



Energy for
generations

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ESB Generation and Trading Response:

SEMO Key Performance Indicators Consultation Paper

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1. INTRODUCTION

ESB Generation and Trading (ESB GT) welcomes the opportunity to respond to SEM's Consultation Paper on SEMO Key Performance Indicators (SEM-19-11). ESB GT supports the re-evaluation of Key Performance Indicators (KPIs) for SEMO in light of the changes to SEM, and support the continued monitoring of whether the KPIs retain relevance in the face of an ever changing energy system.

ESB GT's response is broken into two sections; the first is an executive summary of ESB GT's response to the Consultation Paper and the second section lists ESB GT's responses to the consultation questions.

2. EXECUTIVE SUMMARY

ESB GT would like to take the opportunity to comment on the KPI implementation period as it was not included as a question in the Consultation Paper. ESB GT believes that the first period of KPI application (from publication of the decision paper on KPIs to 31st of September) should actually apply from the start of the new market (1st of October 2018). Considering it was a SEMC decision to defer the setting of the SEMO KPIs until after the start of ISEM, ESB GT is of the view that SEMO should not be unfairly punished and prevented from recovering an incentive payment if SEMO achieved the appropriate standards during the first two quarters of ISEM (2018 Q4 and 2019 Q1) or within an acceptable margin. To prevent incentive payments to SEMO for the whole of the year due to a SEMC decision is an unfair position that should be reviewed.

In addition, ESB GT objects to the introduction of a KPI that rewards work that has already been funded or simply duplicates any work already being undertaken by the Market Monitoring Unit and other obligated parties already providing market monitoring and surveillance such as SEMOpx. This provision of information should be an obligatory action that has been compensated for in the form of 2 FTEs and should see no further support. In addition while ESB GT would appreciate further clarity on why it is deemed necessary to duplicate costs and work, it was ESB's understanding that the market monitoring function will be undertaken by the fully funded MMU. However, ESB GT recognises that the market does require the market information that SEMO is to publish and supports no incentive payments for any delay in the publication of quality and timely data, where this is not done then the SEMC may wish to consider imposing penalties. ESB GT believes that all information provided by SEMO should be in a format that is accessible to all market participants and not just the MMU. Therefore in the interest of transparency and clarity, the existing KPI on 'Timely and accurate data provision for use in public user systems' should be retained.

3. RESPONSE TO CONSULTATION QUESTIONS

In this section ESB GT has listed its response to the questions in the Consultation Paper.

3.1 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.

The RAs have proposed to change parameter 3, that is to amend when a measure of performance against each KPI should be taken; monthly or quarterly. ESB GT considers the view taken in SEM-18-003 that measures should continue to be taken quarterly based on the average value of each KPI over that period. Introducing a shorter length would be inconsistent with other RA precedent with regards to performance monitoring; for example the performance scaler policy for DS3 contracts which considers the average performance over six months. ESB GT considers that moving towards taking a measure of performance at

the end of each month based on the average value of each KPI during this period could allow SEMO to access an artificially higher KPI reward without necessarily performing any better.

ESB GT believes that the first period of KPI application (from publication of the decision paper on KPIs to 31st of September) should actually apply from the start of the new market (1st of October 2018). Considering it was a SEMC decision to defer the setting of the KPIs until after the start of ISEM, ESB GT is of the view that SEMO should not be unfairly punished and prevented from recovering an incentive payment if SEMO achieved the appropriate standards during the first two quarters of ISEM (2018 Q4 and 2019 Q1). To prevent incentive payments to SEMO for the whole of the year due to a SEMC decision is an unfair position that should be reviewed.

Even though the Consultation Paper invited comments on parameter 3, ESB GT is of the view that parameter 1 “*where applicable, metrics should be delivered within one hour of the targeted time*” should also be reviewed. Considering the importance of some of the reports, the delivery of within one hour of the targeted time should not be considered a success. For example with regards to the five minute balancing price, a shorter timeframe of 15-30 minutes is a more acceptable to expect for such important publications.

