

**Power NI Energy Limited
Power Procurement Business (PPB)**

SEMO Key Performance Indicators

Consultation Paper

SEM-19-11

Response by Power NI Energy (PPB)



19 April 2019

Introduction

Power NI Energy – Power Procurement Business (“PPB”) welcomes the opportunity to respond to the consultation paper on the SEMO Key Performance Indicators.

SEMO’s performance is essential to the successful operation of the Single Electricity Market and the use of KPIs will help to ensure a high performance. Unfortunately, since the start of the new arrangements there have been a few instances where SEMO have flagrantly disregarded the Trading and Settlement Code, i.e. withholding payments and bypassing the settlement system with the issuing of manual invoices. Therefore, an overarching rule should be that should SEMO disregard the Trading and Settlement Code in any year then money due under KPIs for that year should be forfeited.

Comments

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.

PPB would support option 1 as it gives an incentive to perform over a longer period.

However a preferred method would be for a monthly/quarterly/annual scenario where SEMO could receive payments monthly but if they failed to keep performance high over the quarter money could be clawed back and similarly should performance falter during the last quarter of the year payments from earlier quarters would be reconciled. Given the change to the new SEM arrangements which are more dynamic than the old arrangements and participants are making decisions based on the information being provided in an accurate and timely manner, it is important to incentivise SEMO to provide accurate timely data consistently throughout the year.

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

The purpose of this KPI is to incentivise the quality of the settlement process thereby reducing resettlement queries and more importantly minimising the number of resettlements that increases the risk and workload for all participants.

The timelines for addressing resettlement queries should not be included in this metric nor should it have a separate metric. The timelines should be as per the Trading & Settlement Code.

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.

PPB would support option 1 for this KPI as different participants require different reports and it would be unfair to prioritise one participant’s needs over another’s requirements. Careful consideration was given during the design phase to establish the list of reports that were to be published and the timescale for doing so. Therefore, if any change is contemplated it should be to that list and/or the timetable for publication, but that is a separate matter for 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.

The removal of the requirement to ensure timely and accurate data provision for use in public user systems would be detrimental to participants who rely on the website for their source of information, therefore PPB does not agree with the removal of the requirement. Any additional requirements of the RAs could be added as an additional element of this metric.

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.

As per our response above, PPB is favour of option 1 for KPI 6 Timely publication of key market information and for KPI 7 PPB does not support the removal of the requirement to ensure timely and accurate data provision for use in public user systems.

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

PPB would not support the reduction of the KPI 1 weighting to 15%. Given the importance of Invoicing and cash flow to the successful operation of the market PPB would like to see this KPI 1 weighting remain at 20%. This could be achieved by reducing the weighting of KPI 6 to 30%.

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.

As the market has been live for nearly 7 months one would have expected that any bedding in would have occurred and settled down. Therefore PPB believes that the target applied to each period 1-3 should be the same.

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

PPB would support option 1, i.e apply the same targets to all three periods. However, rather than the targets set out in Table 5, the targets should be as specified in Table 6 that apply for Period 3. These targets should therefore apply from the publication of the decision paper until the end of the price control period (i.e 30 September 2021).

We would also highlight in particular, that the targets for KPI 6 and KPI 7 in Table 5 are far too low (proposed to be 95%) and should be 99%.