

Market Readiness Assessment Report 05-05-2017

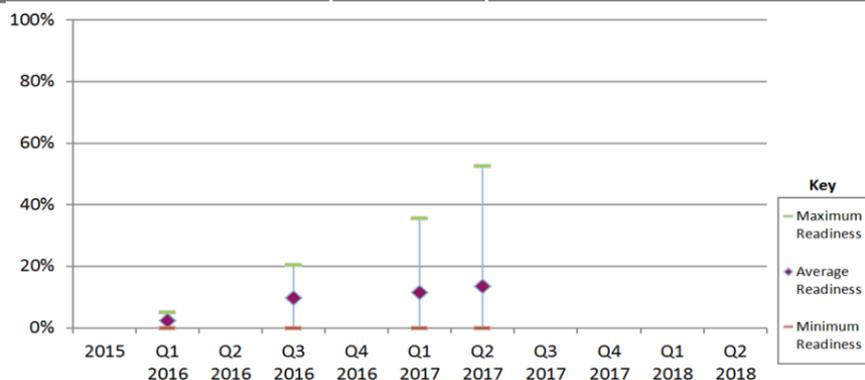
Comment

Overall, this readiness report is based upon survey responses representing 98% by market share. Larger Market Participants generally report a greater state of readiness than smaller Market Participants. The responses are typically more detailed than previous surveys, perhaps reflecting a more advanced state of readiness than in past reports. Engagement of participants and readiness continue to improve, both overall and for the majority; however the readiness range between the most and least ready continues to widen, suggesting that some participants are not advancing in their I-SEM preparations whilst the majority are moving ahead. Some participants assess their ability to be ready as being less than it should be, given a perceived lack of definitive information at this time. Their concerns include the lack of a decision on REFIT and rules on PPA novation, delays in some key decisions to allow for design clarity, difficulty in accessing settlement banks, and a perceived lack of transparency. Whilst imperfect information is the nature of a market establishment project, there is now a considerable body of substantively complete information available, including now a finalised Trading & Settlement Code. In regards to REFIT, the DCCAE expect to publish a paper shortly which should provide the necessary clarity for participants. The PMG is tracking this external dependency and is managing the associated issues and risks identified in this report.

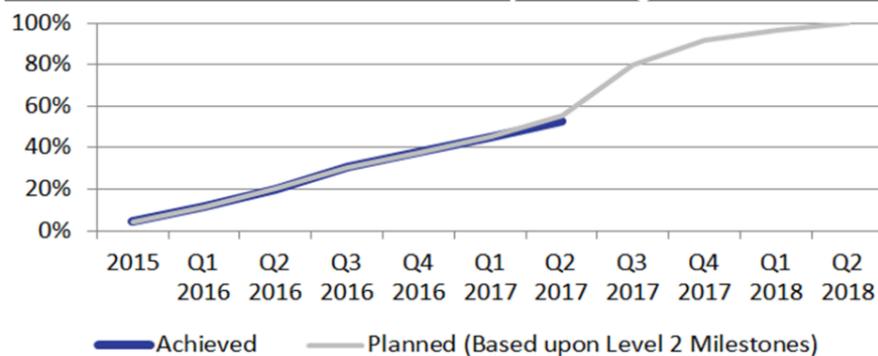
Data Collection Period: 31.03.2017 - 21.04.2017

Progress

Market Participant Comparative Readiness



Central Markets Project Progress



Readiness Status by Market and Participant Category

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

Readiness of Legal and Contractual Framework: Central Components

Legislation	Licensing	Grid Code	TSC	AoLR	SEMOpX	CMC	HAR
(1,2,3,4,6,7)	(1,2,3,4,6,7)	(1,2,3,4,6,7)		(1,2,3,4,6,7,8)	(1,2,3,4,6,7,8)	(1,2,3,4,5,7)	(1,2,3,7)

