

Market Readiness Assessment Report 25-04-2018

Comment

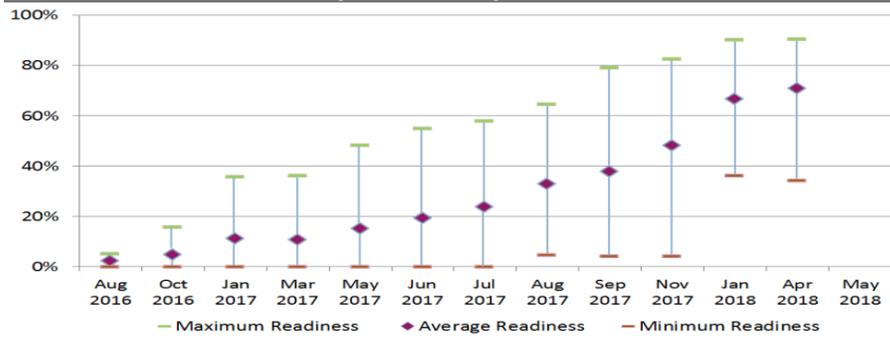
Data for this Report was collected in early April, before the SEM Committee's decision to extend the I-SEM Go-Live Date to 1 October 2018. Hence, the comments received and the responses to those comments reflect the state of readiness against the old 23 May 2018 date for I-SEM Go-Live. Prior to publication of this Report, all of the comments received were fed into the decision-making process and helped to inform the recommendation of the Joint Project Board to the SEM Committee to extend the Go-Live Date. Participants are thanked for their input. As the SEMC noted, it takes the views of stakeholders on market and system preparedness seriously, recognising the realities of the challenges facing the central market systems and the need to allow adequate testing of Market Participants' IT systems. Those realities are very much reflected in this Report, where the lack of time for Market Participants to undertake meaningful trialling over an extended period using central systems where the priority defects have been fixed was a common theme echoed in most of the responses received. The new timeline (subject to JCR362) delivers this extended period of 'clean' trialling and helps to de-risk other aspects of the delivery timeline.

The TSOs are currently reviewing the frequency of the MRA survey going forward, given the revised timeline. They note that the value of the survey is dependent upon as many parties as possible completing it; for this survey, although the survey size was sufficient and representative, the numbers completing the survey were down by 16% compared to last wave.

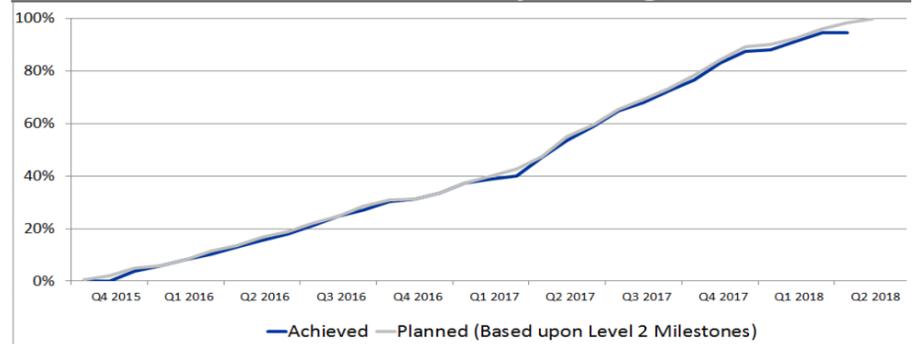
Data Collection Period: 26.03.2018 - 06.04.2018

Progress

Market Participant Comparative Readiness



Central Markets Project Progress



Readiness Status by Market and Market Participant Category

	Balancing Market & Imbalance Settlement	Day Ahead & Intraday Markets	Capacity Market	FTR Market
Market Participants (Unweighted Data)				
Market Participants (Weighted by Market Share)	1,2,4-6,8	5,6,8		
Interconnector Owners				
Meter Data Providers				
System Operators (incl. CM Delivery Body)	3,7,10,11	3,7, 10		
Market Operator (incl. NEMOs)	3,7,11	3,7		
Agent of Last Resort (AoLR)				
Market Trial: Planning and Decision Making				

