

Introduction of Coupled Intraday Auctions between Ireland, Northern Ireland and Great Britain at EPEX SPOT and additional information on SEMOpx product offering

22 May 2018 envisaged as Launch Date

The European Power Exchange EPEX SPOT SE will introduce two coupled power Intraday Auctions in the SEM-GB Region (that means between Republic of Ireland, Northern Ireland and Great Britain) for the first time in the history of electricity trading in Europe. The coupling will be performed between the exchanges SEMOpx in Ireland and Northern Ireland and EPEX SPOT SE in Great Britain.

Subject to regulatory approval, member simulation and the finalization of testing in the region, the go-live is foreseen for 22 May 2018 (first trading day).

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

Furthermore, we would like to inform about a special reporting aspect linked to the Dual Currency Setup and the Exchange Fee Settlement for SEMOpx.

Contact

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Product Setup

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

ECC Product Group	Name	Auction Time	Trading Curr.
EPEX_IT1_POWER_ELEX	First UK Power Intraday Auction Elexon	18:30 CET on D-1	GBP
EPEX_IT2_POWER_ELEX	Second UK Power Intraday Auction Elexon	9:00 CET on D	GBP

Please note, that those product groups complement the product offering of SEMOpX exchange as announced in the Clearing Circular 22/2017 (“ECC Clearing and Settlement Services for SEMOpX Markets”)

Clearing Process

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

Physical Settlement

Physical Settlement of transactions concluded at EPEX SPOT SE will be provided by ECC’s Luxembourg-based subsidiary – European Commodity Clearing Luxembourg S.à r.l. – to the Market Operator Elexon by means of single sided nomination (ECVN). No nominations by participants are required.

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 already today. The limit can be defined by the Clearing Member, ECC or the Settlement Member itself. A member can have one or several limits, in a different currency (EUR and/or GBP):

- EPEX_AUCTION_EUR (Unit of Measurement / Currency: EUR)
- EPEX_AUCTION_GBP (Unit of Measurement / Currency: GBP)

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

Reporting

The contracts will be set up as follows in ECC's spot trade reports:

Fieldname	Value
Exchange ID	EPEX
Transaction Type for Intraday Auctions	IT1 – first intraday auction IT2 – second intraday auction
Underlying	POWER_ELEX

The new products will be available for reporting via e-mail or on the ECC FTP Server 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 will be calculated in EUR and is listed in the Eurex Report CC050 and will be contained in the margin classes "IMSM" and "CESM".

Delivery Margin is calculated to include the risk of failed nomination with Elexon for all trades which will be physically settled in UK. Details on the calculation can be found in the ECC Margining document, available at <https://www.ecc.de/ecc-en/risk-management/margining>.

Emergency Member Stop

The Emergency Member Stop Procedures already in place for EPEX SPOT SE will be available for the new products as well.

Precondition for Participation

Clearing Member

The ECC clearing licence for Clearing Members already covers clearing of the new contracts. For the Intraday Auction as for all other EPEX 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 an own or a third-party balancing agreement with Elexon (TP_EPEX_01a or TP_EPEX_01b, including the BSCP71 form). For trading members currently active in the EPEX UK markets, no additional activities are required.

Prospective EPEX SPOT SE 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 on the ECC website.

Fees and Invoicing of ECC Clearing Fees

Clearing Fees are outlined in ECC's Price List. The Fee Settlement will be processed as usual: ECC Clearing Fees will be debited on the 10th business day and Exchange Fees will be debited on the 15th business day of each month.

Reporting of SEMOpx Exchange Fee for Continuous Trades in Delivery Area SONI

ECC issues within each month Daily Trade Reports Detailed (both XML and PDF) and Payment Reports Detailed (both XML and PDF). The XML reports only contain one Currency Symbol for the trading product, fees are stated without a dedicated currency symbol. Payment Reports Detailed are generated per product currency (currently in EUR and GBP). For those members that are using the XML reports for internal fee reconciliation purposes it is important to know that the specific product group SEMOPX_IT_POWER_SONI is settled for both value of goods and ECC clearing fees in EUR but for the Exchange Fee in GBP. Generally speaking, ECC advises that the Exchange Fees reported in the Daily Reports are only used as an estimate of the overall Exchange Fee, as at the end of the month non-transactional Fees are processed as well.

In the PDF reports the same currency symbol is used for both the Exchange and the Clearing Fee – namely the currency of the underlying product. This leads for the specific product group SEMOPX_IT_POWER_SONI to a peculiar situation, that the Exchange Fees are incorrectly shown with the currency identifier EUR whereas the calculated amount refers to GBP.

The invoices ECC issues on its own behalf and on behalf of SEMOpx which are issued on the 15th Business Day of each month will not show any currency identifier inconsistency. Those reports contain also all non-transactional fees.