



# Intra-Day Trading: Review of Modification Drafting for Functional Groups 1, 2 and 3 (i.e. entire Modification)

## 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 DOCUMENTATION SET

As requested by Participants, SEMO has developed an incremental documentation set which now contains a complete set of changes for all three functional groups; FG1, FG2, and FG3:

- All FG1 changes are highlighted in **yellow**, as well as being change marked.
- All FG2 changes are change marked, but are not highlighted.
- All FG3 changes are highlighted in **cyan**, as well as being change marked.

These documents are as follows:

#	Document	FG1?	FG2?	FG3?
01	Plain English Document (PED) – FG1	Y		
02	Plain English Document (PED) – FG2		Y	
03	Plain English Document (PED) – FG3			Y
04	Design Summary Slides (FG2)		Y	
05	Trading and Settlement Code (Main Body)	Y	Y	Y
06	Trading and Settlement Code (Appendices)	Y	Y	Y
07	Trading and Settlement Code (Glossary)	Y	Y	Y
08	Trading and Settlement Code (Agreed Procedure 1)	Y		
09	Trading and Settlement Code (Agreed Procedure 2)	Y	Y	
10	Trading and Settlement Code (Agreed Procedure 4)	Y		
11	Trading and Settlement Code (Agreed Procedure 6)		Y	Y
12	Trading and Settlement Code (Agreed Procedure 9)			Y
13	Trading and Settlement Code (Agreed Procedure 10)			Y
14	Trading and Settlement Code (Agreed Procedure 11)		Y	
15	Trading and Settlement Code (Agreed Procedure 13)		Y	
16	Trading and Settlement Code (Agreed Procedure 17)	Y		

#### 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 27 September 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 27 September 2011, identifying questions and/or comments.
- SEMO will present the FG2 design summary slides at the start of the Working Group meeting on 27 September 2011.
- The Working Group will then consider each FG2 affected legal drafting document separately, in conjunction with the relevant portion of the PED, addressing questions and/or comments as identified by Participants.
- Participants will have an additional two weeks after the Working Group on 27 September 2011 (until 11 October 2011) to submit additional comments on the drafting.
- Once comments are addressed (either at or following the Working Group meeting), the changes will be considered complete<sup>1</sup>.

<sup>1</sup> Subject to legal review and identification of any inconsistencies or errors.

- A final Working Group is scheduled for 10 November 2011.