Readiness of Legal and Contractual Framework: Central Components

			Rules				
Legislation	Licensing	Grid Code	TSC	AoLR	SEMOpX	CMC	HAR
	9						

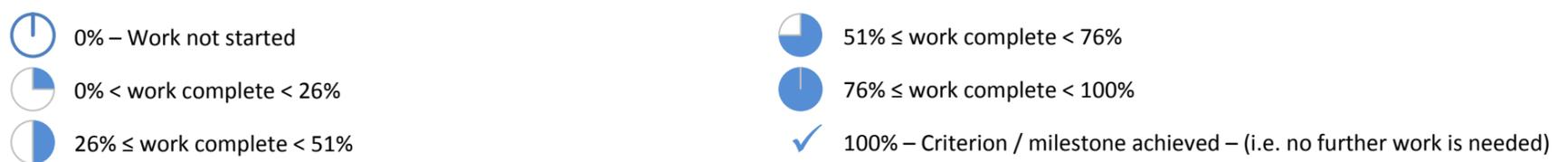
Notes

	Comments	Responses
1)	A significant number of the reports coming through the Balancing Market systems are not fit for use. This prevents the type of critical analysis taking place which is a key part of the Market Trial.	Whilst large numbers of the market reports are available, a significant number are not available or contain material defects. The blocking impact on participants' undertaking their analysis is acknowledged, which is why the defect fix plan has focused on getting these addressed as a priority in the 11 April system release into Market Trial.
2)	A number of Market Participants stated that their processes and procedures are heavily dependent on feasible usable settlement statements which so far have not been supplied.	Settlement statements and reports are being processed. It is fully acknowledged that the quality of the content of these settlement statements and reports has been materially impacted by the defects. As detailed above, these will be fixed in the planned releases.
3)	The central systems are too late being delivered. The planned delivery of fixes to the defects in the central systems will not provide sufficient time for Market Participants to trial and test their systems and processes. There is still critical functionality that is not working in Market Trial, including settlement statements and imbalance pricing. Further, Market Participants cannot undertake the analysis of the market outputs that they planned, or get the understanding that they seek until the defects are fixed. Participants wish to trial all functionality before going live and believe that 7 weeks is necessary for this, once the defects are fixed, as was supposed to be provided in unscripted trialling.	<p>The central systems have been deployed into Market Trial according to the agreed timeline set out in the Level 2 Plan; however, a significant number of material defects were identified in the testing of those systems which could not be fixed in the time available prior to their release into Market Trial. Much larger numbers of defects were actually fixed prior to initial deployment into Market Trial, such that it was determined that the systems were sufficient to allow the objectives of the scripted phase to be substantively delivered and therefore that there was real value (for all stakeholders) to progress in accordance with the agreed timeline, but acknowledging that it would not be possible to complete Market Trial or go-live without many of those defects being fixed.</p> <p>As such, the TSOs undertook a detailed assessment to determine those priority defects for which a solution must be found prior to the Market going-live. Details of all of those priority defects have been published, together with a plan showing when each defect is scheduled to be fixed by the vendor and subsequently deployed into Market Trial. The TSOs are providing at least weekly updates detailing the progress against that plan and regular opportunities for participants to discuss. The Plan sees two final system releases deployed into Market Trial on 11 and 30 April, noting that for almost two months the TSOs have highlighted the delivery risk associated with this plan. Delivery remains in the balance; the 11 April release is substantially complete and fixes for some additional defects are included; however, fixes for a handful of defects remains outstanding. The experience in Market Trial and the value to participants of unscripted trialling should see a step change improvement with the 11 April release, but material errors will persist until the 30 April release is deployed.</p> <p>Setting aside the argument as to the improvement in the Market Trial experience with the 11 April release, Market Participants have made a compelling case for why 7-8 weeks of unscripted trialling is needed once all of the priority defects have been successfully deployed into Market Trial, plus sufficient time thereafter for cutover to live operations. Given that case, it is acknowledged that delivery of all of the priority defects by 30 April, does not provide the time required by Market Participants to complete their testing.</p>
4)	Certification date of May 8th is too late and does not give enough time for a decision.	<p>Certification of the Balancing Market systems is a necessary and prudent assurance exercise, which the TSOs complete in order to give them the necessary confidence that the core optimisation algorithms in those market systems are operating in accordance with the market rules. Although the work was originally scheduled to complete prior to the commencement of the Market Trial, it was not a requirement. Certification of the systems is not required for Market Trial; it is only required for live operation. It is further acknowledged that any final decision to go-live would need the assurance of that the systems have been certified.</p> <p>The current certification timeline is therefore far later than ideal, but nevertheless it would support the existing go-live decision-making timeline and process. Hence, the work would have been completed sufficiently in advance of the event to support the existing confirmation of the go-live decision on 8 May (Level 2 Milestone #86) and also to provide any significant red flags to feed into the originally planned 26 April SEM Committee decision to proceed to go-live. That said, the current timeline does not provide any contingency if any significant defects are found in the certification testing which require a non-trivial fix by the vendor. This is the real concern with the certification timeline.</p>
5)	While an interim website has been delivered, its functionality is limited and no dynamic report testing can be done.	<p>The scope for the website delivery in March to meet the Level 2 Milestone 174c was (and has always been) to facilitate the delivery of static reports which were required for the Market Trial. The TSOs continue to work with the website vendor to deliver the remaining functionality, including:</p> <ol style="list-style-type: none"> 1. Dynamic reporting; 2. API for static reports (we plan to have this available in April); 3. Content for all static pages; and 4. Content for dynamic homepages. <p>This additional functionality is scheduled for a May delivery (except where explicitly noted as being earlier).</p>
6)	Market Participants' third-party technology vendors are not where they should be with regard to the readiness of their solutions. This is partly related to #1 above and partly related to the complexity of the design of the project. A number of participants do not have settlement or shadow settlement processing systems in place.	<p>This point is noted regarding Market Participants' vendors' systems not being ready; it is also appreciated that a period of unscripted trialling with the priority defects fixed is needed, in order for those parties to complete their testing of those systems.</p> <p>We hope that most participants would acknowledge that the I-SEM Project has provided significant technical assistance across the board to all Market Participants and their third-party technology providers – via extensive documentation and conference call support. This has been provided over an extended period of time. The TSOs remain committed to support that effort, as far as possible and appropriate.</p>

