



Intra-Day Trading: Modification Functional Group 3 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 DOCUMENTATION SET

As requested at Working Group #8, SEMO has developed a documentation set which contains both the changes as a result of FG1 and FG3:

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

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 6)
07	Trading and Settlement Code (Agreed Procedure 9)
08	Trading and Settlement Code (Agreed Procedure 10)

Note: changes to the FG1 drafting as a result of review comments are in progress, but have not been completed by SEMO at this stage. As a result, FG1 changes should not be re-reviewed until an update is issued, which will be prior to Working Group #9 by SEMO, addressing the comments received. This affects the following additional documents:

- *Agreed Procedure 1*
- *Agreed Procedure 2*
- *Agreed Procedure 4*
- *Agreed Procedure 17*

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 29 June 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 29 June 2011, identifying questions and/or comments.
- SEMO will present the design summary slides at the start of the Working Group meeting on 29 June 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.
- Participants will have an additional two weeks after the Working Group on 29 June 2011 to submit additional comments on FG3.

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