

Second  
Draft  
05/05/17

# SEMOpX Exchange Committee Procedures

This draft of the Exchange Committee Procedures incorporates stakeholder comments, and further drafting of positions flagged in the previous draft, and discussed at the BLG meeting on 12 April 2017. It is marked up to show changes since the previous version considered by the BLG.

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for discussion at  
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## **A. INTRODUCTION**

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### **A.1 BACKGROUND AND PURPOSE**

#### **A.1.1 Exchange Committee processes and procedures**

A.1.1.1 These Procedures set out the detailed processes and procedures for the Exchange Committee that is established under the SEMOpX Rules.

A.1.1.2 These Procedures enable the Exchange Committee to perform its role and functions in promoting SEMOpX Rules and Procedures that:

- (a) remain current and relevant over time; and
- (b) facilitate the SEMOpX Objective, through timely consultation and advice to SEMOpX on proposed changes to SEMOpX Rules and Procedures.

#### **A.1.2 Legal basis for Procedures**

A.1.2.1 These Procedures are made under section B.3.3 of the SEMOpX Rules.

A.1.2.2 The content of these Procedures supports provisions in:

- (a) section B.2 of the SEMOpX Rules which sets out the Exchange Committee's:
  - (i) role and functions;
  - (ii) composition;
  - (iii) arrangements for a chairperson and deputy chairperson;
  - (iv) meeting requirements;
  - (v) arrangements for costs; and
  - (vi) confidentiality requirements; and
- (b) section J.2.3 of the SEMOpX Rules which sets out the Exchange Committee's role in relation to proposed Modifications to the SEMOpX Rules or Procedures.

#### **A.1.3 Modifications to Procedures**

A.1.3.1 These Procedures can be modified only in accordance with Chapters J or K of the SEMOpX Rules.

#### **A.1.4 Compliance with Procedures**

A.1.4.1 These Procedures are binding on SEMOpX, the Exchange Committee, and each Exchange Member, and are enforceable in accordance with the SEMOpX Rules.

A.1.4.2 Each Exchange Member shall execute an undertaking to comply with these Procedures and the confidentiality requirements under B.2.7.1 of the SEMOpX Rules and return it to SEMOpX upon his or her election or appointment and will not take office until they have done so.

#### **A.1.5 Role of the Regulatory Authorities**

A.1.5.1 These Procedures allow for the Regulatory Authorities' involvement in some aspects of Exchange Committee and SEMOpX meetings and decisions. That involvement arises from Nominated Electricity Market Operator (NEMO) conditions

in the Market Operator Licences issued to each of EirGrid and SONI (the **NEMO Licence Conditions**).

A.1.5.2 Upon cessation of the NEMO Licence Conditions, references to the Regulatory Authorities in these Procedures shall no longer apply.

## **A.2 COMMITTEE, MEMBERS TO FURTHER SEMOPX OBJECTIVE**

A.2.1.1 In performing their duties under the SEMOpx Rules and these Procedures, the Exchange Committee and each Exchange Committee Member shall promote the SEMOpx Objective set out in section A.1.2 of the SEMOpx Rules.

*Unlike a Participant under the Trading and Settlement Code, Exchange Members do not join the exchange as generators, suppliers, etc. They are simply members.*

*Hence, notwithstanding the particular interests of the Exchange Member that nominated an Exchange Committee member, the Exchange Committee and all Exchange Committee members must act in good faith to progress the exchange objectives; rather than the interests of their nominating organisation.*

*Individual members will bring an understanding of views and impacts for particular sectors, but that cannot override their obligations to the Exchange Committee.*

## **A.3 OVERVIEW**

### **A.3.1 Content**

A.3.1.1 These Procedures deal with:

- (a) the Exchange Committee composition (Chapter C), including:
  - (i) the number of members;
  - (ii) categories of members and observers;
  - (iii) interests to be represented;
  - (iv) member qualifications;
- (b) Exchange Committee meetings (Chapter D),
- (c) Initial Exchange Committee arrangements (see Chapter E);
- (d) Ongoing Exchange Committee procedures (Chapter F) including:
  - (i) vacancies, nominations and elections of Exchange Committee members
  - (ii) the terms and conditions of Exchange Committee member appointments
  - (iii) resignation and removal of Exchange Committee members
- (e) timelines for consultation on SEMOpx Rules and Procedures Modification proposals (Chapter G).

### **A.3.2 Definitions**

A.3.2.1 Terms defined in the SEMOpx Rules have the same meaning when used in these Procedures.

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## B. FORM OF ADVICE

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- B.1.1.1 SEMOpx shall develop and publish guidelines for the specific types of decisions, recommendations and reports of the Exchange Committee, in relation to its:
- (a) consideration of proposed Modifications to the SEMOpx Rules of the Procedures (see Chapter J of the SEMOpx Rules; Chapter G of these Procedures);
  - (b) development of recommendations and reports to SEMOpx on proposed Modifications to the SEMOpx Rules of the Procedures, that present Exchange Committee members' views (see Chapter G of these Procedures);
  - (c) recommendations to SEMOpx that external advice be procured (see para G.3.8.2); and
  - (d) decisions on whether to remove a member in accordance with paragraph F.4.1 of these Procedures.

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## C. EXCHANGE COMMITTEE MEMBERSHIP REQUIREMENTS

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**C.1.1 Number of members**

- C.1.1.1 The composition of the Exchange Committee shall be as set out in section B.2.3 of the SEMOpx Rules.<sup>1</sup>

**C.1.2 Chairperson and deputy chairperson appointments**

- C.1.2.1 The chairperson and deputy chairperson of the Exchange Committee are appointed by SEMOpx in accordance with section B.2.4 of the SEMOpx Rules.

**C.1.3 Categories of members, other observers**

- C.1.3.1 In accordance with paragraph B.2.3.2 of the SEMOpx Rules, an Exchange Committee member may be either:

- (a) one of up to fifteen (15) members nominated by and elected from Exchange Members as provided in these Procedures; or
- (b) one of two members appointed by SEMOpx.

- C.1.3.2 An Exchange Committee observer may be either:

- (a) a regular observer appointed by a Regulatory Authority in accordance with paragraph B.2.3.3 of the SEMOpx Rules; or
- (b) an *ad hoc* observer authorised by the chairperson to attend a specific meeting in accordance with section D.2.2 of these Procedures.

**C.1.4 Diversity of interests represented**

- C.1.4.1 The Exchange Committee members shall include:

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<sup>1</sup> At market commencement, the SEMOpx Rules will provide for a minimum of 9 and a maximum of 17 members.

- (a) at least three members who have knowledge of or expertise in the role of Generation Participants (as defined under the Trading and Settlement Code);
- (b) at least three members who have knowledge of or expertise in the role of Supplier Participants (as defined under the Trading and Settlement Code); and
- (c) at least one member who has knowledge of or expertise in the role of an Assetless Participant (as defined under the Trading and Settlement Code).

**C.1.5 Member qualifications**

C.1.5.1 SEMOpx and Exchange Members shall ensure that their nominees for Exchange Committee members have the requisite skills, authority and capacity to fulfil the role, including:

- (a) knowledge of and experience in electricity markets, including knowledge of particular sectors from which they are drawn;
- (b) experience with and skills in resolving issues, by making decisions, in a competent manner;
- (c) knowledge and understanding of the SEMOpx Rules, and the related European, Irish and Northern Ireland legislative and regulatory framework;
- (d) [Other?].

**C.1.6 Members to act in furtherance of SEMOpx Objective**

C.1.6.1 Notwithstanding:

- (a) the interests of the Exchange Member who nominated an Exchange Committee member; and
- (b) sections C.1.4 and C.1.5,

in performing their duties under the SEMOpx Rules and these Procedures each Exchange Committee member must act at all times in accordance with the provisions of these Procedures, in the overall best interests of the Exchange and in furtherance of the SEMOpx Objective.

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**D. EXCHANGE COMMITTEE MEETINGS**

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*The intention here is to acknowledge that these arrangements are for a commercial power exchange, that must be efficient, dynamic and responsive in order to compete with other exchanges, and to meet its members' needs.*

*As such, these arrangements differ from many of the laws, regulations and rules in the SEM (notably, from the rules/procedures for the Modifications Committee under the Trading and Settlement Code).*

*The timelines and proposals below seek to ensure that, while rigorously testing proposals and exposing different views, a lack of stakeholder consensus cannot lead to a stalemate, or prevent*

*timely and necessary changes being made.*

## **D.1 SCHEDULING OF MEETINGS**

### **D.1.1 Frequency of meetings**

D.1.1.1 The Exchange Committee shall meet:

- (a) at least twice each year, or as frequently as is required by section A.1.3 of the SEMOpx Rules;
- (b) with such greater frequency as is deemed appropriate by the Exchange Committee, taking into account the number, complexity and importance of Modification proposals to be considered by the Exchange Committee;
- (c) when either SEMOpx or a quorum of three Exchange Committee members call a meeting in accordance with paragraph B.2.5.2 of the SEMOpx Rules.

### **D.1.2 Notice of meetings**

D.1.2.1 SEMOpx shall:

- (a) endeavor to publish the dates of Exchange Committee meetings [14] days in advance;
- (b) give Exchange Committee members at least [14] days' notice of an Exchange Committee meeting, with such notice to include:
  - (i) details of the date, time and venue
  - (ii) a draft agenda
  - (iii) [other].

D.1.2.2 Prior to each Exchange Committee meeting:

- (a) SEMOpx shall notify members of video or telephone conferencing arrangements for the meeting, if such arrangements are requested by any Exchange Committee member; and
- (b) SEMOpx shall provide to Exchange Committee members the details of Modification Proposals set out in paragraph G.3.2.1.

