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▶ **ECC Clearing Circular 22/2017 | 2017-07-12**

ECC Clearing and Settlement Services for SEMOpx Markets

**Summary**

The European Power Exchange EPEX SPOT and European Commodity Clearing (ECC) have been chosen by the Irish transmission system operators EirGrid and SONI as service providers for the new local power exchange SEMOpx which will operate the Day-Ahead and Intraday markets in Ireland and Northern Ireland respectively.

The product offering of SEMOpx will comprise a Day-Ahead auction coupled with the rest of Europe and continuous and auction intraday markets. In its capacity as a central counterparty, ECC will assume clearing and settlement for all transactions concluded on SEMOpx.

The project partners envisage launching all markets by May 2018.

This Clearing Circular aims to provide preliminary information to the Clearing Community at an early stage. Follow-up information and namely the Go-live will be announced via a separate Clearing Circular.

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ECC will offer clearing and settlement services for all spot market transactions concluded at SEMOpx. The go-live is envisaged for May 2018, subject to technical, legal, regulatory and member readiness. To ensure this readiness it is planned to perform a comprehensive Market Trial Period starting on 1 December 2017 and running until May 2018 shortly before the go-live.

## Product Setup

The following product groups will be set up within the ECC clearing system (SMSS):

ECC Product Group	Name	Trading Curr.
SEMOPX_ST_POWER_EGRD	Irish Power Day-Ahead SEM	EUR
SEMOPX_ST_POWER_SONI	Northern Irish Power Day-Ahead SEM	GBP
SEMOPX_IT1_POWER_EGRD	Irish Power Intraday No.1SEM	EUR
SEMOPX_IT2_POWER_EGRD	Irish Power Intraday No.2 SEM	EUR
SEMOPX_IT3_POWER_EGRD	Irish Power Intraday No.3 SEM	EUR
SEMOPX_IT1_POWER_SONI	Northern Irish Power Intraday No.1 SEM	GBP
SEMOPX_IT2_POWER_SONI	Northern Irish Power Intraday No.2 SEM	GBP
SEMOPX_IT3_POWER_SONI	Northern Irish Power Intraday No.3 SEM	GBP
SEMOPX_IT_POWER_EGRD	Irish Power Intraday SEM (Continuous)	EUR
SEMOPX_IT_POWER_SONI	Northern Irish Power Intraday SEM (Cont.)	EUR

## Settlement Process

The new market will be processed similarly to other Power Spot Markets settled by ECC, using the SMSS system.

### Physical Settlement

Physical Settlement of local transactions concluded at SEMOpx will be provided by ECC's Luxembourg-based subsidiary – European Commodity Clearing Luxembourg S.à.r.l. – to EirGrid/SONI TSO by means of single sided nomination trade by trade. No nominations by participants are needed.

### Trading Limits for Auction Trading

A financial limit is available per settlement member for the auction system ETS (EPEX Trading System) with the option to limit it at portfolio/TSO area level. The limit can be defined by the Clearing Member, ECC or the Settlement Member itself.

Depending on the area (Northern Ireland or Republic of Ireland), a member can have one or several limits, in a different currency (EUR and/or GBP):

- SEMOPX\_AUCTION\_EUR (Unit of Measurement / Currency: EUR)
- SEMOPX\_AUCTION\_GBP (Unit of Measurement / Currency: GBP)

If a single limit solution is chosen, trading exposures can be combined from both currencies in EUR and/or GBP. Any cross currency exposures will be aggregated with an applicable FX rate defined by SEMOpX.

Limits for these limit definitions can be maintained via SMSS/Member Area by Clearing Members, Non-Clearing Members, Direct Clearing Participant Clearing Members and ECC.

### Trading Limits for Continuous Trading

A financial limit in EUR is set per member in the continuous trading system M7.

Intraday Continuous Trading will fall under the same (existing) limit regime as for EPEX Intraday Continuous market and limits maintenance will follow the same process.

In case a member is a member of several Continuous Intraday Market Segments (Delivery Area), the trade exposure is calculated as a global amount taking into account trades executed on every Intraday Market Segment, including EPEX.

For the Intraday Continuous Market, a member can only have one limit in EUR.

