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Sheena Byrne
Commission for Energy Regulation,
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Kenny Dane
Utility Regulator
14 Queen Street
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10 May 2017

Dear Sheena, Kenny

Re: Terms of Reference for the 2017 Market Audit Consultation Paper (SEM-17-021)

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 2 options; Core (Option 1) and Core plus limited expansion to non-interval aggregation processes (Option 2). 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 include the activities of the MDPs specifically in relation to non-interval data processing. Power NI therefore recommends Option 2 is the approach taken.

The justification being that 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 today's SEM market. In addition, 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 acknowledges that the annual audit incurs a cost and places a burden on those parties subject to the review however as stated above, an audit of MDP processing will have an enduring benefit.

Power NI also recognises that the start of the I-SEM falls midway through a SEM Audit Year as defined in the Trading and Settlement Code. To resolve that issue Power NI would support the 2017 Audit being expanded to cover the period up to May 2018 i.e. until the beginning of the ISEM. Power NI considers this to be a practical solution to a timing difficulty, however would encourage the RAs to ensure that the first I-SEM Audit also includes the resettlement of the SEM market which will continue in parallel with the operation of the I-SEM for a period of 13 months until SEM resettlement is concluded.

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

Yours sincerely



William Steele
Power NI