Notes

Comments	Actions & Impacts
1) A number of participants noted that they cannot fully assess their progress until key decisions are made in providing greater design clarity.	The lack of design clarity is one of the defining challenges of any market implementation and associated business transformation. Timelines dictate that requirements for systems and processes must be progressed in advance of the detailed market design being embodied in a definitive set of rules. To assist participants in meeting that challenge, an open and transparent process has been employed in both the development of the market design and its translation into the associated market codes, to ensure that as much information is available to participants as early as possible to allow them to advance their I-SEM preparations. Whilst it is accepted that some uncertainty must remain, the Stocktake report concluded that the resulting risk is manageable and the timetable achievable, if challenging. As of today, most major design-related decisions are now known, including the recent conclusion of the Forward & Liquidity 2 Decision and the Intermediaries Decision. Long-awaited decisions on REFIT and State Aid are also expected shortly. The TSC is complete, the CMC has been substantially available for the past four months and will conclude shortly, and a complete draft of the SEMOpX rules is being shared with the BLG in early May. It is therefore believed that participants now have much of the detail required and therefore expected that in future readiness reports the associated clarity will be reflected in their readiness assessments.

	Comments	Actions & Impacts
2)	Many participants, big and small, continue to express their concerns for readiness due to the lack of REFIT decision and rules concerning PPA novations.	Although REFIT is outside the scope of the I-SEM Project, the dependency is noted. As such the RAs remain actively engaged with the DCCAE in seeking clarity on REFIT policy. DCCAE expect to publish a paper shortly which should provide clarity for participants. The PMG is tracking this external dependency and is managing associated risks.
3)	There are concerns around the lack of transparency across a number of areas including market system build & testing and in relation to external project dependencies such as IDM interaction with National Grid, EUPHEMIA interaction with PCR and Capacity interaction with State Aid.	The TSOs and RAs have endeavoured to ensure that the I-SEM Project is as transparent as possible - as illustrated by its weekly status reporting against the Level 2 Milestones. Version 5 of the I-SEM Technical Specification will be published in early May, continuing to provide emerging details as soon as available of the system interfaces necessary for participants to build their systems, etc. Updates on system build and testing are reported through the liaison group programme, notably the TLG. Two reports have been published already this year on PCR/EUPHEMIA Testing, with resulting discussion at the BLG and PMG; more are planned. The PMG has been tracking the State Aid Application against the associated Level 2 Milestones, and IDM progress has been reported via the BLG. Whilst it is acknowledged that some decisions or details remain outstanding and that this introduces risk for participants, it is not believed that this is as a result of a lack of transparency, given that information is shared as soon as it becomes available.
4)	Participants have identified risks to their system developments and associated readiness due to the incompleteness of information regarding central market systems.	Progress continues to be made with the Technical Specification Programme, with Version 5.0 due to be published shortly, through which details of interfaces have been made available to Market Participants as soon as that detail is available. Further, the TLG Provides a forum for discussion of the technical detail and the PMG offers a public forum for participants to highlight dependencies and address any issues with the current published plan for the release of information.
5)	A number of participants have raised concerns around progressing development of the Capacity Market System and CM Registration whilst the CMC is still in consultation stage. Further, a concern was expressed that some decisions around the Capacity Market remain outstanding, putting the participants' projects at risk.	The CMC was developed through a transparent and consultative process last year, and a consultation draft of the document was published in January 2017, which is more than adequate for the TSOs to develop the associated system requirements with a manageable level of resulting risk. Likewise, the published registration process and detailed forms are openly acknowledged as being subject to change given the CMC decision, but are substantially complete and robust, such that any change is expected to be relatively small. The outstanding Locational Capacity Constraints Decision is progressing, with the detailed methodology to determine which constraints should be included for the first transitional auction currently out for consultation, together with the definition of the constrained zones and the minimum requirements in each zone. With the Project tracking to Plan, it is believed that there is sufficient detail to allow parties to proceed with a manageable level of risk.
6)	While much progress is made in staffing for a number of organisations, some participants expressed some concern that they cannot progress further without the Central Programme's Training Plan. Furthermore, the overall uncertainty of achieving the target Go-Live date means that transition plans are very unsettled and cannot be firmed up at this stage.	The Participant Training Plan will be published by the TSOs' I-SEM Project on May 31st, 2017, as per the agreed baseline plan, building on the Training Approach document published in February 2017. Whilst this will provide details of what training will be provided when, it is firmly believed that participants should have enough understanding now of the nature of training, when it will delivered, and how it will be delivered, to advance their own plans and preparations for Market Trial. Further, the I-SEM Project weekly Status Report continues to show that the May 2018 Go-Live Date remains on-track. Some thirteen months prior to the go-live event, it is noted that the detail available and associated certainty is as good as could be hoped. All parties must plan and prepare on the basis of the information available; where that is insufficient, the project liaison groups should be used to highlight gaps and to discuss whether and how they might be plugged, where they are causing a hard blockage to participants progressing their readiness plans in a way which ensure that they are ready to participate in the Market Trial from December 2017.
7)	Some participants noted their dependency on the Market Trial for scenarios and data, and highlighted what they believed to be the compressed timelines to plan, deploy and execute Market Trial, the lack of information on the CM Mock Auction and FTR Auctions and slippages that are now coming into the programme are major concerns for Participants.	The Market Trial Plan was published in October 2016 and revised in April 2017 to accommodate the revised timeline. It contains a substantial amount of information, which based upon experience of similar market establishment programmes in other markets and the SEM, has been proven to be sufficient to allow participants to advance their preparations. This plan included some outline scenarios, with the details to be developed during the forthcoming preparation phase, with input from the participant community via the working group to form and shape the final scenarios. It must be remembered that the scenarios will draw heavily on the details contained within the various regulatory codes and procedures that define participants' obligations and processes for market operation, but that not all obligations can be exercised. There is nothing magical about these scenarios, but with participant input it is hoped that they will exercise and give sufficient coverage of the key processes, rules and events for which the rules make provision. The lack of definition of those scenarios at this time is therefore not assessed to be a major impediment to readiness; parties should be ready for all possible outcomes during the Market Trial, not just those defined in the scenarios.
8)	Participants highlighted concerns regarding the resulting uncertainty whilst Nord Pool's application to become a NEMO is currently being assessed.	The concern is noted and unfortunately will remain for as long as the assessment remains outstanding. The RAs and the TSOs are following the process according to the timelines set out in CACM. Until the outcome of this process is confirmed, SEMOpX will remain the sole operational NEMO at the planned go-live date of May 23rd, 2018 in I-SEM. Further updates will continue to be provided by the RAs via the BLG.

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:

-  Work not started
-  0-25% of work complete
-  26-50% of work complete
-  51-75% of work complete
-  76-99% of work complete
-  Criterion/milestone achieved – no further work is needed

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:

-  No issues/risks
-  The criterion/milestone is at risk (for example, work is behind schedule)
-  The criterion/milestone will not be met without remedial action

Readiness Status by Metric and Participant Category

Balancing Market & Imbalance Settlement		Market Participants	ICOs	MDPs	System Operators	Market Operator	EirGrid/SONI as AoLR
Readiness Per Participant Category		 B1-12,17					
A	Readiness of Business Strategy, Planning, and Financial Resources	 B1,2,3,4,5	 B13				
B	Readiness of Legal and Contractual Framework: Agreements and Contracts	 B3,5	 B13	 B15			
C	Readiness of Systems	 B3,4,5,7,12,17	 B14				
D	Readiness of Business Processes and Procedures	 B3,5					
E	Readiness of People and Organisation	 B3,10					
F	Readiness of IT infrastructure and Other Facilities	 B6,11			 B16		
G	Registration	 B5,9	 B13				
H	Market Trial: Preparation	 B8					
I	Market Trial: Management & Reporting						
J	Market Trial: Execution	 B8					
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: Participants	 B3,4,5					

Comments		Actions & Impacts
B1	Clarification is needed in order for corporate structure decision to be made, including the feasibility of a legal entity straddling ROI & NI as a single party, and the rolled-up treatment of VAT at the party level where the different component entities have different VAT arrangements.	A number of guides, information documents and presentations have been made available on this subject, which are believed to provide the necessary clarity. However, if there are specific outstanding questions, please contact i-semregistration@sem-o.com and we can help to talk through these.
B2	There are concerns regarding the timelines for the on-boarding of a Settlement bank.	SEMOPx has taken onboard this concern and is working to identify mitigations for these concerns. A further update on this is to be provided in the NEMO BLG on May 18th, 2017.
B3	Delays in critical decisions such as in forwards, IDM, EUPHEMIA decision and Trading and Settlement Code are putting a number of participants at risk from a commercial and operational perspective. There is a high dependency on the actual market rules as contracts with vendors cannot be renegotiated, redrafted, legally reviewed and signed without reference to complete/finalised market rules.	Every effort has been made to develop a number of codes (ie. T&SC) in public in order to ensure that Participants have timely updates on the progress and insight into what the final codes would look like. An open and transparent process has been employed in both the development of the market design and its translation into the associated market codes, to ensure that as much information is available to participants as early as possible to allow them to advance their I-SEM preparations. Whilst it is accepted that some uncertainty must remain, the Stocktake report concluded that the resulting risk is manageable and the timetable achievable, if challenging. As of today, most major design-related decisions are now known, including the recent conclusion of the Forward & Liquidity 2 Decision and the Intermediaries Decision. Long-awaited decisions on REFIT and State Aid are also expected shortly. The TSC is complete, the CMC has been substantially available for the past four months and will conclude shortly, and a complete draft of the SEMOPx rules is being shared with the BLG in early May. It is therefore believed that participants now have much of the detail required and therefore expected that in future readiness reports the associated clarity will be reflected in their readiness assessments.
B4	There are concerns around the lack of transparency across a number of areas including market system build & testing and in relation to external project dependencies such as IDM interaction with National Grid, EUPHEMIA interaction with PCR and Capacity interaction with State Aid.	The TSOs and RAs have endeavoured to ensure that the I-SEM Project is as transparent as possible - as illustrated by its weekly status reporting against the Level 2 Milestones. Version 5 of the I-SEM Technical Specification will be published in early May, continuing to provide emerging details as soon as available of the system interfaces necessary for participants to build their systems, etc. Updates on system build and testing are reported through the liaison group programme, notably the TLG. Two reports have been published already this year on PCR/EUPHEMIA Testing, with resulting discussion at the BLG and PMG; more are planned. The PMG has been tracking the State Aid Application against the associated Level 2 Milestones, and IDM progress has been reported via the BLG. Whilst it is acknowledged that some decisions or details remain outstanding and that this introduces risk for participants, it is not believed that this is as a result of a lack of transparency, given that information is shared as soon as it becomes available.
B5	A number of participants have raised the issue of the lack of decision made with regards to REFIT and rules concerning PPA novations, which impedes their ability to progress their implementation. Concerns were also raised that the market registration plan/timeline contains no dependencies or references to REFIT or PPA.	Although REFIT is outside the scope of the I-SEM Project, the dependency is noted. As such the RAs remain actively engaged with the DCCAE in seeking clarity on REFIT policy. DCCAE expect to publish a paper shortly which should provide clarity for participants. The PMG is tracking this external dependency and is managing associated risks.
B6	Limited resources available and the amount of information with regards to the Market Design have made it difficult for smaller participants to identify the requirements for changes to their IT infrastructure in preparation of the I-SEM.	The TSOs' I-SEM Project is conscious of the demands on small businesses. Detailed guidance has been produced, including multiple versions of the I-SEM Technical Specification, which is regularly updated with the latest information. The Technical Liaison Group provides a forum for discussion, designed to help participants make changes to their systems and infrastructure.
B7	Participants have identified risk due to the incompleteness of central market systems. Detailed design are subject to change due to dependency on Central Market systems, the level of completeness of the technical specifications for those systems, and the resulting level of completeness of vendor systems.	The TSOs' I-SEM Project is making considerable progress with the delivery of Central Systems. The Technical Specification Programme is on schedule and through this, details of interfaces are being made available to Market Participants. The Technical Specification ITS 3.1 was published in Oct 2016 and the ITS 5.0 will be published in early May 2017.
B8	There is insufficient time allowed for Market Trials. While the Market Trial Strategy and Plan are published, the contents are very high level. The participants' programmes are dependent on the Central Market Trial Team for scenarios and data, and the compressed timelines to plan, deploy and execute Market Trials are a major concern.	Following the Stocktake, an additional period of 1.75 months was added to Market Trial. This is of the upper end of the spectrum from an international experience. A Market Trial Working Group is scheduled to be setup by the end of July 2017 to provide details of the Market Trial. The TSOs' I-SEM Project will look into providing additional information through the Liaison Groups Programme.

Comments		Actions & Impacts
B9	FoAs are identified as an issue and the lack of understanding on Market Liquidity are delaying negotiations for some participants with 3rd party contracts.	SEM-17-025 Intermediary Transitions to I-SEM Decision Paper was published on Apr 13th, 2017 providing details of how existing FOAs could be transitioned to I-SEM. We appreciate that decisions on REFIT arrangements are still to be confirmed by the Department. Information session have been provided on the Mar 30th, Apr 12th and 13th. The presentations are available on the I-SEM Website for Balancing, SEMOpx and Capacity to assist participants in understanding whether they may want to take part in a given market.
B10	While much progress is made in staffing for a number of organisations, participants cannot progress further without the Central Programme's Training Plan. Furthermore, the overall uncertainty of achieving the target Go-Live date means that transition plans are very unsettled and cannot be firmed up at this stage.	The Participant Training Plan will be published by the TSOs' I-SEM Project on the scheduled date of May 31st, 2017 (Milestone #232). This builds upon the Training Approach which was published in February 2017.
B11	Some concerns raised, given the compressed timescales available, in the midst of other organisational change programmes, and the complexity of changes required, there is no room for contingencies at all.	The RAs are publishing their contingency paper on May 12th 2017, which will address contingency on the wider I-SEM Project.
B12	Concerns were raised that the Type 2 interface functionality for the SEMO Balancing Market will not have a copy and paste feature similar to what EPEX MPI provides. Without this functionality, there would be an issue for participants with multiple units trying to submit PNs as it would be too time consuming.	It has been noted that due to a highly-constrained development schedule, the solution vendor will not be able to support this feature enhancement in time for go-live. Discussion at the TLG is considering this issue to understand the nature of the issue.
B13	Work is ongoing between IOs, SOs and RAs to determine respective exposure to balancing market and imbalance settlement, however a solution cannot be developed until a formal decision from the RAs are made.	RAs imbalance responsibility decision was notified to TSOs and ICOs in March. Meeting planned in early May for the TSOs to provide answers to the RAs' questions with regard to ramp rates, with a view to the RAs providing the outstanding clarity by the end of May 2017 necessary to develop solution.
B14	Risk has been identified as RA intent on interconnector balance responsibility needs to be clear before any required work can start, resulting in time constraints to put agreements/contracts in place.	Imbalance responsibility decision was notified to TSOs and ICOs in March. Action being progressed to resolve the business and operational processes required for managing interconnector trips. This should allow the ICOs to proceed with work required.
B15	Risk has been identified in the work until the T&SC and all Agreed Procedure reviews are completed.	The final T&SC and Agreed Procedures were published on April 12th, 2017.
B16	Infrastructure plans have yet to be agreed by vendor; short-term priorities agreed and being delivered to.	The vendor has provided additional management required to address the outstanding resourcing issues relating to infrastructure, in order to develop and deliver to a detailed plan.
B17	Some Participants have raised potential risk that systems being supplied to Participants by external vendors may be delayed.	The TSOs' I-SEM Project is making considerable progress with the delivery of Central Systems. The Technical Specification Programme is on schedule and through this, details of interfaces are being made available to Market Participants. The Technical Specification ITS 3.1 was published in Oct 2016 and the ITS 5.0 will be published in early May 2017. The TSOs' I-SEM Project has endeavoured to make the system build and testing as transparent as possible through the liaison group programme, especially the TLG. Where appropriate, the TSOs intend to keep participants informed of developments with external organisations. This potential risk will be tracked at the Project Managers' Group and Participants have been asked to keep this as an open item for discussion at future PMGs.

Readiness Status by Metric and Participant Category

Day-Ahead & Intraday Markets		Market Participants	ICOs	MDPs	System Operators	NEMO	EirGrid/SONI as AoLR
Readiness Per Participant Category		 D1-14					
A	Readiness of Business Strategy, Planning, and Financial Resources	 D1,2,3,4,5,6,14					
B	Readiness of Legal and Contractual Framework: Agreements and Contracts	 D3,5	 D15				
C	Readiness of Systems	 D3,4,5,7	 D16				 D17
D	Readiness of Business Processes and Procedures	 D3,5,8					
E	Readiness of People and Organisation	 D3,9					
F	Readiness of IT infrastructure and Other Facilities	 D3					
G	Registration	 D5,11,13					
H	Market Trial: Preparation	 D10					
I	Market Trial: Management & Reporting						
J	Market Trial: Execution	 D10					
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: Participants	 D3,4,5,12					

Comments	Actions & Impacts
D1 Some participants have concerns that there is insufficient knowledge of how a wind generator can participate within the DAM & IDM to develop a trading strategy. The recent revelations at the Registration BLG that wind aggregation (which has an impact on how wind units will be grouped) has not been implemented, contrary to the clear Decision in the HLD, has introduced a clear major issue that needs to be resolved.	The Trading and Settlement Code I-SEM Arrangements have now been confirmed by the Regulatory Authorities. See the decision here: https://www.semcommittee.com/publication/i-sem-trading-and-settlement-code-amendments-decision-paper . The working groups, consultation and decision considered aggregation and wind participation questions. These rules should be the basis for participants developing their trading strategies. The Trading and Settlement Code provides for the same levels of aggregation that are permitted under the current arrangements (e.g., Aggregated Generator Units, aggregation of de-minimis generation within a Supplier Unit, etc.). Furthermore with respect to this issue, we refer you to section 5 the SEM Committees decision paper on the matter (SEM-17-024, link above) which addresses comments received as part of the TSC consultation response and notes that “the SEM Committee is of the view that aggregation can be achieved” and provides commentary on how this can be done under the market design. A number of guides, information documents and presentations have been made on this subject, including Information session on the markets and registering for them have been provided on the 30th March, 12th and 13th April. The presentations are available on the I-SEM Website for Balancing, SEMOpx and Capacity to assist participants in understanding whether they may want to take part in a given market. In addition a specific “Small Wind Information Session” was held on the 24th Nov 2016. We are currently looking at what additional information can be provided to assist in decision making for wind units.
D2 A number of unknowns still to be clarified on FTR product shapes, Intra Day GB coupling, and Unit trading obligations in order to participants to proceed with their strategies.	Negotiations are on-going with the GB side in relation to the intraday auction. Current GB side proposal is for 2 regionally coupled Intra-Day Auctions, at 7pm on D-1 and at 8am on the day. If this proposal were to proceed, I-SEM would propose that the 3rd Intra-Day auction be maintained as a local auction. The I-SEM Intra-Day design is published on the I-SEM Website, and any changes to this design will be undertaken using the standard I-SEM Change Control process. The SEMC decisions on this have been explicit that participation in the day-ahead and intraday markets is unit based and individual generator units and supplier units, as registered in the I-SEM balancing arrangements under the TSC, will be required to trade in the ex-ante markets using the same units; that is, there must be a one-to-one mapping between each unit registered in under the TSC and with any SEM NEMOs. This is also compliant with the SEMC decision that units in the I-SEM must be balance responsible; that is, purchases and sales made by units in the ex-ante markets are settled under the TSC against a corresponding generator or supplier unit. Please note: - The SEMOpx rules refer to a “trading portfolio”: this is a term used in EU markets to describe the entity that submits trades in the ex-ante market. For the I-SEM arrangements, this is the equivalent to a generator unit or supplier unit; - Where aggregation is permitted, this is still seen in both the ex-ante markets and under the TSC as a single unit, e.g. an Aggregated Generator Unit may be made up of four smaller generators, but within the ex-ante and balancing markets, it is represented as a single generator unit.
D3 Delays in critical decisions such as in forwards, IDM, EUPHEMIA decision and Trading and Settlement Code are putting a number of participants at risk from a commercial and operational perspective. There is a high dependency on the actual market rules as contracts with vendors cannot be renegotiated, redrafted, legally reviewed and signed without reference to complete/finalised market rules. Participants are waiting for the outcome of SEMO discussions with GB NEMOs around the implementation of the Intraday Auction interim solution and whether simple, block or complex orders will be allowed on intraday auctions.	Every effort has been made to develop a number of codes (ie. T&SC) in public in order to ensure that Participants have timely updates on the progress and insight into what the final codes would look like. An open and transparent process has been employed in both the development of the market design and its translation into the associated market codes, to ensure that as much information is available to participants as early as possible to allow them to advance their I-SEM preparations. Whilst it is accepted that some uncertainty must remain, the Stocktake report concluded that the resulting risk is manageable and the timetable achievable, if challenging. As of today, most major design-related decisions are now known, including the recent conclusion of the Forward & Liquidity 2 Decision and the Intermediaries Decision. The TSC is complete, the CMC has been substantially available for the past four months and will conclude shortly, and a complete draft of the SEMOpx rules is being shared with the BLG in early May. It is therefore believed that participants now have much of the detail required and therefore expected that in future readiness reports the associated clarity will be reflected in their readiness assessments.

Comments		Actions & Impacts
D4	There are concerns around the lack of transparency across a number of areas including market system build & testing and in relation to external project dependencies such as IDM interaction with National Grid, EUPHEMIA interaction with PCR and Capacity interaction with State Aid.	The TSOs and RAs have endeavoured to ensure that the I-SEM Project is as transparent as possible - as illustrated by its weekly status reporting against the Level 2 Milestones. Version 5 of the I-SEM Technical Specification will be published in early May, continuing to provide emerging details as soon as available of the system interfaces necessary for participants to build their systems, etc. Updates on system build and testing are reported through the liaison group programme, notably the TLG. Two reports have been published already this year on PCR/EUPHEMIA Testing, with resulting discussion at the BLG and PMG; more are planned. The PMG has been tracking the State Aid Application against the associated Level 2 Milestones, and IDM progress has been reported via the BLG. Whilst it is acknowledged that some decisions or details remain outstanding and that this introduces risk for participants, it is not believed that this is as a result of a lack of transparency, given that information is shared as soon as it becomes available.
D5	A number of participants have raised the issue of the lack of decision made with regards to REFIT and rules concerning PPA novations, which impedes their ability to progress their implementation. Concerns were also raised that the market registration plan/timeline contains no dependencies or references to REFIT or PPA.	Although REFIT is outside the scope of the I-SEM Project, the dependency is noted. As such the RAs remain actively engaged with the DCCAE in seeking clarity on REFIT policy. DCCAE expect to publish a paper shortly which should provide clarity for participants. The PMG is tracking this external dependency and is managing associated risks.
D6	Concerns that there is still uncertainty in planning for the operation of non dispatchable priority dispatch units with support is being put on hold until Q2 when a decision has been published on how they will interact in I-SEM.	The final T&SC and Agreed Procedures were published on April 12th, 2017 and have addressed these concerns.
D7	Participants have identified risk due to the incompleteness of central market systems. Detailed design are subject to change due to dependency on Central Market systems, the level of completeness of the technical specifications for those systems, and the resulting level of completeness of vendor systems.	Progress continues to be made with the Technical Specification Programme, through which details of interfaces have been made available to Market Participants. The TSOs' I-SEM Project is making considerable progress with the delivery of Central Systems. The Technical Specification ITS 3.1 was published in Oct 2016 and the ITS 5.0 will be published in early May 2017.
D8	Business processes and procedures are heavily dependent upon corporate entity structure, trading and intermediary arrangements and overall strategy. Given the large number of unknowns/uncertainty, it is difficult to progress satisfactorily.	The TSOs' I-SEM Project has organised a number of information events to explain the overall Day-Ahead and Intraday Markets (NEMO Settlement and Banking Information Session on Feb 16th, 2017) and is continuing to engage with Participants to ensure that they have the necessary understanding to progress. The Level 2 Plan now includes milestones (ie. Balancing Market Intermediaries #160 and CMC Intermediaries #162) relating to Intermediaries, and at the request of the PMG, a further two associated milestones have been introduced via change control. The BLG will continue to provide a suitable forum for such risks and concerns to be raised and discussed.
D9	Due to lack of clarity related to round the clock liquidity presents challenges in identifying staff requirements for the I-SEM market. Considerable training will be required for staff (6 to 12 months) requiring clarity on these issues ASAP and risk identified with regards to lack of Training Plan from the Central Programme.	The Participant Training Plan will be published by the TSOs' I-SEM Project on the scheduled date of May 31st, 2017 (Milestone #232). This builds upon the Training Approach which was published in February 2017.
D10	Concerns raised that insufficient time has been allowed for Market Trials within the programme. Given the slippages that are now coming into the programme we have serious concern that this is under immense pressure. Without sight of details of the plan, the participants are skeptical that the Trials will meet the needs of the market.	Following the Stocktake, an additional period of 1.75 months was added to Market Trial. This is of the upper end of the spectrum from an international experience. A Market Trial Working Group is scheduled to be setup by the end of July 2017 to provide details of the Market Trial. The TSOs' I-SEM Project will look into providing additional information through the Liaison Groups Programme.
D11	Some participants have expressed concerns around the volume of information and tasks from Registration proving to be very demanding. The KYC and onboarding process is time consuming for participants, who do not have existing relationships with any of the clearing or settlement members.	The nature of the market design means that the registration of participants for each of the markets is more onerous than the currently SEM arrangements. However, this is necessary to implement the design as decided. The project have looked to - as much as possible - minimise the registration requirements, minimise the duplication of information needed, provide information on required timelines as early as possible, and provide guides and forms for each market as early as possible. All in an order to help participant manage the registration process.
D12	Extremely difficult to secure contracts with 3rd party services providers for market connectivity, trading, balancing and settlement when detailed technical requirements are not fully defined or final i.e. vendors are unclear on the exact systems they need to provide and the market APIs they will need to integrate with.	Progress continues to be made with the Technical Specification Programme, through which details of interfaces have been made available to Market Participants. The TSOs' I-SEM Project is making considerable progress with the delivery of Central Systems. The Technical Specification ITS 3.1 was published in Oct 2016 and the ITS 5.0 will be published in early May 2017.
D13	Participants raised concerns that there is a lack of availability of SEMOpx fee information. Participants expressed dissatisfaction at being given registration deadlines without fee information being confirmed.	As provided in the NEMO BLG held on April 12th, SEMOpx fees are linked to SEMO price control process which is under consultation until May 16th, 2017, indicative tariffs are expected in July 2017 with options for early provision having been discussed. SEMOpx have suggested a "no regrets" approach allowing applications to be withdrawn at a later date if fees are seen by a participant to be unacceptable, without incurring any fees. In the interim, information on price benchmarks was presented in the Dec 8th NEMO BLG meeting and is available in the published slide pack (http://www.sem-o.com/ISEM/General/NEMO_BLG%20Presentation%208%20Dec.pdf) The RAs have released their consultation on the revenue recovery for SEMO and the designated NEMO (SEMOpx). This is open for consultation until May 16th, 2017. Participants are encouraged to respond to this consultation to make their views known about how they would like to see the fees structured.
D14	Some participants noted that the uncertainty regarding the status of Nord Pool's application to become a NEMO was impacting on their readiness plans and therefore sought clarification on that status.	The concern is noted, but unfortunately the current uncertainty will persist until the technical assessment is completed, as per the process and timeline set out in CACM. