



committee

**SINGLE ELECTRICITY MARKET
COMMITTEE**

**Directed Contracts: Notification to Market
Participants Regarding Round 20**

SEM-22-059

24th August 2022

1. Introduction

- 1.1 In March 2022, the SEM Committee published a notification to market participants of their decision to introduce a six-day Primary Subscription Window. The SEM Committee also outlined amendments to the process of calculating Directed Contract (DC) pricing formulae ([SEM-22-017](#)). Such changes were implemented in DC Round 18 as a result of the unprecedented volatilities observed across commodity markets ([SEM-22-020](#)).
- 1.2 As a result of sustained elevated volatilities observed in commodity markets, the SEM Committee decided to continue the amendments in the subsequent DC Round 19 ([SEM-22-029](#)). Within the Information Paper, the SEM Committee noted its intention to hold a consultation to determine if the amendments should become enduring in subsequent DC rounds (i.e. from DC Round 20 onwards).
- 1.3 The Regulatory Authorities (RAs; i.e. CRU and UREGNI) are hereby notifying market participants of its decision to postpone the consultation process and implement the amendments outlined in [SEM-22-017](#) in DC Round 20. Acknowledging the SEM Committee's intentions to hold a consultation following the completion of DC Round 19, the RAs note the consultation process will instead be held following the completion of DC Round 20, to allow the timely commencement of DC Round 20 and allow longer time for the consultation process. The RAs emphasise their decision is to postpone, rather than cancel, the consultation process.
- 1.4 DCs in Round 20 will cover quarterly segments for the periods: Q1 2023, Q2 2023, Q3 2023 and Q4 2023. The DC Round 20 Primary Subscription Window will be held on six days over two weeks from; Tuesday 20th September 2022 until Thursday 22nd September 2022 and Tuesday 27th September 2022 until Thursday 29th September 2022, inclusive. The associated Round 20 Supplemental Subscription Window will be held on Thursday 6th October 2022.

1.5 The rationale for postponing the consultation process is as follows;

- It will allow the timely commencement of DC Round 20 in September 2022 .
- Global geopolitical developments and near-term supply dynamics continue to underpin commodity price volatilities. Section 3 of SEM-22-017 outlined amendments made to the process of calculating DC pricing formulae, including adjusting the representation of fuel price scenarios within modelling processes. Due to the sustained elevated fuel price volatilities observed in markets, it is prudent to implement such amendments in DC Round 20;
- It will allow further opportunity for RAs to enhance and develop existing amendments as well as propose any additional amendments; and
- It will allow a longer consultation window timeframe that would give market participants additional time to respond to any proposed amendments set out in the consultation paper.

1.6 Should market participants have any queries or observations regarding SEMC's decision as outlined in this Information Paper, please contact the RAs: mmg@cru.ie or kevin.baron@uregni.gov.uk.