

Date: 22/06/22

SUBJECT: SEMOpx comments regarding the HMMCP consultation

SONI Ltd and EirGrid plc have developed and implemented NEMO services for Northern Ireland and Ireland through SEMOpx, a contractual joint venture between SONI Ltd and EirGrid plc. This allows the use of common systems, processes and resources to provide NEMO services to both Northern Ireland and Ireland. In June 2015, SONI and EirGrid plc were designated by their respective regulators as a NEMOs for their jurisdictions. In July 2019, the regulators published their respective decisions to continue the designation from 3 October 2019 until October 2022.

SEMOpx provides day-ahead and intraday electricity market trading for Ireland and Northern Ireland as part of the Single Electricity Market (SEM).

In answering the questions below SEMOpx's objective is to provide practical suggestions on how to improve on the current methodologies for the application of HMMCP

Here are the key questions the NC is seeking answers to:

1. SEMOpx
2. info@semopx.com
3. SEMOpx (Eirgrid and SONI NEMOs)
4. *When integrating HMMCP for Intraday Auctions, NEMOs propose to follow the same principles as for SDAC. This means a differentiation from HMMCP for the SIDC continuous. What is your view on that differentiation, and do you have a view on what maximum and minimum clearing price should be applied for SIDC IDAs and what mechanism for possible upward or downward adjustment of that maximum and minimum clearing price should be applied?*

Seems reasonable to align SDAC auctions and SIDC IDA price limits.

5. *The current methodologies describe a dynamic process to increase the maximum clearing price if market prices reach certain thresholds. NEMOs would like to consult on the possibility to also implement a decrease of the maximum clearing price after a period when no thresholds have been exceeded and the maximum clearing price shows to be unnecessarily high.*

SEMOpx agrees that a similar mechanism should be devised to ensure MAX CP can be lowered when a number of set, agreed, criteria are met. The criteria could be for instance prices being x% below the MAX for a set period of time (this could be one/two months or more).

6. *NEMOs would like to consult on the duration of the transition period between detection of the threshold and entry into force of the new price cap. Shall this be shortened, increased, or maintained to be 5 weeks after the triggering threshold (60% of max clearing price) has been reached?*

SEMOPx agrees that the current five-week timeframe to implement the change is adequate and this provides sufficient time to implement needed changes internally.

7. *Do you consider the current approach to increase the maximum clearing price in steps of EUR 1000,-- still adequate?*

SEMOPx is of the view that the €1,000 increase may be excessive given a low threshold (60%) and frequency of occurrence (1 trading period) triggers a large and irreversible percentage increase in the price cap.

8. *Do you think that the event that the clearing price exceeds a value of 60 percent of the harmonised maximum clearing price for SDAC in one market time unit of a day in single bidding zone is a sufficient trigger to increase the harmonised maximum clearing price for SDAC? For example: to instead as the basis for triggering a maximum clearing price increase to be given by a requirement that the threshold has been exceeded on multiple different days (e.g. separate SDAC trading days) within a given period.*

For SEMOPx, the important issue is that for PTs the increase in price impacts on their collateral requirements that their clearing member request, so we are mindful of the need to ensure the trigger and the increment are well calibrated.

SEMOPx is of the opinion that a more robust mechanism to trigger the increase should be explored. The criteria for the increase in price of 60% seems to be relatively low. The high prices experienced in France on 3rd April (for delivery on 4th) were 90% and 99.6% of the maximum of €3,000, this might suggest the need to find a higher threshold, the current threshold seeming quite low.

In addition to this, consideration should be given to adding as a trigger criteria a breach of threshold on multiple days over a given period.

9. *HMMCP methodologies to describe also an automatic extension of the minimum clearing price when a certain threshold is reached?*

10. *Any other views regarding the HMMCP methodologies for SDAC and SIDC?*