.3.6 SEMOpx shall give a notice required under paragraph B.2.3.2 by way of a Market Notice sent by email in accordance with clause C.3.2 of the SEMOpx Rules.

E.1.3.3:

E.1.3.3 Where paragraph E.1.3.2 applies and SEMOpx considers that the Auction may result in an Auction Price that is equal to or lower than the Minimum Price Threshold or equal to or higher than the Maximum Price Threshold, then SEMOpx shall not conduct a second Auction and section B.2.3 does not apply.

Appendix A, Schedule A:1:

Minimum Price Threshold; Maximum Price Threshold (for a second Auction as described in section B.2.3)	-500 Euro/MWh; 2,400 Euro/MWh