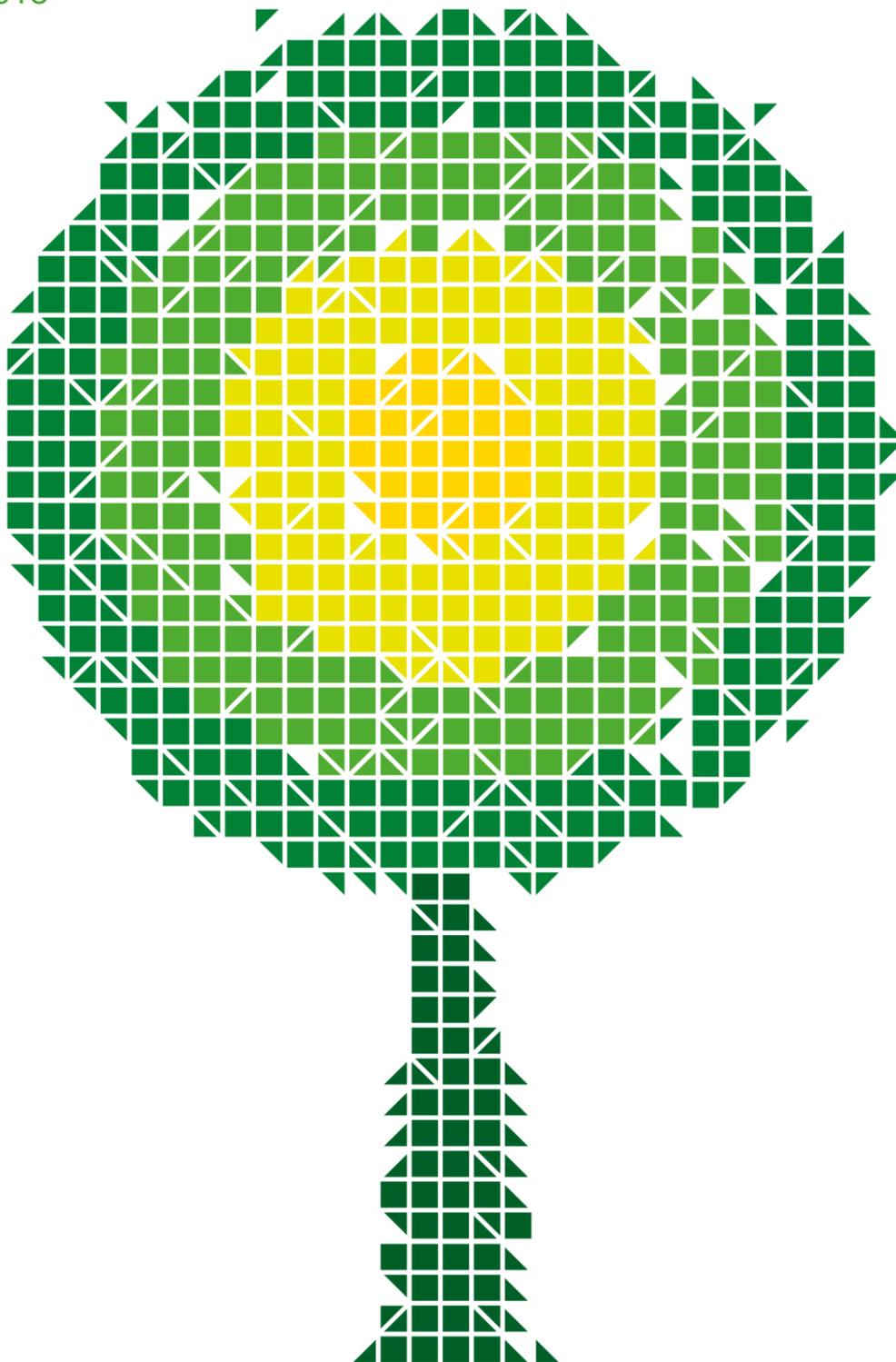


EirGrid ISEM Market Readiness Report Review

February 2018 Reporting Wave

15 March 2018

V1.0
FINAL



Gemserve



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1. BACKGROUND

The I-SEM Project has published a Market Readiness Plan, detailing a methodology by which the ISEM Project will coordinate an assessment and reporting process; key stakeholders will be asked to make submissions to voluntarily self-assess their progress towards readiness, using an assessment framework provided by EirGrid/SONI. The Market Participants and central bodies have had the opportunity to consult on the preparation of this framework, which was agreed for use in 2016.