ESB GT is also aware that there may be a delay between publication on SEMO MPI and the SEMO website. It is important that publications on both mediums are published simultaneously to ensure a transparency and a level playfield for all market participants and prospective market participants alike.

3. 2 Consultation Question 2: Should the timelines for addressing resettlement queries be considered under this indicator or a separate indicator?

With regards to ‘General Queries’ ESB GT would like to see a definition of what “address” means in this context. The meaning of “address” should be clear as the meaning could change the determination of the incentive and how it should be measured.

3.3 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.

ESB GT believes the first option to include all data reports which SEMO is required to publish as key market information that determines the KPI. ESB GT would like to take this opportunity to stress the importance placed on the accuracy of the reports as they are used in making commercial trading decisions.

It is proposed that the “accuracy” of the publications is included in this incentive. ESB GT believes how SEMC proposes to measure the accuracy of publications should be provided. ESB GT is of the opinion that there should be a zero percentage threshold applied to determining the accuracy of the publication i.e. if there are any data errors in a report it should be deemed inaccurate and be reflected in the KPIs. In addition, if any publication is identified as a ‘known issue’¹ it should be treated as inaccurate when determining the KPI.

¹ <https://www.sem-o.com/documents/general-publications/Known-Issues-Report-12-April-2018.pdf>

ESB GT's believes that website availability is an important KPI as it draws focus for SEMO on maintaining publically accessible information for the general public. Non-MPI access holders, such as consultancy companies, academy, and importantly potential new entrants to the market should be able to access the same data as incumbent market participants, including the publications noted in this KPI. Therefore, ESB GT believes that there should be reference to where these publications will be available, and it is strongly suggested that all the reports² are publically accessible via the website.

ESB GT is concerned that there will no longer be a specific KPI on website availability and given that it is ESB GT's view that this should all be publically available information the website should therefore be explicitly referenced in KPIs.

3.4 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.

ESB GT objects to the introduction of a KPI that duplicates any work already being undertaken by the Market Monitoring Unit and obligated parties already providing market monitoring and surveillance such as SEMOpx. While SEMO may have a role in Market Monitoring, it is not clear why it is necessary to introduce a KPI to undertake work that ESB GT understands to already be the responsibility of the Market Monitoring Unit and other obligated parties such as SEMOpx. ESB GT would appreciate further clarity on why it is deemed necessary to duplicate costs and work.

ESB GT is also concerned that while the RAs are proposing to have 'accurate data for use in public user systems' there is no reference to where this information is to be published. As noted above, ESB GT is concerned that there will no longer be a specific KPI on website availability and given that ESB GT sees the website as being the most appropriate platform for 'public user system', it is important that publishing this information on the website is explicitly referenced.

ESB GT believes that all information provided by SEMO should be in a format that is accessible to all market participants and not just the MMU. Therefore in the interest of transparency and clarity, the existing KPI on 'Timely and accurate data provision for use in public user systems' should be retained.

3.5 Consultation Question 5: Feedback is invited from stakeholder on each of the KPIs and definitions of KPIs proposed 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.

See comments to question 3 and question 4.

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

² As listed in the data publication guide and ITS.

ESB GT believes that the weighting given to General Queries should be reduced to 5% as opposed to its proposed 10% and System Availability should be 15% as opposed to the proposed 10%. ESB GT's agrees with the RAs that this is a key requirement given the dynamic nature of the market and balance responsibility for market participants. It is ESB GT's view that ensuring the availability of the system is fundamental the operability and success of the market. Availability of central market systems which the Market Operator has responsibility for is commercially necessary and should be incentivised more heavily than general queries.

3.7 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.

ESB GT supports the proposal that there should be a gradual increase in how SEMO performs with regards to the KPIs. ESB GT understands that there is a bedding in time for the new market regime, and that over time, SEMO is expected to perform to a higher standard over the three years. ESB GT supports flexibility when it comes to reviewing the KPIs in the fast moving, and changing market.

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

ESB GT has no comment on the proposed targets under each scenario.