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Barry Hussey
Commission for Energy Regulation,
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Kenny Dane
Utility Regulator
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1 June 2016

Dear Barry, Kenny

Re: Terms of Reference for the 2016 Market Audit Consultation Paper (SEM-16-018)

Power NI welcomes the opportunity to respond to the above consultation. The market audit provides an important assurance to participants and has highlighted issues requiring attention.

Power NI believes that the expansion in the scope of the market audit over recent years has proved beneficial. The 2013 audit in particular, which expanded the scope to include the actions taken by the Meter Data Providers (MDPs) in respect to non-interval demand, was of particular importance to Suppliers. This element provided additional insight, assessment and assurance regarding the processes in place.

Within the Consultation Paper the Regulatory Authorities (RAs) have proposed 3 options; Core (Option 1), Core with AuP follow up (Option 2) and Core plus limited expansion to non-interval aggregation processes (Option 3). Power NI agrees that the core element should be a basic requirement.

The audit affords the opportunity to review the end to end process in a holistic manner. Power NI would welcome the scope of the market audit to once again include the activities of the MDPs specifically in relation to index or non half hour data processing. Accurate meter readings and aggregation processes are critical to the efficient and effective operation of the market. Erroneous data can have a significant financial impact on participants and given the level of the allocated error (under global aggregation rules a residual volume is smeared across suppliers index volumes) being witnessed in the market, Power NI considers this an area worthy of further audit and inquiry.

While processes in relation to dispatch and the general operation of SEMO will change as a result of the implementation of the I-SEM; the requirement for an MDP to collect, process and aggregate supplier volumes will remain. The inclusion of these processes in an audit therefore would be beneficial both in the short and long term.

Power NI therefore recommends that the audit includes MDP aggregation processes. This would include elements of both Option 2 and Option 3. There is merit in the auditors assessing the response to the previously identified exceptions, with particular reference to the 2013 issues. There is however additional justification in examining MDP practices in relation to the application of loss factors, aggregation and the calculation/application of usage factors. These elements should be considered with specific reference to the error levels witnessed in the marketplace. Power NI would expect the auditors to have full visibility of the data flows from meter to SEMO settlement and should no material exceptions be identified offer an opinion or analysis to explain the error levels witnessed.

Power NI acknowledges that the annual audit incurs a cost and places a burden on those parties subject to the review however an audit of MDP processing will have an enduring benefit.

Please do not hesitate to contact me should you wish to discuss this response further.

Yours sincerely



William Steele
Power NI