



Clive Bowers
Commission for Energy Regulation
The Exchange
Belgard Square North
Tallaght
Dublin 24

12th July 2012

Re. Response to SEM/12/041 Terms of Reference for the Market Audit 2012

Dear Clive,

EirGrid and SONI, as System Operator (SO) and Meter Data Provider (MDP) to the SEM in both Northern Ireland and the Republic of Ireland, welcome the opportunity to comment on the consultation regarding the Terms of Reference for the forthcoming Market Audit (SEM/12/041). The Market Audit contributes to providing industry participants and the wider SEM with the level of assurance necessary regarding compliance of the Trading and Settlement Code (TSC). The previous Market Audit extended its scope beyond the core market audit to include demand side processes, in particular covering interval meter data. It was intimated in the 2011 Market Audit decision paper (SEM/11/077) that the scope for the 2012 audit could incorporate non-interval meter data. This has been put forward as Option 2 in the consultation paper. Recent audits have illustrated that elements of TSC compliance which fall outside of the core audit remit are robust and performing well. Given this it may be timely to consider the overall cost benefit of the scope of the next audit undertaken.

Regarding the core market audit, it is worth noting that the Intra-Day Trading (IDT) will form part of the core market once go-live. Therefore, both Option 1 "Core SEMO (and IA) Audit" and Option 3 "Core SEMO (and IA) Audit with early examination of Intra-Day Trading" can be considered as one option. Notwithstanding this, it is worth highlighting that the IDT TSC obligations will be covered in the audit for the part of the assessment that falls within the timeframe of when IDT is introduced.

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It is naturally assumed by EirGrid and SONI that, insofar as the SOs and MDPs are included within the scope of the audit, the scope will include that which falls within the requirements of the TSC itself and not codes or other arrangements that have dependencies on the TSC.

Finally, EirGrid and SONI assume that the costs of the market audit, regardless of the precise scope chosen, will be recoverable through the respective MO licencees, as has been the case in the past.

Yours sincerely

Breandán Mac Mathúna

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Group Regulation
EirGrid plc.