

Mr Liam Ryan
Operations Manager
Single Electricity Market Operator
The Oval
160 Shelbourne Rd
Dublin 4

19 July 2012

Our Ref: D/12/12869

SEM Committee Approval of SEMO Administered Settlement Policy

Dear Liam,

On 15 June 2012, the SEM Committee published for consultation the amended Administered Settlement Policy¹ as submitted by SEMO. The main changes proposed reflect the planned introduction of Intra-Day Trading in July 2012.

The SEM Committee received three responses to the consultation. The responses from Endesa Ireland, Energia and Power NI were shared with SEMO on 16th July 2012 and SEMO has reverted with comments on the substantive issues raised. The SEMO response is appended to this letter.

Considering the consultation responses and the subsequent views from SEMO the SEM Committee now approves the Administered Settlement Policy as submitted by SEMO and as published with this decision letter. The SEM Committee also requests that SEMO publish these documents on their website to comply with paragraph 6.247.5 of the Code.

Yours sincerely,



Sheenagh Rooney,
Manager - Wholesale Electricity Market

¹ The Code specifies that in the event of the need to implement Administered Settlement, the Market Operator shall obtain the prior written approval of the Regulatory Authorities for the detailed calculations and methodology used.

SEMO Response to comments made in the consultation.

We appreciate supporting comments from participants. As the responses noted, it is important to provide for every eventuality so that in the unlikely event that there is a requirement for Administered Settlement, there is a clear way of proceeding that is supported by the Market Participants and the Regulatory Authorities.

One response asked for greater clarity be provided on the criteria for choosing the Historic Day. We understand the concern here; however, we would like to emphasise that the historic day method would only be used for MSP Failure for EA1. As this is an indicative schedule for Generator Units other than Interconnector Units and as MIUNs are set to zero, the prices and quantities from this schedule have no impact on settled amounts. We did consider being more prescriptive; however, creating a set of rules that covers every eventuality is quite involved as there are many exceptions e.g. long days, short days, public holidays. As such and because it has no impact on settlement amounts, we felt that the approach adopted where the Market Operator would exercise its judgement in selecting a day would be sufficient.