



**Consultation on Terms of Reference for the
Market Audit 2011**

SEM-11-044

ESB Networks Response

Status: Submitted to CER

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ESB Networks Ltd.

1 Executive Summary

ESB Networks Ltd (ESBN) welcomes the opportunity to respond to the Terms of Reference for the Market Audit 2011 Consultation Paper (SEM-11-044).

The SEM has asked for responses to two options proposed for the 2011 audit:

- Option 1 Core SEMO (and IA) Audit
- Option 2 Core SEMO (and IA) Audit with limited expansion to cover key MDP/SO Demand side Data Feeds.

In summary, ESBN is supportive of the need to expand the scope of the Market Audit. However, ESBN is concerned about the potential impact on resources and cost of Option 2. An alternative approach might be to limit the audit to Interval Metering demand data for 2011 and the Market Audit for 2012 could focus on Non Interval data.

2 ESB Networks Response

2.1 Option 1 Core SEMO (and IA) Audit

The 2010 Market Audit included limited examination of the accuracy of source data provided by the MDPs and SOs based on an Agreed Upon Procedures basis. Though limited in scope it provided the market with a level of assurance regarding the compliance of SOs and MDPs to the T&SC for metered generation and dispatch instruction data. Given that the Audit has already extended into the areas of MDPs/SOs and because Settlement output is dependent on the completeness, accuracy and validity of energy consumption data, ESBN is of the opinion that the Market Audit should continue to include the MDPs/SOs at this level.

2.2 Option 2 Core SEMO (and IA) Audit with limited expansion to cover key MDP/SO Demand side Data Feeds

Option 2 proposes to extend the scope to demand side data to include:

- Registration Service
- Half Hourly Meter Data Collection and Processing
- Non Half Hourly Meter Data collection and Processing
- Submission of data to SEMO
- Queries and Disputes

MRSO currently aggregate approximately 7,500 Quarter Hour sites and 2.2 million Non-Quarter Hour sites. ESBN has concerns over the level of work and cost that would be required to support this audit particularly in the short timeframe that is required by the SEMO Auditors particularly as the Resources for Non-Quarter Hour Meter Data Collection are located in Wilton, Cork. Option 2 also crosses over to the Retail Market by auditing the Registration Service at a customer level. Rules for the Change of Supplier are covered by the Market Process Documents and while there are dependencies on the T&SC in terms of issuing of accurate/timely data to the correct Supplier there are a large number of retail rules governing the process. CER has not yet agreed the scope of the MRSO audit processes and consequently MRSO does not have any current audit processes that could be adopted as a basis for this SEM audit. Therefore a considerable amount of development will be required in a short period of time.

The most cost effective option would be achieved by focusing on Interval Metering for 2011 and then extending this to include Non-Interval Metering in 2012. While Interval Metering represent less than 1% of total sites it amounts to approximately 43% GWh of total demand.

3 Conclusion

ESBN agrees that the operation of MDPs and SOs should continue to be included in the Market Audit. ESBN will be fully supportive of the decision and co-operate with the requirements of the Audit. Option 2 will involve significant time and cost and consequently however ESBN has proposed a more cost effective option which can be implemented in 2011 and provide additional assurance to participants.