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| **MODIFICATION PROPOSAL FORM** |
| **Proposer** | **Date of receipt** | **Type of Proposal** | **Modification Proposal ID** |
| **SEMO** | **27/07/2011** | **Standard**  | **Mod\_27\_11** |
| **Contact Details for Modification Proposal Originator** |
| **Name** | **Telephone number** | **Email address** |
| **Aodhagan Downey** | **+353-1-2370124** | **aodhagan.downey@sem-o.com** |
| **Modification Proposal Title** |
| **Market Operator Solver Policy** |
| **Documents affected***(delete as appropriate)* | **Section(s) Affected** | **Version number of T&SC or AP used in Drafting** |
| **T&SC****AP** | **Section 4.66-4.67****Glossary** | **V9.0** |
| **Explanation of Proposed Change***(mandatory by originator)* |
| SEMO has undertaken a comprehensive analysis of the differences between the LR and MIP solvers in the MSP Software. That analysis has raised questions about which solver should be used and how any decision to use a different solver should be reached. This Modification Proposal, submitted following discussions with the RAs, puts the SEM Committee approval of the Market Operator Solver Policy on a formal basis and provides, through the Code, a clear mechanism for enabling any future changes to the process. |
| **Legal Drafting Change***(Clearly show proposed code change using* ***tracked*** *changes, if proposer fails to identify changes, please indicate best estimate of potential changes)* |
| Section 44.66 The Market Operator shall ensure that the MSP Software operates in accordance with the Code including on the basis of the principles set out below and as further specified within Appendix N “Operation of the MSP Software”.4.67 The high level objective of each run of the MSP Software when producing a Unit Commitment Schedule or Market Schedule Quantities, as set out in more detail within Appendix N “Operation of the MSP Software”, is to minimise the aggregate sum of MSP Production Costs for all Price Maker Generator Units over a given Optimisation Time Horizon, subject to the following constraints:1. to schedule Output by Price Maker Generator Units to match, in aggregate, Schedule Demand (as set out within Appendix N “Operation of the MSP Software” for the relevant run of the MSP Software) in each Trading Period within the Optimisation Time Horizon;
2. to schedule each Price Maker Generator Unit at a level of Output between its Minimum Output and its Availability; and
3. to schedule each Price Maker Generator Unit within the additional Technical Capabilities given within its Minimum Stable Generation and Technical Offer Data, including Ramp Rates, Minimum On Times and Minimum Off Times, with consideration given to the Warmth State.

4.67A Where the MSP Software can use more than one Solver, the Market Operator shall publish a Market Operator Solver Policy that sets out the Solver that shall be designated as the Primary Solver, the only circumstances under which a Solver other than the Primary Solver can be used and the process and timescales under which the Market Operator shall publish a notification of the use of a Solver other than the Primary Solver. 4.67B The Market Operator may from time to time submit a report to the Regulatory Authorities recommending any revisions to the Market Operator Solver Policy. Such a report must set out any relevant research or analysis carried out by the Market Operator, the justification for the specific revisions proposed and the results of any consultation on the proposed changes to the policy undertaken by the Market Operator. 4.67C If approved by the Regulatory Authorities, the Market Operator shall publish the revised Market Operator Solver Policy, the Regulatory Authorities’ decision and implementation date of the revised policy within 5 Working Days of receipt of the decision from the Regulatory Authorities.Glossary

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| **Market Operator Solver Policy** | means the Market Operator’s approved policy on the use of Solvers in the MSP Software determined in accordance with paragraphs 4.67A to 4.67C |
| **Primary Solver** | means the Solver designated as such in the Market Operator Solver Policy to used in all circumstances except those set out in the Market Operator Solver Policy. |
| **Solver** | means any algorithm for producing the Unit Commitment Schedule that is certified for use in the MSP Software.  |

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| **Modification Proposal Justification***(Clearly state the reason for the Modification)* |
| This proposal seeks to define the existing policy used by SEMO in relation MIP and LR 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. |
| **Code Objectives Furthered***(State the Code Objectives the Proposal furthers, see Section 1.3 of T&SC for Code Objectives)* |
| It is believed that this Modfication Proposal, if implemented, would further Code Objective set out in paragraph 1.3.5; that is “to provide transparency in the operation of the Single Electricity Market” |
| **Implication of not implementing the Modification Proposal***(State the possible outcomes should the Modification Proposal not be implemented)* |
| If this Modification Proposal is not implemented, the existing method for changing and updating the Market Operator Solver Policy would remain. |
| **Working Group***(State if Working Group considered necessary to develop proposal)* | **Impacts***(Indicate the impacts on systems, resources, processes and/or procedures)* |
| No | MO process for changing the Market Operator Solver Policy |
| ***Please return this form to Secretariat by email to*** ***modifications@sem-o.com*** |

**Notes on completing Modification Proposal Form:**

1. **If a person submits a Modification Proposal on behalf of another person, that person who proposes the material of the change should be identified on the Modification Proposal Form as the Modification Proposal Originator.**
2. **Any person raising a Modification Proposal shall ensure that their proposal is clear and substantiated with the appropriate detail including the way in which it furthers the Code Objectives to enable it to be fully considered by the Modifications Committee.**
3. **Each Modification Proposal will include a draft text of the proposed Modification to the Code unless, if raising a Provisional Modification Proposal whereby legal drafting text is not imperative.**
4. **For the purposes of this Modification Proposal Form, the following terms shall have the following meanings:**

**Agreed Procedure(s): means the detailed procedures to be followed by Parties in performing their obligations and functions under the Code as listed in Appendix D “List of Agreed Procedures”.**

**T&SC / Code: means the Trading and Settlement Code for the Single Electricity Market**

**Modification Proposal: means the proposal to modify the Code as set out in the attached form**

**Derivative Work: means any text or work which incorporates or contains all or part of the Modification Proposal or any adaptation, abridgement, expansion or other modification of the Modification Proposal**

**The terms “Market Operator”, “Modifications Committee” and “Regulatory Authorities” shall have the meanings assigned to those terms in the Code.**

**In consideration for the right to submit, and have the Modification Proposal assessed in accordance with the terms of Section 2 of the Code (and Agreed Procedure 12), which I have read and understand, I agree as follows:**

**1. I hereby grant a worldwide, perpetual, royalty-free, non-exclusive licence:**

* 1. **to the Market Operator and the Regulatory Authorities to publish and/or distribute the Modification Proposal for free and unrestricted access;**
	2. **to the Regulatory Authorities, the Modifications Committee and each member of the Modifications Committee to amend, adapt, combine, abridge, expand or otherwise modify the Modification Proposal at their sole discretion for the purpose of developing the Modification Proposal in accordance with the Code;**
	3. **to the Market Operator and the Regulatory Authorities to incorporate the Modification Proposal into the Code;**

**1.4 to all Parties to the Code and the Regulatory Authorities to use, reproduce and distribute the Modification Proposal, whether as part of the Code or otherwise, for any purpose arising out of or in connection with the Code.**

**2. The licences set out in clause 1 shall equally apply to any Derivative Works.**

**3. I hereby waive in favour of the Parties to the Code and the Regulatory Authorities any and all moral rights I may have arising out of or in connection with the Modification Proposal or any Derivative Works.**

**4. I hereby warrant that, except where expressly indicated otherwise, I am the owner of the copyright and any other intellectual property and proprietary rights in the Modification Proposal and, where not the owner, I have the requisite permissions to grant the rights set out in this form.**

**5. I hereby acknowledge that the Modification Proposal may be rejected by the Modifications Committee and/or the Regulatory Authorities and that there is no guarantee that my Modification Proposal will be incorporated into the Code.**