A summary report for each market of the new I-SEM will be published periodically by EirGrid showing the current state of readiness against a set of metrics based upon stakeholders' self-assessments of their progress towards completion of readiness criteria, covering the main components of the market arrangements (such as legal arrangements, systems, and business processes). It will also present issues and risks. This report is called the Market Readiness Assessment (MRA) Report.

Gemserv has been retained by Ernst and Young, as the Market Readiness Auditor contracted by EirGrid, to provide the following services:

- Review and validate the readiness assessment and reporting approach detailed in the EirGrid ISEM Market Readiness Plan.
- Perform validation of the Market Readiness Report and provide challenge and advice to the ISEM team in relation to the conclusions in that report and general status of market readiness based upon the self-assessment of market participants.
- Provide ongoing feedback to EirGrid based on an assessment of the Market Readiness Reports and the progress of market participants towards market readiness in advance of I-SEM go live.

2. GEMSERV'S OPINION

Gemserv has reviewed the EirGrid MRA Report for the February 2018 Reporting Wave against the process of data collection, aggregation and interpretation approach detailed in the Market Reporting Plan and Strategy (approved 2016). This method was assured, as an appropriate process and approach, by Gemserv on 6 April 2017.

EirGrid delivered the MRA Report for the February 2018 Reporting Wave to Gemserv on 10 March 2018 for review and assurance on the creation and progress detailed in the report. Gemserv reviewed the MRA Report for February 2018 and provided feedback to EirGrid on 13 March 2018, and this final review outcome on 15 March 2018.

Gemserv reviewed the report and can confirm that:

1. EirGrid has declared that in producing the MRA Report for February 2018 it has maintained the process assured by Gemserv. This outcome is despite their having to manually prepare the report after making the decision in August 2017 to cease using the automated script due to the errors it has consistently produced.
2. EirGrid has declared that it has not altered the data submitted by parties in any way.

3. EirGrid has ensured that all significant commentary, risks and issues captured through the submission of both qualitative and quantitative data from parties have been included in the Market Readiness Report.

Overall the report shows an improving position on the previous MRA reports and this is encouraging. The report also identifies a number of challenges, issues and risks to the readiness of the Market for I-SEM go live. These are:

- A number of the larger Market Participants report increased risk in relation to the readiness of their third-party technology vendor solutions and advise that this is having a knock-on effect on their readiness programmes.
- The TSOs report some specific underlying issues and challenges, with the key risk being to fix the sizeable number of high priority open defects in the remaining time available.
- The System Operators and Market Operator are reporting ambers positions in the Balancing Market and Imbalance Settlement and also the Day Ahead and Intraday Markets due to resource and testing issues in the business processes and procedures, infrastructure build and slippage in the Interconnector Management Platform build.

Gemserv considers these to be key areas of concern in the readiness of the market for the go live date of 23 May 2018 and recommend that EirGrid and the CRU encourage and support all parties to ensure that actions to remedy issues and mitigate risks are undertaken.

