

SEMOpX Exchange Committee

Supporting Presentation

11th May 2023



Agenda

➤ **New Modifications**

- SPX_07_22 Increase in SDAC Second Auction Maximum Price Threshold
- SPX_01_23 Member Alternative Position
- SPX_02_23 Recommendation Reporting Timelines
- SPX_03_23 HMMCP Methodology for Intraday Auctions
 - a) SEM Intraday HMMCP Methodology
 - b) SPX_03_23 Inclusion of HMMCP methodology for Intraday Auctions

➤ **Major Projects Update**

- Scalable Complex Orders
- Greenlink
- 30 min MTU
- SEM EU Re-integration (Celtic)

➤ **Technical Changes**

- IDC Order and Trade File Changes
- Transfer of Units

SPX_07_22 Increase SDAC 2nd Auction Max Price Threshold

Modification History

- Urgent mod raised and communicated in Nov 2022 for implementation in Dec 2022.
- Mod was seen as non-controversial and required by SDAC. Therefore the request was to raise any concerns at the time of communication of the mod, otherwise this would look to be formally ratified in the next scheduled exchange committee (rather than an emergency sitting).

Modification Details

- Trigger for Second Auction Maximum Price Threshold raised from €1,500 to €2,400 by SDAC due to higher energy prices potentially leading to triggering of this event more often.
- The change in the Second Auction Maximum Price Threshold is not the same as the Max Price Cap for the SDAC Day-Ahead Auction
- 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.
- Modification proposed to align the SEMOpx Operating Procedure with the SDAC change and maintain consistency between the two sets of rules.

Benefits

- Minimises delays in publication of SEM market results due to 2nd Auctions being triggered elsewhere in Europe
- No changes to members system, changes are procedural for SDAC only.
- Change does not impact on normal SDAC processing times, only relevant where a 2nd Auction is triggered.

SPX_01_23 Member Alternative Position

- To alleviate risk of not achieving a quorum
- Provide support and flexibility to Members if they cannot attend at short notice or due to conflicts
- Only used in the event that Member cannot attend – both Member & Alternate not required at the same meeting
- Minimal legal drafting to cover role, remit, eventualities and process for enacting
- If Proposal is approved the Secretariat will contact current Members requesting Alternate nominations for the remainder of the current term

SPX_02_23 Recommendation Reporting Timelines

- To allow proactive engagement of Modification Proposals
- Proposals not limited to meeting schedule
- Priority is providing visibility to Exchange Committee Members
- Limited drafting changes that link timeline to the voting/conclusion of a Proposal rather than the scheduling of a meeting
- No change to performance or current standards/timelines of Recommendation Reporting process

SPX_03_23 HMMCP Methodology for Intraday Auctions

1. Explanatory Notes on the HMMCP as agreed between SEM-GB Power Exchanges
2. Modification Proposal to link HMMCP Methodology to the SEM Intraday Auctions

Background on Methodology

- In 2022 increased energy prices experienced in Europe leading 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 for SDAC.
- SEM-GB coupled markets (IDA1 and IDA2) and SEM local market IDA3 are not governed by SDAC and hence a similar methodology for SEM IDAs does not exist.
- This leads to ambiguity and uncertainty about how any max/min clearing price changes would be applied in SEM IDA auctions.
- The SEM-GB power exchanges agreed to develop and implement a SEM Intraday HMMCP methodology to ensure clarity and transparency in the application of changes to the price cap/floor for the IDAs.

Key Details on the Methodology

- The implementation of a SEM Intraday HMMCP methodology for the SEM-GB coupled auctions (IDA1 and IDA2) and separately for local IDA3
- The SEM Intraday HMMCP is based on the SDAC HMMCP for consistency. However, the HMMCP for SEM IDAs would only be triggered where an increase in prices is seen in IDA1 or IDA2, or separately for IDA3.
- A trigger of the HMMCP in SDAC would not trigger an increase in max/min prices in the SEM-GB coupled auctions.
- The SEM Intraday HMMCP methodology agreed with the SEM-GB parties will be published on the SEMOpx website for transparency.
- If a max/min price change is triggered this will be implemented after IDA1 and before IDA2 auctions (of the same trade date)

