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Commission for Energy Regulation
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4th June 2015

RE: Terms of Reference for the Market Audit 2015, SEM-15-029

Dear Warren,

Bord Gáis Energy (**BGE**) welcomes the opportunity to respond to this Consultation on the Terms of Reference for the Market Audit 2015.

Of the three options for the Audit's scope, BGE believes that Option 3 (Core SEMO Audit plus limited expansion to cover Dispatch Instructions) would be the most conducive particularly from the perspective of informing the Regulatory Authorities (**RAs**) and TSOs on particular areas of immediate consideration in the I-SEM design process. While the Core SEMO Audit would provide a level of assurance around the correctness of market pricing and settlement activities, expansion of the audit to examine the activities of the SOs in relation to dispatch instructions including causes for deviations from the market schedule, priority dispatch actions and management of short term issues such as trips would bolster the level of assurance of the correctness of such activities that could be provided by the 2015 audit. More importantly, such a review would provide much needed insight into the issues of local import constrained zones and the costs of plants located in such areas. It should help identify the network areas and system issues driving dispatch balancing costs which should in turn inform all parties where reinforcement and/or development is required. This will undoubtedly in BGE's view add value to the I-SEM in line with Target Model objectives. For example, it should help identify those plants with local market power located in certain constraint areas, which will be helpful for both the Market Power and Energy Trading Arrangements work-streams. This in turn can help enhance competition, placing market participants on a more level playing field, which will ultimately have knock-on benefits in terms of end consumer prices

BGE also believes that a "light touch" of Option 2 should be pursued by the RAs in parallel. Option 2 is something that BGE believes should happen as a matter of course whereby a published report from the MDPs, SEMO and SOs (without requiring the auditor to explicitly follow up) outlining their actions taken in response to previous audit findings should occur annually as part of the normal audit process to ascertain whether effective resolution of the issues identified in previous market audits has been applied. While the RAs' summary review in this Consultation of issues pursuant to the AuP audits over 2010, 2011 and 2013 is welcomed, BGE notes that it is unclear whether some of these exceptions have been closed off. For example, in 2010, exception 8 dealt with the AuP area of dispatch instructions being provided to SEM in a complete and accurate format, including taking into account real-time events. The exception noted that "... there is not a process to perform and document a secondary or QA review to assess the quality of the primary review decisions and its consistency over time and different personnel." This "light touch" suggestion in the guise of a follow up annual report of this type from parties subjected to AuPs should in BGE's view incentivise efficient resolve of issues and should not be burdensome or costly for the RAs themselves.

I hope that you find the above comments and suggestions helpful but please do not hesitate to contact me should you have any queries.

Yours sincerely,

Julie-Anne Hannon
Regulatory Affairs – Commercial
Bord Gáis Energy

{By email}