

EPUKI Investments Response to SEMO Consultation on Market System Development Plan

EP UK Investments ('**EPUKI**') welcomes the opportunity to respond to this consultation paper. Reflecting market participant stakeholder feedback in the Market System Development Plan ('**MSDP**') is important for ensuring the efficient and effective development of SEMO's market platforms for the benefit of the market.

Prioritisation of Participant Change Requests

EPUKI believes there would be benefit in including a line item within the Unpredictable CapEx Projects to reflect system changes arising as a result of participant modification proposals. In recent years, the market has experienced a number of modifications to both the Trading and Settlement Code and the Capacity Market Code as a result of widespread changes both within the electricity market, and due to wider economic and geopolitical trends.

It has been observed that system changes associated with modifications raised by market participants typically have a significantly longer window for implementation than changes associated with modifications raised by SEMO, the System Operators, or the Regulatory Authorities. This creates an issue in instances where a modification proposal has been raised in response to ongoing events or circumstances.

EPUKI acknowledges that the nature of modification proposals raised by participants will be somewhat unpredictable, and it can be difficult to plan and schedule for such developments. Compared to changes associated with ongoing or planned workstreams or projects which are currently reflected in MSDP, it is not possible to predict what participant changes might consist of. However, EPUKI believes there would be value in including a line item in the Unpredictable CapEx to reflect participant-led miscellaneous changes over the course of the next two years.

This will ensure that such changes are properly reflected in the MSDP and will be treated with the appropriate level of priority. This will also assist at the lookback stage when assessing SEMO performance, as progress against miscellaneous changes can be properly considered.

As an additional point, EPUKI recommends that SEMO undertake a review of flexibility and futureproofing of market system development over the next two years. Based on the material changes expected as part of the market transition, and wider geopolitical uncertainty, there is no reason to expect that the number of and importance of miscellaneous system changes will decrease. It will be important that out to 2030 and beyond, SEMO's systems can provide the adequate level of flexibility to respond to unexpected events and changes in the market. This will help to minimise avoidable delays during the energy transition.

Secondary Trading Market Changes

EPUKI is disappointed that the MSDP makes no mention of the implementation of market changes to facilitate more efficient secondary trading in the Capacity Market. There are two Capacity Market Code modifications CMC_09_22 and CMC_11_21 which were introduced to make secondary trading more accessible for participants. These modifications were approved by the SEM Committee in 2022 and 2021 respectively.

The delay in implementing the system changes required to facilitate these modifications again demonstrates the lack of priority given to modifications which deliver benefits to market participants, compared to modifications raised by SEMO, the System Operators, or the Regulatory Authorities. It is deeply concerning that these changes have been omitted from the 2026 – 2027 MSDP and this omission suggests that SEMO is not treating these changes as a priority. This is highly disappointing given that these changes have already been in progress for almost five years.