



Trading and Settlement Code Modifications Committee
C/O Sherine King
SMO Modifications Committee Secretariat
The Oval
160 Shelbourne Rd
Dublin 4

06 March 2012

Our Ref: D/12/4697

**SEM Committee Decision for the Regulatory Authorities in relation to Mod_27_11
(Recommendation Report FRR_27_11_V1.0)**

Dear Sherine,

On 8th September 2011, the Modifications Committee submitted its Modification Recommendation Report with regard to a Modification Proposal, Mod_27_11 (Market Operator Solver Policy) in accordance with paragraph 2.213 of the SEM Trading and Settlement Code (the Code).

This Modification Proposal, proposed by the Market Operator, seeks to define the existing policy used by the Market Operator in relation to the use of Mixed Integer Programming (MIP) or Lagrangian Relaxation (LR) for the determination of unit commitment in the MSP Software as the 'Market Operator Solver Policy', and to make any changes to it subject to the approval of the SEM Committee. This ensures that there is a clear process for implementing any changes to the Market Operator Solver Policy and removes any discretion that may have existed in relation to the use of different solvers.

The SEM Committee notes that the Modifications Committee agreed unanimously that the Modification Proposal furthers the Code Objectives "to provide transparency in the operation of the Single Electricity Market" and that the Modification Proposal does not require any changes to the Central Market Systems. The Modifications Committee recommended that the Modification should be implemented on a Trading Day basis, one Working Day after the day on which the Regulatory authority decision is made.

The SEM Committee further notes that the minutes of the Modifications Committee meeting on 9th August 2011 record that the Regulatory Authority member stated that "the description of the solvers included in the policy should ensure that when reaching a decision on the Primary Solver, the SEM Committee should not be put in the position of having to judge whether one solver complied better with the Code than another. The drafting should therefore state the equivalence of all solvers included in the policy".

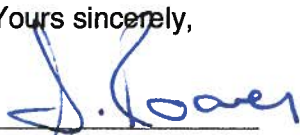
The SEM Committee takes the view that, in order to achieve this objective, it is necessary to include an additional paragraph in this Modification Proposal. That paragraph is shown below:

4.67D Parties accept that all Solvers identified in the approved Market Operator Solver Policy document as "certified" comply with the objectives set out in paragraph 4.67 and as set out in more detail in Appendix N.

Considering the above, and in accordance with paragraph 2.218 of the Code, the SEM Committee directs that a Modification be made in accordance with the Final Recommendation Report of the Modifications Committee (FRR_27_11_V1.0), for the avoidance of doubt based upon the legal drafting set out in Section 5 of that report, with the addition of the paragraph 4.67D set out above. The Regulatory Authorities therefore direct that a Modification be made on a Trading Day basis with effect from the next Working Day after the date of this letter.

In addition, the SEM Committee notes that the revised legal drafting in paragraph 4.67A requires for the Market Operator to publish its Solver Policy and notes that the current Market Operator Solver Policy is that published on 11th January 2012 (V6.1).

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'S. Rooney', is written over a horizontal line.

Sheenagh Rooney,
Manager - Wholesale Electricity Market