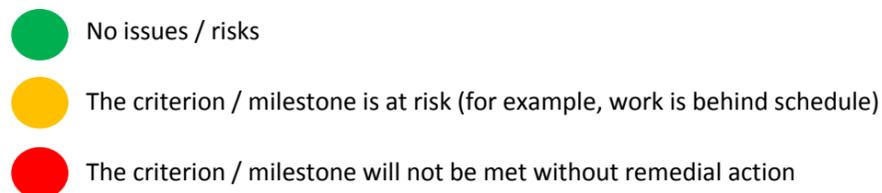
	Comments	Responses
7)	Market Trial to date has been compromised by the defects persisting in the central market systems.	<p>The TSOs note and acknowledge the need to fix the priority defects in the market systems. Considerable work has gone into fixing a large number of defects over the recent months and into agreeing a credible plan with the primary vendor for the delivery of fixes for the remaining priority defects. A large number of defects have been closed and whilst we fully acknowledge that there are a significant number of defects which remain to be fixed (such that they systems today are not fit for purpose), we should not lose sight that the functionality is substantively complete and for the most part, working. Throughout the Market Trial, we have been open and transparent with participants on the defects impacting the market systems. Over recent weeks, we have provided additional detail on these defects and we have improved our weekly reporting of the current status of those defects and when fixes to these defects are planned to be delivered fully tested into Market Trial. We have also discussed defects at the Project Managers' Group and Market Trial Coordinators' Group.</p> <p>The decision was taken to proceed into Market Trial In December 2017, as the systems (and the delivery of the Credit Settlement & Billing Engine and AOLR in February, plus websites in March) were sufficient to allow the objectives of the scripted phase to be substantively delivered. As noted in Comment #3 above, participants have made a compelling case for why they need 7-8 weeks of unscripted trialling with the systems once all of the priority defects have been successfully fixed and deployed into Market Trial.</p>
8)	Cutover is at risk due to the very tight timelines being planned after the arrival various releases.	The TSOs disagree that the timelines associated with the planned releases in April 2018 put the cutover process at risk, which would only commence once the Market Trial exit criteria have been determined to have been met and a positive go-live decision taken in accordance with the stage gate process set out in the Regulatory Authorities governance and criteria paper (May 2017).
9)	ROI Generator and Supplier Licences are not yet effective, whilst Appeal remains outstanding.	In response to a request by a Licence Holder to the Minister in DCCAE, an Appeals Panel was established on 10 Nov 17. It has a maximum period of six months to reach its decision (i.e. 10 May 2017). Notwithstanding the outcome of the Appeal, the existing licencing framework will be sufficient to allow I-SEM to Go-Live.
10)	The TSOs' progress on developing SO & MO business processes and procedures is behind schedule, with consequential risk to internal training within the TSOs and Market Trial due to their dependency on those processes and procedures.	As reported previously, the demands of the TSOs' I-SEM Project, notably the extended system testing, have necessarily taken priority over the development of some business procedures and internal training. This necessitated some replanning of the impacted activities, which are now being progressed according to that plan. That work is proceeding well, despite some ongoing resourcing challenges on a small group of Subject Matter Experts to deliver these activities and also to support Market Trial and the ongoing retesting of system fixes to address defects. Further, the size of the task has expanded, given the need to develop a number of new processes where the need for workarounds has been identified. Although the work is not as well advanced as had been planned, the residual risk to readiness is low given the progress made and the mitigation measures taken. To overcome the risk to training, a revised training approach has been implemented which is far more hands-on and benefits from practical operational experience in the Market Trial, with the operational staff working directly with the experts who designed and managed the delivery of the I-SEM systems.
11)	The TSOs' infrastructure build is progressing well; however, slippages in testing phases and volumes of work are causing resource constraints and challenges to finalising IT Infrastructure establishment.	Good Progress continues to be made. Although resources remain under pressure, the risk is being mitigated and the TSOs' do not anticipate these challenges being sufficient to materially impact on their readiness to complete the Market Trial, manage cutover, or move into live operations.

