

SEM Trading and Settlement Code

Amendments to Administered Settlement Policy

21 January 2014

The Trading and Settlement Code (TSC) requires SEMO to implement Administered Settlement under circumstances where the Market Schedule and Pricing software fails to provide a valid solution for prices and schedules¹.

The TSC stipulates that SEMO shall obtain the prior written approval of the Regulatory Authorities for the detailed calculations and methodology used². The approved calculation and methodology are defined in the 'Administered Settlement Policy' document.

SEMO recently completed a review of the Administered Settlement policy and identified a gap in the existing policy which should allow SEMO to attempt using the alternative Solver before resorting to more extreme measures which would impact on interconnector trading.

The attached 'Administered Settlement Policy v6.2' shows tracked changes of the proposed amendments.

The amendments formalize the use of the alternative solver, Mixed Integer Programming (MIP), as a first option under Administered Settlement. In the existing Administered Settlement Policy it was assumed that MIP would have already been tried prior to going into Administered Settlement, but given obligations around publishing deadlines for SEMO this assumption is not correct. There may not be sufficient time, prior to the publishing deadlines, to run MIP as part of the 'Market Operator Solver Policy'. Therefore any further attempts to resolve the issue would need to be under the Administered Settlement Policy.

This change is intended to complement the changes proposed to the 'SEMO Solver Policy' which also has amendments proposed as part of SEMO's recent review of procedures.

¹ TSC 6.249

² TSC 6.247