## **D.2 CONDUCT OF MEETINGS**

### **D.2.1 Quorum**

D.2.1.1 The quorum for a meeting of the Exchange Committee is half of its members present. No decision of the Exchange Committee can be reached without a quorum.

D.2.1.2 If an Exchange Committee member is unable to attend an Exchange Committee meeting in person, that Exchange Committee member may:

- (a) by prior arrangement, join a meeting by telephone or video link if available;
- (b) provide in advance written materials to be considered by the Exchange Committee.



## D.2.2 Attendance of observers

D.2.2.1 In accordance with paragraph B.2.5.4 of the SEMOpX Rules, any person may attend a meeting of the Exchange Committee as an observer provided that:

- (a) the person has informed the chairperson at least [8] business days beforehand] of their request to attend the meeting, and the nature of their interest;
- (b) the person has provided any appropriate undertaking of confidentiality;
- (c) the person has provided in a timely manner any additional information or undertakings reasonably requested by the chairperson; and
- (d) the chairperson has confirmed in writing that the person may attend a specified meeting or meetings.

D.2.2.2 Other than observers appointed by Regulatory Authorities, observers are not entitled to participate in debates at meetings unless approval has been received from the chairperson.

D.2.2.3 Observers cannot vote at Exchange Committee meetings.

D.2.2.4 Where meeting space is limited, attendance of observers may be limited on a first come first served basis (other than observers appointed by Regulatory Authorities, who may always attend meetings).

## D.2.3 Resolutions and voting

D.2.3.1 Resolutions shall be passed by a simple majority of the valid votes cast. In the event of a tied vote, the chairperson of the meeting shall cast the deciding vote. If the chairperson abstains from voting, the resolution shall be deemed rejected.

D.2.3.2 An Exchange Committee member may request an oral debate before voting, and the chairperson shall comply with such a request where reasonable and practicable.

## D.2.4 Minutes

D.2.4.1 SEMOpX shall record in writing the content and outcome of Exchange Committee meetings, in minutes signed by the chairperson.

D.2.4.2 The votes cast by any written means, including email or facsimile, shall be recorded in the minutes of the meeting.

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## E. INITIAL EXCHANGE COMMITTEE COMPOSITION

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*This section is a pragmatic attempt to acknowledge the practical and legal challenges of coordinating commencement of this power exchange, and the various registration and appointment processes.*

*It allows for a temporary arrangement, appointing persons nominated in writing to SEMOpX by prospective Exchange Members, with the Exchange Committee to conduct elections once it is established. Another possibility is to extend the BLG process in the short term.*

*SEMOpX invites suggestions from stakeholders.*

## **E.1 INITIAL EXCHANGE COMMITTEE**

### **E.1.1 Initial Exchange Committee observers**

E.1.1.1 The Regulatory Authorities may nominate in writing to SEMOpx one observer each to attend Exchange Committee meetings.

### **E.1.2 Initial Exchange Committee members**

E.1.2.1 In order to facilitate market commencement, the first Exchange Committee shall consist of:

- (a) a minimum of seven (7) and a maximum of fifteen (15) members appointed by SEMOpx after consultation with prospective Exchange Members:
  - (i) to reflect the diversity of Exchange Members set out in section C.1.4;
  - (ii) drawn from persons nominated in writing to SEMOpx by prospective Exchange Members; and
  - (iii) appointed for an initial term not exceeding two years; and
- (b) at least two other members appointed by SEMOpx, one of whom shall be the chairperson.

E.1.2.2 An appointment made under paragraph E.1.2.1(a) expires after the stipulated term, or when elections are held under Chapter C, whichever is the earlier.

E.1.2.3 Subject to paragraph F.3.1.2, an Exchange Committee member appointed under paragraph E.1.2.1(a) may be subsequently reappointed under Chapter F.

### **E.1.3 Timing for future appointments**

E.1.3.1 At its first meeting, the Exchange Committee shall agree the timing for Exchange Committee members to be appointed in accordance with Chapter F of these Procedures.<sup>2</sup>

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## **F. SUBSEQUENT EXCHANGE COMMITTEE ARRANGEMENTS**

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### **F.1 GENERAL PROVISIONS**

#### **F.1.1 Application of this Chapter**

F.1.1.1 If at any time after the establishment of the Exchange Committee an Exchange Committee member position becomes vacant for any reason, including any general elections proposed under paragraph E.1.3.1, then the procedures in this Chapter F shall apply.

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<sup>2</sup> Note: section K.3 of the SEMOpx Rules requires staggering of initial appointment terms, to promote continuity for the committee.

## **F.1.2 Returning officer**

F.1.2.1 SEMOpx shall be the returning officer for any election of Exchange Committee members.

## **F.1.3 Authority to make nominations and appointments**

F.1.3.1 Exchange Members may nominate Exchange Committee members at such times as may be notified by the returning officer.