### Reporting

The contracts will be set up as:

Fieldname	Value
Exchange ID	SEMOPX
Transaction Type for Day Ahead Auctions	ST
Transaction Type for Intraday Auctions	IT1 – first intraday auction IT2 – second intraday auction IT3 – third intraday auction
Transaction Type for Intraday Continuous	IT
Underlying for Northern Ireland	POWER_SONI
Underlying for Republic of Ireland	POWER_EGRD

The new products will be available via the usual ECC trade report via e-mail or FTP in the XML and PDF format.

## Margining

Exposures will be included in the time series of exposures used for daily calculation of the Spot Initial Margin (IMSM) and will also be included in the Current Exposure Spot Market (CESM). They will be netted with exposures from all other spot market transactions within the same currency providing efficient cross-margining effects across all cleared spot venues of ECC. The margin requirement is listed in the Eurex Report CC050 and will be contained in the margin classes “IMSM” and “CESM”.

## Emergency Member Stop

An Emergency Member Stop procedure will be made available for the new partner exchange SEMOpX. This will be made available similar to the existing procedures for other Partner Exchanges of ECC. Details will be published in due time in the ECC Risk Management Services Manual.

## Member Readiness

### Clearing Member

The ECC clearing licence for Clearing Members already covers clearing of the new contracts. However, for the SEMOpX GBP-markets the ability to perform GBP settlement is required.

### Non-Clearing Member

Participation in trading requires membership at ECC as either a Non-Clearing Member or a Direct Clearing Participant. Additionally, a trading participant will need own or third-party physical settlement (TP\_SEMOPX\_01a and TP\_SEMOPX\_01b).

SEMOpX trading participants who have not been registered with ECC so far have to complete the admission process as trading participant and Non-Clearing Member or Direct Clearing Participant, including the ECC KYC process.

The corresponding admission forms are available for downloading on the ECC [website](#).

The final deadline for all admission forms including consent from a Clearing Member (in case of a NCM membership) or Settlement Bank (for Direct Clearing Participants) is 7 February 2018.

## Market Trial

### What is a Market Trial

The Market Trial is a full-scale, production-like operational trial of all market systems and processes. It provides a realistic risk-free environment without any of the financial consequences. It is intended to give market participants, the TSOs and NEMOs an opportunity to trial their operations prior to go-live.

## Timeline, phases and participation

The Market Trial consists of 5 Phases:

- Planning - Planning the Market Trial Strategy and the development and delivery of the Market Trial Plan.
- Preparation - The period leading up to the commencement of the Market Trial, during which all parties will prepare for the Trial.
- Establishment - An initial operational period during which the market systems will first be made available to trial participants
- Scripted - A period of trialling during which market participants will be requested to submit input data consistent with a limited number of pre-defined scenarios.
- Unscripted - A further period of trialling during which the submission of data by participants will not be subject to any restrictions or other scripting.

The Preparation Phase will start in August 2017, the Establishment Phase will start in December 2017. The Execution Phase (consisting of Scripted and Unscripted Phase) is envisaged to start in January 2018 and will run to May 2018. The Preparation, Establishment and Execution will be managed by the TSOs' Integrated SEM (I-SEM) Project.

For details please refer to the detailed [Market Trial Strategy](http://www.sem-o.com/ISEM/General/Market%20Trial%20Strategy.pdf) ([http://www.sem-o.com/ISEM/General/Market Trial Strategy.pdf](http://www.sem-o.com/ISEM/General/Market%20Trial%20Strategy.pdf)) and the [Market Trial Plan](http://www.sem-o.com/ISEM/General/Market%20Trial%20Plan.pdf) ([http://www.sem-o.com/ISEM/General/Market Trial Plan.pdf](http://www.sem-o.com/ISEM/General/Market%20Trial%20Plan.pdf)) published by the TSOs' I-SEM Project.

In case you are interested in participation in the market trial, please contact ECC via [markettrial@ecc.de](mailto:markettrial@ecc.de).

## Fees and Invoicing

The Clearing Fees for transactions concluded at SEMOpx are outlined in ECC's Price List.

The invoices will be dispatched within the first five Business Days of each month via download link or will be available on the FTP if subscribed.

The Fee Settlement will be processed as usual: ECC Clearing Fees will be debited on the 10<sup>th</sup> business day and SEMOpx Exchange Fees will be debited on the 15<sup>th</sup> business day of each month.