



Intra-Day Trading: Modification Functional Group 1 Review

1 INTRODUCTION

As part of the implementation of Intra-Day Trading in the SEM, a number of significant changes to the SEM market rules are required. These changes include:

- Bidding to multiple Gate Windows (EA1, EA2 and WD1) for the relevant Trading Day.
- Restriction of Interconnector Unit bidding in the EA1 Gate Window to Capacity Holders.
- Reallocation of unused Interconnector Capacity to any Interconnector Unit (with no requirement to be a Capacity Holder) in EA2 and WD1 MSP Software Runs.
- Different lengths of Trading Window for each Ex-Ante MSP Software Run.
- Fixing of Interconnector Unit capacity allocations from EA1 MSP Software Run (MIUNs) in the EA2 and WD1 MSP Software Runs.
- Fixing of Interconnector Unit capacity allocations from EA2 MSP Software Run (MIUNs) in the WD1 MSP Software Runs.
- Changes to Credit Cover arrangements to ensure that the SEM remains as collateralised as possible.

2 FUNCTIONAL GROUPINGS

SEMO Market Development is leading the development of the Modification Proposal, which will be considered by the Working Group as a series of interlinked Functional Groups prior to being voted on as a single Modification Proposal by the Modifications Committee:

- Functional Group 1: Registration and Participant Submissions
- Functional Group 2: Other Data Transactions and MSP Software Operation
- Functional Group 3: Settlement and Credit Risk Management

3 FUNCTIONAL GROUP 1 DOCUMENTATION SET

SEMO has developed a set of documents which comprise the proposed legal drafting changes for Functional Group 1 and an explanation of those proposed changes.

These documents are as follows:

#	Document
01	Plain English Document (PED)
02	Design Summary Slides
03	Trading and Settlement Code (Main Body)
04	Trading and Settlement Code (Appendices)
05	Trading and Settlement Code (Glossary)
06	Trading and Settlement Code (Agreed Procedure 1)
07	Trading and Settlement Code (Agreed Procedure 2)
08	Trading and Settlement Code (Agreed Procedure 4)

4 WORKING GROUP APPROACH

Given the scale of the changes, it will not be possible to consider each drafting change separately as part of the Working Group meeting on 10 May 2011. As a result, SEMO proposes to take the following approach:

- Participants to review the PED and legal drafting prior to the Working Group meeting on 10 May 2011, identifying questions and/or comments.
Note: Given the degree of change proposed to Agreed Procedure 4 (including some restructuring to enhance clarity), SEMO suggests that it may be easier for Participants to review a “clean” version of the document.
- SEMO will present the design summary slides at the start of the Working Group meeting on 10 May 2011.
- The Working Group will then consider each legal drafting document separately (03 to 08), in conjunction with the relevant portion of the PED, addressing questions and/or comments as identified by Participants.
- Once comments are addressed (either at or following the Working Group meeting), the changes will be considered complete¹.

¹ Subject to legal review and identification of inconsistencies/errors as part of Functional Groups 2 and 3.