Summary of Methodology

- A summary of the HMMCP methodology is:
 - *Prices shall increase by 500 EUR/MWH when a price exceeds 70% of the max price for SEM-GB*
 - *Prices shall decrease by 100 EUR/MWH when a price falls below 70% of the min price for SEM-GB*
 - *Needs to occur within 2 trading periods over 2 different days over a 30 day rolling window*
 - *Implementation of price increase/decrease 28 days after instance has occurred*
 - *During the period between the event occurring and the price cap increase / price floor decrease, the price cap will remain as the current level.*

- The full SEM Intraday HMMCP methodology document is provided with this Explanatory Note for reference.

Triggering Auction due to Price Event	Impacted Auctions as a result of Price Event
DAM (SDAC)	DAM (SDAC)
IDA1	IDA1 and IDA2
IDA2	IDA1 and IDA2
IDA3	IDA3

Benefits and Implementation Timeline

Benefits

- 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.

Implementation Timeline

- *A modification has been raised to link SEMOpx Operating Procedures to the SEM Intraday HMMCP methodology.* SEMOpx are looking for approval on the mod in the 11th May Exchange Committee Meeting.
- Target implementation would be within 1 month of this (based on agreement with SEM-GB power exchanges)

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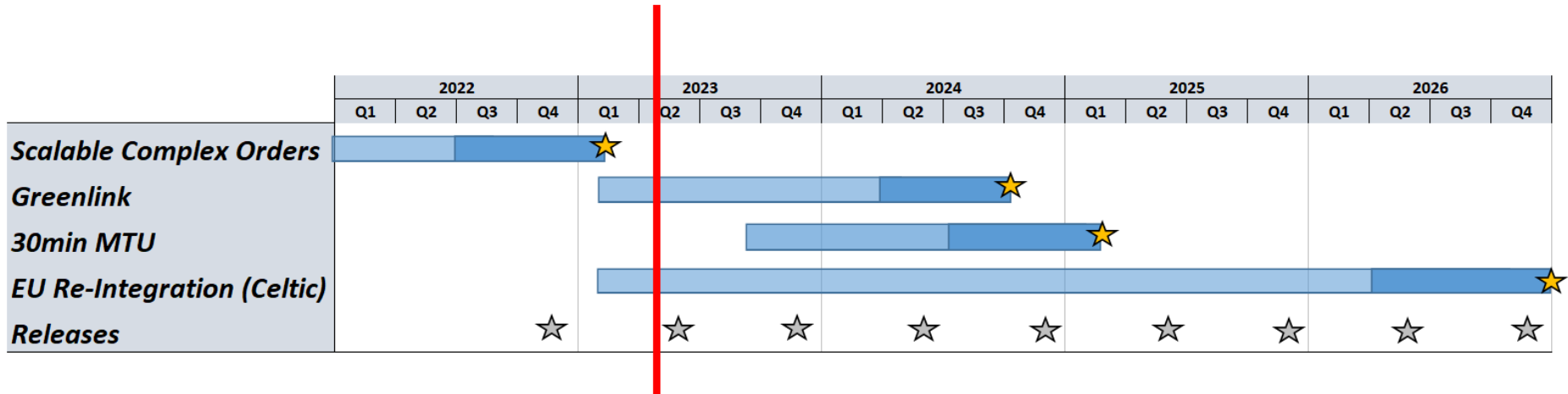
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SEMOpX Future Projects



Major Projects

- **Scalable Complex Orders (Live: Jan 2023)**
 - Issues with collateral calculations identified and resolved
 - Project complete

- **Greenlink (Target: Sept 2024)**
 - Similar market implementation to Moyle/EWIC
 - System Build target completion end of 2023
 - Integration and E2E testing in 2024
 - Limited impact on Members (as changes are related capacity submission and market coupling)
 - New information on SEMOpx website on Greenlink flows
 - Greater potential trades between SEM-GB in IDA1 and IDA2.
 - Target Start of Market Coupling Sept 2024

- **30 min MTU (Target: Start 2025)**
 - Part of EU requirement to move to trading periods equivalent to the imbalance settlement period.
 - Most of Europe 15min, SEM 30 min.