F.1.3.2 On the termination of the appointment or the removal of any member of the Exchange Committee who is a nominee of SEMOpx, that person shall be replaced by a nominee of SEMOpx, who shall be automatically appointed to the Exchange Committee.

F.1.3.3 The Commission and the UREGNI shall be entitled to replace their nominated observers at any time by giving notice to SEMOpx and the Exchange Committee, and with effect from the date specified in such notice.

## **F.2 ELECTION PROCEDURES**

### **F.2.1 Notification of vacancies**

F.2.1.1 At least 8 weeks prior to the expiry of any person's membership of the Exchange Committee, or prior to an election date set under paragraph E.1.3.1, the existing Exchange Committee shall:

- (a) notify Exchange Members of the pending expiry; and
- (b) where the vacancy is not subject to appointment by SEMOpx under section C.2.2, invite nominations in accordance with paragraph F.2.2.

F.2.1.2 Where an Exchange Committee member is removed, resigns or retires from the Exchange Committee, the existing Exchange Committee shall, within thirty (30) business days:

- (a) notify Exchange Members of the removal, resignation or retirement; and
- (b) where the vacancy is:
  - (i) not subject to appointment by SEMOpx under paragraph F.1.3.2; and
  - (ii) the Exchange Committee chairperson agrees that an election is required and warranted [e.g. if a vacancy occurs 3 months out from a general election, then it would be sensible to defer until then],

invite nominations to fill such vacancy in accordance with section F.2.2.

F.2.1.3 SEMOpx shall arrange an election to fill that vacancy in accordance with such of the steps in sections F.2.3 and F.3 as are necessary.

F.2.1.4 Elections shall take place, where practicable, not later than four (4) weeks prior to the date of expiry of the membership of any one or more of the elected Exchange Committee members to replace such persons on the Exchange Committee.

### **F.2.2 Nominations**

F.2.2.1 The returning officer shall provide details of the form of nomination to Exchange Members, which shall require as a minimum that nominations:

- (a) are made in writing;

- (b) are signed by the authorised representative of the nominating Exchange Member;
  - (c) identify the skills and qualifications {see section A.3.3} of the nominee that would be relevant to his or her appointment to the Exchange Committee.
- F.2.2.2 In calling for nominations, the Exchange Committee may request nominees with particular skills or qualifications, in order to achieve the diversity described in section C.1.4.
- F.2.2.3 Each Exchange Member is entitled to nominate **two nominees**.
- F.2.3 **Appointment where vacancies exceed nominations**
- F.2.3.1 If the number of nominees fulfilling the qualifications for an Exchange Committee member is less than or equal to the number of vacancies, the returning officer shall:
  - (a) declare those nominees to have been successfully elected to be Exchange Committee members; and
  - (b) if the minimum number of Exchange Committee members is not achieved, inform Exchange Members and allow them five (5) business days to propose new nominees and alternates for appointment or election in accordance with paragraph (a) above, or with section F.2.4, as appropriate.
- F.2.3.2 If no further nominations are made, the Exchange Committee shall be deemed to have satisfied its obligation under these Procedures to establish the Exchange Committee and the Exchange Committee shall notify Exchange Members that the election has failed.
- F.2.3.3 Notwithstanding the election has failed, at least 75% of Exchange Members may request the Exchange Committee to seek further nominations relating to an unfilled Exchange Committee member position section, within six (6) months after the date of the notification of the failed election. The Exchange Committee shall comply with such request.
- F.2.4 **Election where nominees exceed vacancies**
- F.2.4.1 If the number of nominees fulfilling the qualifications for an Exchange Committee member is more than the number of vacancies, the returning officer shall prepare and distribute to Exchange Members:
  - (a) a ballot paper, listing the nominees in alphabetical order; and
  - (b) a biography for each nominee prepared by that nominee and addressing the criteria in section C.1.5.
- F.2.4.2 In order to be counted, the ballot paper shall be completed as per any instructions accompanying the ballot paper and lodged with the returning officer:
  - (a) by 17:00 on the specified return date;
  - (b) to the person noted as the person to whom the ballot paper should be returned; and
  - (c) at the address noted as the address for the return of the ballot paper.
- F.2.4.3 In order to ensure the intended diversity of membership, SEMOpX may structure the ballot paper to:

- (a) divide it into the categories listed in section C.1.4, and require at least one vote for a nominee in each category; or
- (b) require Exchange Members to distribute their votes among the candidates and not place all their votes against the name of one preferred candidate

F.2.4.4 Each Exchange Member shall be entitled to [five] votes.

F.2.4.5 Voting by each Exchange Member shall be by way of a mark in the box against the name of the nominees.

F.2.4.6 If a ballot paper contains more marks against the names of the nominees than the votes that can be cast or [more than one mark against a single candidate] or the intention of the Exchange Member is otherwise unclear, such vote shall not be valid and shall not be included in any count.