Harvey Balls & Risk and Issue Status Explanation

Harvey Balls are used to provide a visual summary to rapidly communicate status. The current status of progress towards the achievement of each criterion / milestone is assessed as being at one of the following stages summarised below:



Further, the Harvey Ball is coloured Green, Amber, or Red to summarise the severity of any risk or issues, either current or foreseen relating to the criterion: such issues might include, for example, concerns about the delivery schedule, or concerns about delivering the required functionality:



Readiness Status by Metric and Market Participant Category

Balancing Market & Imbalance Settlement		Market Participants	ICOs	MDPs	Transmission System Operators	Market Operator	EirGrid/SONI as AoLR
Readiness Per Market Participant Category		B2,3-7,9			B1,2,4,8	B1,2,4,8	
A	Readiness of Business Strategy, Planning, and Financial Resources						
B	Readiness of Legal and Contractual Framework: Agreements and Contracts						
C	Readiness of Systems	B2,7			B1,2,8	B1,2,8	
D	Readiness of Business Processes and Procedures	B4			B10	B10	
E	Readiness of People and Organisation						
F	Readiness of IT infrastructure and Other Facilities				B11	B11	
G	Registration						
H	Market Trial: Preparation						
I	Market Trial: Management & Reporting						
J	Market Trial: Execution	B2, 3, 6			B2,8	B2,8	
K	Deployment of back-end systems to support FTR market						
L	Deployment and Transition to live: Planning & central market processes and systems						
M	Deployment and Transition to live: Market Participants	B5,9					

	Comments	Responses
B1	The central systems will be too late in being delivered which means that there will be insufficient time for testing on the MP side. The original Market Trial envisaged 7-8 weeks of unscripted trialling in addition to 4 weeks of cutover.	Please see the response detailed for Comment #3 on the Summary Page.
B2	There is still critical functionality that has not been delivered including feasible settlement statements and imbalance pricing that can be analysed. Participants wish to trial all functionality before going live and believe that 7 weeks is necessary for this.	Please see the response detailed for Comment #3 on the Summary Page.
B3	A significant number of the reports coming through the Balancing Market systems are not fit for use. This prevents the type of critical analysis taking place which is a key part of the Market Trial.	Please see the response detailed for Comment #1 on the Summary Page.
B4	A number of Market Participants stated that their processes and procedures are heavily dependent on feasible usable settlement statements which so far have not been supplied.	Please see the response detailed for Comment #2 on the Summary Page.
B5	Certification date of May 8th is too late and does not give enough time for a decision.	Please see the response detailed for Comment #4 on the Summary Page.
B6	While an interim website has been delivered, its functionality is limited and no dynamic report testing can be done.	Please see the response detailed for Comment #5 on the Summary Page.
B7	Market Participants' third-party technology vendors are not where they should be with regard to the readiness of their solutions. This is partly related to #1 on summary page and partly related to the complexity of the design of the project. A number of participants do not have settlement or shadow settlement processing systems in place.	Please see the response detailed for Comment #6 on the Summary Page.
B8	Market Trial to date has been compromised by the defects persisting in the central market systems.	Please see the response detailed for Comment #7 on the Summary Page.
B9	Cutover is at risk due to the very tight timelines being planned after the arrival various releases.	Please see the response detailed for Comment #8 on the Summary Page.
B10	Progress on developing business processes and procedures is behind schedule, with consequential risk to training.	Please see the response detailed for Comment #10 on the Summary Page.
B11	The TSOs' infrastructure build is progressing well; however, slippages in testing phases and volumes of work are causing resource constraints and challenges to finalising IT Infrastructure establishment.	Please see the response detailed for Comment #11 on the Summary Page.

Readiness Status by Metric and Market Participant Category

Day-Ahead & Intraday Markets		Market Participants	ICOs	MDPs	Transmission System Operators	Market Operator (incl. Nemo)	EirGrid/SONI as AoLR
Readiness Per Market Participant Category					D6,7	D6,7	
A	Readiness of Business Strategy, Planning, and Financial Resources						
B	Readiness of Legal and Contractual Framework: Agreements and Contracts	D8					
C	Readiness of Systems	D2,4,5					
D	Readiness of Business Processes and Procedures				D7	D7	
E	Readiness of People and Organisation						
F	Readiness of IT infrastructure and Other Facilities						
G	Registration						
H	Market Trial: Preparation						
I	Market Trial: Management & Reporting						
J	Market Trial: Execution	D1,4			D6	D6	D6
K	Deployment of back-end systems to support FTR market						
L	Deployment and Transition to live: Planning & central market processes and systems						
M	Deployment and Transition to live: Market Participants	D3					

Comments	Responses
D1 The timing of ex-ante auctions should be closer to production.	<p>While a number of larger Market Participants have requested production times are operated during the Market Trial, some of which are out of main business hours, other small and medium sized Market Participants have articulated that these hours are not possible for them, given their understandable resource constraints. Therefore, considerable efforts were made to come to a compromise, which provides for running as many auctions as possible within business hours. In addition, it is very challenging to get exchange operators to run at production times, given that they cannot compromise their existing market commitments. However, SEMOpx is currently working with our vendors and service providers to offer production times for a fixed period.</p> <p>The reality of any full-scale operational Trial, and most especially one as complex as the Market Trial for I-SEM, is that the Trial will always be bound by practical constraints which necessarily limit its ability to fully replicate live operations (production). The practical limitations imposed on the Market Trial were explained and detailed in both the Market Trial Strategy (Sep 2016) and the Market Trial Plan (Oct 2016; revised Feb 2017). They were further explained in the Market Trial Participant Guide (Oct 2017), and those messages were reinforced in a series of meetings which took place with Market Participants between Sep 2017 and Feb 2018.</p> <p>Despite the practical limitations imposed by necessity, the Market Trial is as good a surrogate for live operation as could reasonably be expected and its value to all parties in bedding down operations is considerable.</p>
D2 Connectivity to M7 has been challenging and is only now being achieved with Type 3. This is a risk going towards Go-Live.	Conformance testing is currently being supported by our vendor using the normal timelines for participants across Europe. There is no reason why SEM participants should be significantly different.
D3 Cutover is at risk due to the very tight timelines being planned after the arrival of various releases.	Please see the response detailed for Comment #8 on the Summary Page.
D4 While an interim Website has been delivered, its functionality is limited and no dynamic report testing can be done.	Please see the response detailed for Comment #5 on the Summary Page.
D5 Market Participants' third-party technology vendors are not where they should be with regard to the readiness of their solutions.	Please see the response detailed for Comment #6 on the Summary Page.
D6 Market Trial to date has been compromised by the defects persisting in the central market systems.	Please see the general response detailed for Comment #7 on the Summary Page. In addition, with regard to the Day-Ahead and Intraday Markets, the SEMOpx Management Statement of 7 March detailed three issues that had hampered the smooth operation of the Day-Ahead and IntraDay markets in Market Trial during late February and early March. It also detailed the actions taken to address, which have proven to be successful in addressing each of the three issues and as a consequence the performance of the Day-Ahead and IntraDay Markets has improved considerably over recent weeks. Operation of the DAM in the Trial is not without incident; for example, on two days out of last 21 days, the DAM was not successfully executed due to isolated incidents which have been identified, root caused, and fixed.
D7 The TSOs' progress on developing SO & MO business processes and procedures is behind schedule, with consequential risk to internal training.	Please see the response detailed for Comment #10 on the Summary Page.
D8 A handful of participants highlighted issues or concerns in completing their contractual agreements, which impacted on their readiness. These issues were typically specific to a given organisation, relating to a particular agreement or contract. The only common issue highlighted by three of the parties was the impact of the timing of the REMIT decision being later on their own readiness, and on negotiations to finalise their contractual arrangements. This dependency was impacting on readiness; hence the amber status.	The comments are noted.

