Chapter 4: Administered Imbalance Settlement

Administered Imbalance Settlement

- Administered Imbalance Settlement is an alternative process undertaken in exceptional circumstances where the MO is unable to calculate settlement amounts for reasons that are outside of market control;
- Administered Imbalance Settlement can be declared in the event of:
  - Electrical System Collapse (ESC);
  - General System Failure (GSF), when a system failure means that the MO is unable to receive, transmit or process data to calculate settlement amounts or carry out financial settlement processes:
    - This means that the GSF does not include not being able to calculate an Imbalance Settlement Price. If such an event happens in isolation, this does not result in Administered Imbalance Settlement – the Market Back Up Price is used instead, and settlement is carried out as normal.
- The process revolves around trying to find quantities and prices for participants which can be used to at least keep the majority of the funds flowing through the market. These need to be:
  - Based on data which is accessible despite the trigger for the alternative process; and
  - Easy to use to calculate settlement amounts manually in the absence of systems to do so.

Administered Imbalance Settlement

- The MO needs to strike a balance between the following principles when administering this kind of settlement:
  - make use of all available data, and limit to the maximum extent practicable the use of estimated values;
  - operate within the Settlement timescales, and be subject to the Settlement Query and Settlement Dispute provisions as set out in Section 6;
  - seek results which are as close as possible to those which would have been calculated under the normal Settlement processes;
  - obtain the prior written approval of the Regulatory Authorities for the detailed calculations and methodology used; and
  - publish details of the calculations and methodology used as soon as practicable thereafter.