

# **SEMO Key Performance Indicators**

**SEM Committee Consultation**

**Power NI Response**

19 March 2019

## Introduction and General Comment

Power NI welcomes the opportunity to respond to the SEM Committee's consultation in relation to proposed SEMO Key Performance Indicators (KPIs). SEMO's performance in meeting its obligations under the Trading and Settlement Code (T&SC) is vital to ensuring the operation and integrity of the wholesale electricity market on the island of Ireland.

SEMO KPIs are beneficial for market participants as they will provide both an incentive to SEMO to deliver on behalf of the market and transparency in terms of operational performance. Power NI therefore welcomes and supports their use in the wholesale market.

Power NI would welcome further clarity from the SEM Committee in relation to general T&SC compliance. There have been a number of issues which Power NI consider as clear non-compliance with the T&SC since the market change in October 2018. The context of this work is predicated on the assumption of compliance with the T&SC and the annual market audit also assumes market stability. While it is appropriate that KPIs and audits take place, Power NI would welcome the SEM Committee taking whatever actions which are available to it to hasten the delivery a stable and compliant central market system.

## Specific Questions

The SEM Committee posed a number of specific questions within the Consultation Paper and Power NI has sought to deal with each in turn.

**Consultation Question 1: Comments are invited from interested stakeholders on the parameter to be used for assessment of KPIs. Under option 1, a measure would be taken at the end of each quarter using the average value of each KPI over that period.**

**Under option 2, a measure would be taken at the end of each month using the average value of each KPI over that period.**

*Power NI response:*

Power NI supports Option 1, a quarterly assessment. This option is consistent with the approach adopted in the market prior to 01 October 2018 and inherently provides an incentive for SEMO to perform at a high level over a longer time frame.

**Consultation Question 2: Should the timelines for addressing resettlement queries be considered under this indicator or a separate indicator?**

*Power NI response:*

Power NI consider the timelines for addressing resettlement queries as mandated by the T&SC therefore does not need to be included in this indicator. This indicator look to incentivise the quality of the settlement activities performed by SEMO in an attempt to avoid settlement queries and non-timetabled, ad hoc resettlement which is a burden and risk to both the participant directly impacted by the issue and the generality of participants.

**Consultation Question 3: The RAs have identified two options for the definition of the ‘Timely Publication of Key Market Information’ KPI and have added a requirement around the accuracy of publications. Feedback is requested from interested stakeholders on whether this should be measured against all required publications or against a specific list of key market information. Feedback is also requested on the RAs’ proposed list of key market information.**

*Power NI response:*

Power NI considers that the metric should apply to the Option 1 definition of the requirements contained within the T&SC and ISEM Data Publication Guide. The reasoning for this is that the publication requirements were carefully considered during the ISEM design. All the reports are designed and published for use by participants for specific reasons. It would be inequitable to assume one participant’s needs take precedence over another and that would be the case if a priority was given. SEMO were mandated and their implementation project scoped to deliver on all the reporting needs of the market and therefore Power NI believes this is what the performance measure should be based upon.

**Consultation Question 4: The RAs are minded to revise the KPI on ‘Timely and accurate data provision for use in public user systems’ to ‘Timely Information Provision to the RAs and SEMC’. This would be measured based on provision of market information requested by the RAs within a set timeframe. Feedback is invited on this proposal.**

*Power NI response:*

Power NI does not support the removal of the requirement on SEMO to publish data to public user systems and would suggest that the requirement is augmented with the additional SEM Committee requirement. The public provision of information provides an

important source of information especially for participants who perhaps do not have extensive IT solutions in place.

**Consultation Question 5: Feedback is invited from stakeholders on each of the KPIs and definitions of KPIs proposed to apply to SEMO from Q2 2019. The RAs request feedback from interested stakeholders on any additional KPIs to apply to SEMO or any revision to the proposed definitions which are summarised in Table 3.**

*Power NI response:*

In relation to SEMO KPI One, Power NI would take this opportunity to highlight that capacity, while invoiced monthly, does not appear on a separate distinct invoice but rather included with energy on a single document at the timetabled date. The Fixed Market Operator invoice is handled in the same manner. SEMO therefore should produce two invoices per week, one for energy/capacity and one for market operator fees. The energy/capacity invoice (or Settlement Document) also includes both timetabled and ad hoc resettlement therefore is of paramount importance to the efficient operation of the wholesale market. In Power NI's view it is correctly the first KPI.

As discussed above, in relation to KPI 6, the timely publication of information Power NI considers that this KPPI should be applicable to the requirements contained within the T&SC and ISEM Data Publication Guide and that in relation to KPI 7 Power NI does not support the removal of the requirement on SEMO to publish data to public user systems and would suggest that the requirement is augmented with the additional SEM Committee requirement.

**Consultation Question 6: Feedback is requested on the proposed weightings for each indicator as set out in Table 4.**

*Power NI response:*

Power NI is generally comfortable with the weightings proposed within the Consultation Paper with the exception of KPI One Invoicing. As stated above this is a critical operation SEMO perform and ensures the appropriate cash flow throughout the market. Without adequate invoicing procedures and standards the market and participants would fail. Power NI would suggest aligning the invoicing KPI with importance attached to the timely publication of information by setting both to a 25% weighting level.

**Consultation Question 7: Feedback is requested on whether targets applied to each KPI should be the same from period 1-3 under the current SEMO price control or if targets should be increased in each period to account for improved performance and market development.**

*Power NI response:*

Power NI believes the target applied to each KPI should be the same from period 1-3 under the SEMO price control. The market has been live for a significant time period following extensive testing, it is reasonable for participants to expect that any bedding in period would have been completed and 'normal' operations established.

**Consultation Question 8: Feedback is requested in the proposed targets applied under each scenario.**

*Power NI response:*

While Power NI recognises the benefits of having targets which drive performance improvements. As stated above however the market has been live for a significant time period and it is reasonable for participants to expect a high level of SEMO performance. Power NI would therefore support the application of the stringent targets across the full timeframe and from the point of SEM Committee decision.

## **Conclusion**

Power NI believes KPIs do form part of an important incentive on SEMO's service delivery. SEMO are absolutely integral to the operation and integrity of the wholesale market. It is unfortunate that following the market change in October 2018 the central market systems have been unstable. This undoubtedly clouds the assessment of KPIs while also arguably heightening the need for them to be effective as soon as possible.