SEM Committee Paper

Trading and Settlement Code

Administered Settlement Policy and Solver Policy

Decision Paper

23 April 2014

SEM-14-029

1. Background

On 21 January 2014, the SEM Committee published a Consultation Paper (SEM-14-006) on the Market Operator Solver Policy and Market Operator Administered Settlement Policies.

2. Administered Settlement Policy

The Trading and Settlement Code (TSC) requires SEMO to implement Administered Settlement where the Market Schedule and Pricing software fails to provide a valid solution for prices and schedules[1]. The TSC stipulates that SEMO shall obtain the prior written approval of the Regulatory Authorities for the detailed calculations and methodology used[2]. The approved calculation and methodology are defined in the Market Operator's 'Administered Settlement Policy' document.

The proposed amendments formalise 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 to 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.

The Administered Settlement Policy v6.2 published with Consultation Paper SEM-14-006 indicated the proposed changes in tracked changes format.

3. Solver Policy

Where the Market Schedule and Pricing (MSP) Software can use more than one Solver, the Trading and Settlement Code (TSC) requires SEMO to publish a 'Market Operator Solver Policy' which, among other things, sets out the circumstances under which a Solver other than the Primary Solver can be used[3].

SEMO have in recent months completed a review of the Market Operator Solver Policy and identified additional amendments required to ensure clarity and transparency in use of the alternative Solver.

The Market Operator Solver Policy v1.1 published with Consultation Paper SEM-14-006 indicated the proposed amendments in tracked changes format. These amendments can be summarised as follows:

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[1] TSC 6.249
[2] TSC 6.247
[3] TSC 4.67A

1. Inclusion of Interconnector Maximum Import and Export Available Transfer Capacity as additional constraints in Section 3. These were included in the TSC updates for Intraday Trading but the Solver Policy was not updated to reflect these.
2. Addition of Section 5 to allow the use of the alternative solver, MIP, if time permits in the event that the Primary Solver fails to provide a valid solution.

The Market Operator states that without these amendments there is a higher likelihood of Administered Settlement needing to be implemented in the SEM.

4.   Comments on the Consultation Paper

The SEM Committee received comments from two interested parties on the Consultation Paper. The respondents were:

- Power NI Energy (PPB)
- SSE

The comments received are summarised below:

Power NI Energy (PPB) welcomed the opportunity to respond to the consultation and supported the proposed changes to the Administered Settlement Policy and Market Operator Solver Policy.

SSE also supported the suggested amendments to the Administered Settlement and Market Operator Solver policies.

5. Decision

Having considered the responses received, the SEM Committee considers that the changes to the Administered Settlement Policy (set out in version 1.1) and Solver Policy (set out in version 6.2), proposed by SEMO should be implemented and hereby provides the approval required by SEMO. The SEM Committee is of the view that the proposed amendments to the Market Operator Solver Policy and Administered Settlement Policy provide clarity in the use of the alternative solver, MIP.