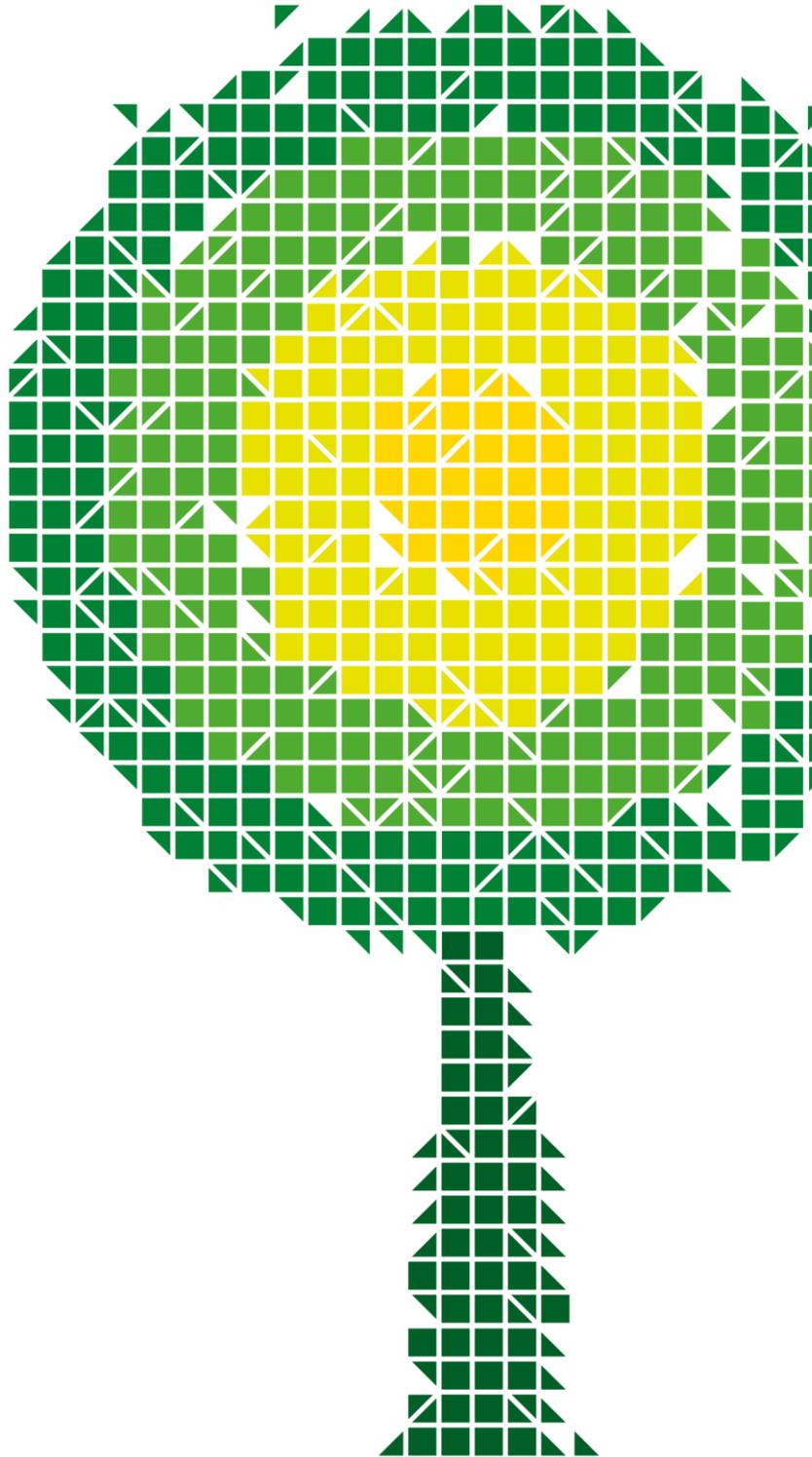
Overall, it is Gemserv's opinion that the MRA Report for February 2018, compiled by EirGrid has been done so in accordance with the Market Reporting Plan and Strategy (and any agreed adjustments to it) and in doing so, accurately reflects the progress of the market in terms of readiness for I-SEM go live.

3. NOTES

Gemserv is not required to, nor have we, tested or verified the accuracy of individual participants' projects or data submissions to EirGrid. Our opinion is provided with respect to the extent to which, in all material respects, data collection, aggregation and interpretation has been performed by EirGrid.

In accordance with the terms of our engagement, this independent assurance statement (on the preparations of the Market Readiness Report having been performed in accordance with the Market Readiness Reporting plan) has been produced in accordance with the agreed Statement Of Works (SOW) with EirGrid and for no other purpose or in any other context.

Notwithstanding anything to the contrary in the Agreement or agreed SOW with EirGrid, we do not assume any responsibility for any third-party products, programs or services, their performance or compliance with specifications or otherwise.



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