Readiness Status by Metric and Market Participant Category

Capacity Market		Market Participants	ICOs	MDPs	System Operators (incl. CM Delivery Body)	Market Operator (incl. Nemo)	EirGrid/SONI as AoLR
Readiness Per Market Participant Category		 C1-3			✓		
A	Readiness of Business Strategy, Planning, and Financial Resources	 C1			✓		
B	Readiness of Legal and Contractual Framework: Agreements and Contracts						
C	Readiness of Systems	 C2			✓		
D	Readiness of Business Processes and Procedures				✓		
E	Readiness of People and Organisation				✓		
F	Readiness of IT infrastructure and Other Facilities				✓		
G	Registration				✓		
H	Market Trial/Mock Auction: Preparation	✓			✓		
I	Market Trial/Mock Auction: Management & Reporting				✓		
J	Market Trial/Mock Auction: Execution	✓			✓		
K	Deployment of back-end systems to support FTR market						
L	Deployment and Transition to live: Planning & central market processes and systems				✓		
M	Deployment and Transition to live: Market Participants	 C3					

Comments		Responses
C1	There is a concern that RO (Reliability Option) will be treated as a financial product which has regulatory implications.	Comment is noted.
C2	Market Participants' third-party technology vendors are not where they should be with regard to the readiness of their solutions. This is partly related to # 1 in the summary page and partly related to the complexity of the design of the project. A number of participants do not have settlement or shadow settlement processing systems in place.	Please see the response detailed for Comment #6 on the Summary Page.
C3	Cutover is at risk due to the very tight timelines being planned after the arrival various releases.	Please see the response detailed for Comment #8 on the Summary Page.

Financial Transmission Rights Market		Market Participants	ICOs	MDPs	Transmission System Operators	Market Operator	EirGrid/SONI as AoLR
Readiness Per Market Participant Category							
A	Readiness of Business Strategy, Planning, and Financial Resources	F1					
B	Readiness of Legal and Contractual Framework: Agreements and Contracts						
C	Readiness of Systems	F2					
D	Readiness of Business Processes and Procedures						
E	Readiness of People and Organisation						
F	Readiness of IT infrastructure and Other Facilities						
G	Registration						
H	Trial/Mock Auction: Preparation						
I	Trial/Mock Auction: Management & Reporting						
J	Trial/Mock Auction: Execution						
K	Deployment of back-end systems to support FTR market	F3					
L	Deployment and Transition to live: Planning & central market processes and systems						
M	Deployment and Transition to live: Market Participants	F3					

Comments	Responses
F1 Collateral in place with JAO, so a number of Market Participants are already exposed in the FTR market. The delay in the decision to confirm the FTR Auction Dates has therefore already impacted certain participants.	<p>This is Noted.</p> <p>The FTR Auction Go-Live stage gate approval was deferred until 26th April, given I-SEM Steering Group's concerns around the 'At-Risk' status of the I-SEM Go-Live date and also the concerns voiced by participants at the Project Managers' Group regarding proceeding with the FTR auction timeline given those risks and the need to commit collateral once the FTR auctions had taken place. Thus, this decision to defer the stage gate approval was in direct response to participant concerns and also as it was determined to be the best risk management approach.</p> <p>At the I-SEM Steering Group's recommendation, the Interconnector Owners have reviewed the timing of the FTR auctions and discussed the options for revised dates with interested parties. They have subsequently published a revised draft calendar.</p>
F2 Market Participants' third-party technology vendors are not where they should be with regard to the readiness of their solutions. This is partly related to #1 in the summary page and partly related to the complexity of the design of the project. A number of participants do not have settlement or shadow settlement processing systems in place.	<p>Please see the response detailed for Comment #6 on the Summary Page.</p>
F3 Cutover is at risk due to the very tight timelines being planned after the arrival various releases.	<p>Please see the response detailed for Comment #8 on the Summary Page.</p>