- **Celtic (Target: End of 2026)**
 - Evaluation of feasible options for ex-ante market design underway
 - Further information on proposed design in coming months
 - Scope and Timeline on next page

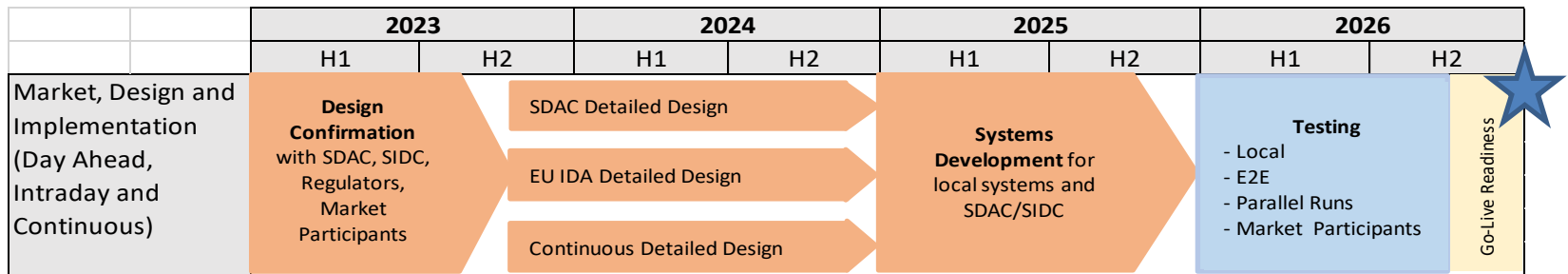
SEM EU Re-Integration (Celtic)

Scope

- SDAC EU re-integration [SEM-FR]
- SIDC Intraday Auctions (IDAs) integration [SEM-FR]
- SIDC Intraday Continuous (IDC) integration [SEM-FR]

Indicative Timelines

- Design confirmation 2023
- Detail Design 2024
- System Development 2025
- Testing 2026
- Go-Live end of 2026



Detailed Design to confirm technical requirements for local systems and SDAC/SIDC

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Technical Change: IDC Order and Trade File Changes

Background

- We have over a long period of time experienced issues with IDC offer and trade files published to the SEMOpx website.
- These issues relate to the generation of the files as well as the data consistency.
- In addition, the current format of the report is not adequate for automatic processing, resulting in unnecessary complexity in the processing of the data.
- EPEX are making enhancements to the systems that collate and prepare these two reports to alleviate these issues.
- This is to improve the stability of the process and data consistency of the reports.

Proposed Change

- No change to SEMOpx Rules or Operating Procedure. Change is purely technical.
- The file formats of the following files will change:
 - EA-008: INTRADAY MARKET RESULTS ORDER
 - EA-007: INTRADAY MARKET RESULTS TRADE
- DPUG has been updated and available [here](#). Sample files are also available [here](#). There will still be 2 files received regarding trades and orders
- There is no change in the publication timelines associated to these reports
- The new reports will use an updated file format

Benefits

- Improves the stability of the process to help mitigate delays in publication
- Reduces issues with data inconsistency
- Improves automation of the publication process

Proposed Implementation Timelines

TBC – target is within 2 months.

Market message to be issued to notify of change and proposed timelines.

Technical Change: Transfer of Units

Background

- Currently the ex-ante and balancing market systems require a new unit id to be defined and implemented each time a unit changes ownership from one participant to another.
- This is due to technical restrictions in the systems which do not allow the same unit to be assigned to different participants (even for different timeframes).
- At present a transfer of unit can more than 60 working days and requires considerable effort to implement as each new unit id added must complete testing before being released into production.
- The market operator is seeing more and more requests for the transfer of units between parties leading to large overheads in processing unit changes and longer delays in processing requests to transfer units.

Proposed Change

- No change to SEMOpX Rules or Operating Procedure. Change is purely technical.
- Enhance the balancing market and ex-ante trading systems to allow units to be transferred between participants while maintaining the same timesliced unit id information.

Benefits

- Faster transfer of units between market participants.
- Significant reduction in effort to complete each transfer
- Minimisation of risk of errors and delays in transfers.

Proposed Implementation Timelines

- Target is October 2023.