**F.2.5 Determination and publication of results**

*The proposal here is a simple 'first past the post' system, but with the ability to ensure that the necessary diversity of member interests is achieved.*

F.2.5.1 The returning officer shall determine those nominees who have been successfully elected to be Exchange Committee as follows (and in this order):

- (a) The nominee who receives the highest number of votes shall be provisionally elected.
- (b) The nominee who receives the next highest number of votes shall be provisionally elected, and so on until all vacancies are provisionally filled.
- (c) Where there is an equal number of votes for two (2) or more nominees, if there are sufficient vacancies, each of those nominees shall be provisionally elected in priority to a nominee who has received fewer votes. If there are insufficient vacancies, the returning officer shall place the names of the nominees receiving equal number of votes in a container and without favour randomly draw a name and that nominee shall be provisionally elected. Such procedure shall be repeated until all vacancies are provisionally filled.
- (d) Where after all vacancies have been provisionally filled an insufficient number of members who are or represent Generation Participants, Supplier Participants or Assetless Participants has been provisionally elected as required under section C.1.4.1, the Returning Officer shall determine that the nominee representing the relevant category polling the highest number of votes is elected in place of the last person provisionally elected under the foregoing provisions and so on until a sufficient number of members who are or represent each of the relevant categories are elected.
- (e) An insufficient number of members who are or represent Generation Participants, Supplier Participants or Assetless Participants has been provisionally elected as required under section C.1.4.1, the Returning Officer shall determine that the nominee representing the relevant

category polling the highest number of votes is elected in place of the last person provisionally elected under the foregoing provisions and so on until a sufficient number of members who are or represent each of the relevant categories are elected.

- (f) The nominees who have been provisionally elected under the foregoing provisions and who have not been replaced under paragraph (d) are elected.

F.2.5.2 The Exchange Committee shall within five (5) business days of the count in paragraph F.2.5.1 publish the results of the election.

F.2.5.3 If for any reason these Procedures do not result in the diversity of interests set out in section C.1.4, SEMOpx may appoint additional members.

### **F.3 TERM OF APPOINTMENT**

F.3.1.1 Each Exchange Committee member shall be appointed for a maximum term of two years, provided that, where an *ad-hoc* election has taken place to fill a vacancy, because a member has been removed, resigned or retired from the Exchange Committee, the newly elected member shall be appointed in principle for a maximum term of two years, and this term will expire in accordance with the annual election date which is closest to the term expiry date.

F.3.1.2 Members who have previously served on the Exchange Committee may be re-appointed or re-elected to the Exchange Committee provided that they have not at any time been removed from the Exchange Committee or otherwise ceased to be eligible in accordance with section C.3.2.

F.3.1.3 Membership of the Exchange Committee shall automatically terminate at the end of a member's term unless such termination would leave the Exchange Committee with fewer than nine [9] members, in which case the term of membership may be extended until a replacement member is appointed or elected to the Exchange Committee.

### **F.4 RESIGNATION AND REMOVAL OF MEMBERS OF THE EXCHANGE COMMITTEE**

#### **F.4.1 Removal by Exchange Committee**

F.4.1.1 Any Exchange Committee member may be removed during his or her term by the majority decision of the Exchange Committee if that person:

- (a) ceases to be in a position to represent those Supply Participants, Generation Participants or Assetless Participants from which the member was nominated;
- (b) becomes incapable of performing the functions of a member of the Exchange Committee;
- (c) has been, or is, in the reasonable opinion of the majority of the other members of the Exchange Committee, engaged in conduct which is inconsistent with or detrimental to being a member of the Exchange Committee; or
- (d) fails to discharge the obligations of a member of the Exchange Committee, including through repeated non-attendance at meetings.

## F.4.2 Resignation

F.4.2.1 A member may resign by giving at least two weeks' notice in writing to the Exchange Committee chairperson.

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# G. PROCEDURES FOR MODIFICATION PROPOSALS

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## G.1 BACKGROUND

*The intention here is to acknowledge that these arrangements are for a commercial power exchange, that must be efficient, dynamic and responsive in order to compete with other exchanges, and to meet its members' needs.*

*Also, the role of the Exchange Committee in this regulated rule model is consultative and advisory, not determinative.*

*As such, these arrangements differ from many of the laws, regulations and rules in the SEM (notably, from the rules/procedures for the Modifications Committee under the Trading and Settlement Code).*

*The timelines and proposals below seek to ensure that, while rigorously testing proposals and exposing different views, a lack of stakeholder consensus cannot lead to a stalemate, or prevent timely and necessary changes being made.*

### G.1.1 Sources of Modification Proposals

G.1.1.1 Under the SEMOpx Rules,<sup>3</sup> any Party to the Exchange Membership Agreement, the Exchange Committee itself, the Regulatory Authorities or SEMOpx may propose a modification to the SEMOpx Rules or the Procedures, in the form of Modification Proposal, if any, published by SEMOpx.

### G.1.2 Purpose of this Chapter

G.1.2.1 Following its initial consideration, clarification and assessment of a Modification Proposal, the SEMOpx Rules require SEMOpx to consult with the Exchange Committee on all Modification Proposals that are to be progressed.<sup>4</sup>

G.1.2.2 For the purposes of that consultation, this Chapter G sets out the principles to be applied by the Exchange Committee, the deliverables required of the Exchange Committee, information and timelines for SEMOpx and the Exchange Committee in relation to Modification Proposals generated by persons other than the Exchange Committee itself.

### G.1.3 Exchange Committee–initiated Modification Proposals

G.1.3.1 Where the Exchange Committee itself initiates a Modification Proposal [and provides a supporting report], then the consultation required with the Exchange Committee under the SEMOpx Rules shall be deemed to have occurred, and SEMOpx may make a decision under section J.3 of the SEMOpx Rules.

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<sup>3</sup> Section J.2.1 of the SEMOpx Rules

<sup>4</sup> Section J.2.3.1 of the SEMOpx Rules

*[Note – SEMOpx decisions available under J.3 are to:*

- (a) Modify the SEMOpx Rules or the Procedures;*
- (b) Not modify the SEMOpx Rules or the Procedures; or*
- (c) Request that the Exchange Committee undertakes further consideration in relation to the matters raised in a Modification Proposal.]*

*SEMOpx may also decide to undertake further consultation.]*

## **G.2 PRINCIPLES/ APPROACH**

### **G.2.1 Timely advice**

G.2.1.1 It is not necessary for the Exchange Committee to reach a landing or consensus on advice. However, it is important that the Exchange Committee captures its members' views in a timely and accurate way, to provide timely and effective feedback to SEMOpx.

### **G.2.2 Effort commensurate with significance of matters**

G.2.2.1 The Exchange Committee shall apply such resources, call such meetings, and impose such consultation timelines on Exchange Committee members as are commensurate with the potential importance, complexity, urgency and impact of any Modification proposals under consideration.

G.2.2.2 Consistent with the principle above, where a simple change is proposed, the provision in section G.3.4 shall apply.

### **G.2.3 Accurately represent views**

G.2.3.1 In producing reports and recommendations to SEMOpx, the Exchange Committee shall identify any dissenting opinions of Exchange Committee members.

## **G.3 TIMELINES FOR CONSIDERING MODIFICATION PROPOSALS**

### **G.3.1 Preliminary steps by SEMOpx**

G.3.1.1 Before consulting with the Exchange Committee on Modification Proposals, the SEMOpx Rules<sup>5</sup> provide for SEMOpx to:

- (a) consider and assess each Modification Proposal against the SEMOpx Objectives and Principles as soon as practicable;
- (b) if the Modification Proposal is spurious, notify its proponent, and reject the Modification Proposal;
- (c) decide whether to modify the Modification Proposal or combine it with another; and
- (d) request additional information from the proponent, if desired.

### **G.3.2 Notification of Modification Proposals**

G.3.2.1 SEMOpx shall provide for each Exchange Committee meeting:

- (a) for any **new** Modification Proposal that is ready to be referred to the Exchange Committee for its consideration:

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<sup>5</sup> Section J.2.2 of SEMOpx Rules



- (i) full details of the Modification Proposal;
  - (ii) SEMOpx's initial assessment against the SEMOpx Objective and Principles;
  - (iii) a draft of the text of the proposed Modification;
  - (iv) available background information; and
  - (v) any specific questions, input or guidance that SEMOpx seeks from the Exchange Committee;
- (b) details of the status of all active Modification Proposals;
  - (c) details of any Modification Proposal rejected as spurious, and the rationale for that assessment.

G.3.2.2 The details provided under paragraph G.3.2.1(b) shall include:

- (a) a list of Modification Proposals that SEMOpx has received since the previous Exchange Committee meeting;
- (b) details of any Modification Proposal in respect of which the proponent has requested urgent consideration;
- (c) details of how SEMOpx has responded to, or proposes to approach, each Modification Proposal that has not yet been referred to the Exchange Committee for consultation; and
- (d) where SEMOpx has modified or combined Modification Proposals, details of the changes made and the supporting rationale.

### G.3.3 **Urgent Modification Proposals**

G.3.3.1 SEMOpx shall, as soon as possible on receipt of a Modification Proposal which is marked "Urgent", determine whether or not it shall be treated as urgent.

G.3.3.2 A Modification Proposal shall be determined to be urgent by SEMOpx where, in its opinion:

- (a) if not made, it can reasonably be anticipated that the event or circumstance with which the Modification Proposal is concerned would imminently unduly interfere with, disrupt or threaten the efficient operation of the Exchange; or
- (b) the Modification with which the Modification Proposal is concerned is required to correct:
  - (i) a material error or inconsistency in the Exchange Rules or the Procedures; or
  - (ii) a conflict between the provisions of the Exchange Rules and one or more Legal Requirements (including the Trading and Settlement Code).

G.3.3.3 If SEMOpx considers that a Modification Proposal is urgent under paragraph G.3.3.2, it shall schedule an additional Exchange Committee meeting or meetings in accordance with paragraph B.2.5.2 of the SEMOpx Rules.

### G.3.4 **Expedited process for simple changes**

G.3.4.1 SEMOpx may identify to the Exchange Committee that a Modification Proposal is of a minor or routine nature, such that SEMOpx considers the change can be made expeditiously. Examples include changes to:

- (a) correct formatting, numbering or typographical errors;
- (b) update references;
- (c) add boxes with explanatory text or examples;
- (d) implement minor changes that are considered likely to be widely accepted or desired by Exchange Members;
- (e) [other].

G.3.4.2 The Exchange Committee may consider and vote on Modification Proposals identified under paragraph G.3.4.1, without following the procedures set out in section G.3.5 to G.3.9.

### G.3.5 Procedure for developing recommendations and reports

Note – there is no requirement to publish Modification Proposals here, though SEMOpx may choose to do so where appropriate.

This is because SEMOpx is a commercial exchange operating in a competitive NEMO market. Information in a Modification Proposal may be confidential, and could be used by its NEMO competitors to gain an advantage.

### G.3.6 Reporting timeline

G.3.6.1 Save as expressly provided otherwise, the Exchange Committee shall produce a Report in respect of each Modification Proposal.

G.3.6.2 The Report shall be submitted to SEMOpx within:

- (a) [40] business days of the Exchange Committee’s receipt of a Modification Proposal;
- (b) such other date as SEMOpx and the Exchange Committee agree, (the **Reporting Date**).

Note: Where there is a clear view from the Exchange Committee, then the ‘Report’ needs to provide the Exchange Committee’s views on:

- whether and if so how the “resulting SEMOpx Rules or Procedures would be consistent with the SEMOpx Objective and Principles” (precondition for changes under SEMOpx J.4.2.1(a))
- how the resulting SEMOpx Rules or Procedures would affect or impact different sectors
- how the resulting SEMOpx Rules or Procedures would affect or impact small players, vs. large

However, where there is **no consensus or landing** within the timeframe, then it should provide a Report to:

- set out the views of Exchange Committee members supporting/ opposing the Modification Proposal;
- suggest any changes that would increase support for the Modification Proposal;
- indicate any further analysis or actions by SEMOpx that the Exchange Committee recommends.

- G.3.6.3 After receipt of a Modification Proposal from SEMOpX, the Exchange Committee shall consider the Modification Proposal at the next meeting.
- G.3.6.4 SEMOpX or the chairman may invite the proponent of a Modification Proposal or its representative to present the Modification Proposal at the Exchange Committee meeting at which it is to be initially considered.
- G.3.6.5 At the Exchange Committee meeting where it first considers a Modification Proposal, the Exchange Committee shall:
- (a) note the Reporting Date set in accordance with paragraph G.3.6.2;
  - (b) make an initial assessment of the significance, urgency and potential impacts of the changes proposed;
  - (c) agree a timetable and approach<sup>6</sup> to develop its Report that is commensurate with the initial assessment in (b); and
  - (d) allocate tasks to individual Exchange Committee members, or establish a working group or groups, to achieve that timetable.

### G.3.7 **Alternative Proposals**

- G.3.7.1 Any Exchange Committee member who does not agree with a Modification Proposal that is under consideration may propose an alternative Modification Proposal which, if received in sufficient time to be considered within the Exchange Committee's plans for progressing the initial original Modification Proposal, may be considered in conjunction with, or in substitution for, the initial Modification Proposal.

### G.3.8 **Exchange Committee consideration and voting on Modification Proposals**

- G.3.8.1 In considering a Modification Proposal, the Exchange Committee shall elicit Exchange Committee members' views on:
- (a) whether and if so how the resulting SEMOpX Rules or Procedures would be consistent with the SEMOpX Objective and Principles;
  - (b) how the resulting SEMOpX Rules or Procedures would affect or impact different Exchange Members; and
  - (c) whether and if so how the resulting SEMOpX Rules or Procedures would affect Exchange Members differently based on their size [i.e. small player impacts].
- G.3.8.2 Unless agreed otherwise, each Exchange Committee member shall bear its own costs, as set out in section B.2.6 of the SEMOpX Rules.
- G.3.8.3 Generally, the Exchange Committee shall draw on the expertise and resources of its members to consider and assess Modification Proposals. The Exchange Committee may also:

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<sup>6</sup> For example, if a Modification Proposal is simple and is not controversial, the Exchange Committee may be able to agree to members simply recording their vote for/ against the proposal as drafted, and settling those positions by a quick exchange of emails inside 1 or 2 weeks. However, if the Modification Proposal gives rise to complex issues and considerations, the Exchange Committee might establish working groups to consider and report back to the Committee on different aspects of the proposal in 2 to 4 weeks, debate the issues at a further meeting, and then invite written submissions from all.

- (a) procure external advice, at its members' cost, subject to confidentiality requirements of the SEMOpX Rules and these Procedures; or
- (b) recommend to SEMOpX that SEMOpX either:
  - (i) procures itself external advice of a specified nature; or
  - (ii) agrees to pay the costs associated with external advice provided to the Exchange Committee.

G.3.8.4 The Exchange Committee shall request a vote by its Exchange Committee members on each Modification Proposal, and report the outcomes of the vote to SEMOpX in accordance with section G.3.9.

G.3.8.5 Voting may be conducted by a show of hands at a meeting, or by e-mail or by a circular resolution.

### G.3.9 **Report**

G.3.9.1 On or before the Reporting Date for a Modification Proposal, the Exchange Committee shall notify SEMOpX in writing of the outcomes of its consideration of the Modification Proposal.

G.3.9.2 Where a vote requested under paragraph G.3.8.4 has been successful, the Exchange Committee shall report to SEMOpX that the Modification Proposal is either:

- (a) adopted by SEMOpX, if the majority of Exchange Committee members support adoption; or
- (b) not adopted, if the majority of Exchange Committee members do not support adoption.

G.3.9.3 The Report under paragraph G.3.9.2 shall include details of any dissenting opinions of Exchange Committee members.

G.3.9.4 Where a vote requested under paragraph G.3.8.4 has been unsuccessful for any reason [e.g. lack of a quorum, inadequate feedback from members], or does not indicate a clear consensus or landing among Exchange Committee members, the Exchange Committee shall include in its Report to SEMOpX:

- (a) Exchange Committee members' views supporting or opposing the Modification Proposal;
- (b) any further analysis or actions by SEMOpX that the Exchange Committee proposes; and
- (c) any suggested changes to the Modification Proposal that the Exchange Committee considers will better facilitate achievement of the SEMOpX Objective.

## G.4 **DECISION OF SEMOPX**

G.4.1.1 Following receipt of a Report from the Exchange Committee, SEMOpX shall decide which of the options in section J.3.1 of the SEMOpX Rules to pursue.

G.4.1.2 SEMOpX shall make its decision under paragraph G.4.1.1 as soon as reasonably practicable following receipt of the Exchange Committee's Recommendation or Report.

*[Note – the requirement in G.3.2.1 for SEMOpX to provide updates on the status of each Modification Proposal for every Exchange Committee meeting]*

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## H. NOTICES

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### H.1.1 Exchange Committee notices

H.1.1.1 Any nomination form or ballot paper issued by the returning officer shall provide the details of the return date and the person to whom the nomination form or ballot paper should be returned, including their:

- (a) name;
- (b) position; and
- (c) contact details (including a fixed and mobile phone number, fax number, postal and an electronic mail address).

H.1.1.2 The return date for a nomination form shall be a date which is not more than twenty (20) business days from the date of dispatch of a nomination form by the Exchange Committee.

H.1.1.3 The return date for a ballot paper shall be a date which is at least seven (7) business days from the date of dispatch of a ballot paper by the Exchange Committee.

### H.1.2 Exchange Member representative

H.1.2.1 In issuing notices to Exchange Members under these Procedures, the returning officer shall contact the person designated by an Exchange Member as its contact, using the details provided by the Exchange Member (the **Membership Contact**). The Membership Contact may be either:

- (a) the designated person and details provided to SEMOpx during the admission process under Chapter C of the SEMOpx Rules; or
- (b) a person and details subsequently formally notified by the Exchange Member to SEMOpx, in accordance with the SEMOpx Rules and Procedures.

H.1.2.2 The returning officer shall be deemed to have complied with its obligations set out in these Procedures when it serves a notice to the Membership Contact. If an Exchange Member has not complied its obligation to keep its contact details up-to-date, the returning officer shall not be responsible for that Exchange Member failing to be aware of a notice.

### H.1.3 Service of notices

H.1.3.1 A returning officer notice required under these election Procedures may be given to an Exchange Member by:

- (a) serving it to the Membership Contact personally;
- (b) sending it by prepaid post addressed to the Membership Contact's notified address;
- (c) sending it by a fax transmission addressed to the Membership Contact's notified fax transmission address; or
- (d) sending it by electronic mail to the Membership Contact's notified electronic mail address.

H.1.3.2 Any notice served to the Membership Contact personally is deemed to have been served when delivered.

- H.1.3.3 Any notice sent by post is deemed to have been served forty-eight (48) hours after the envelope containing the notice is posted; and in proving service, it is sufficient to prove that the envelope containing the notice was properly addressed and posted.
- H.1.3.4 Any notice served on the Membership Contact by fax transmission is deemed to have been served when the transmission is sent and the sender has received electronic or other confirmation that the fax transmission has been successfully sent.
- H.1.3.5 Any notice served to the Membership Contact by electronic mail is deemed to have been served when the electronic mail is sent, provided that the sender has not received electronic notification that the electronic mail was not deliverable or otherwise not successfully delivered to its intended recipient.

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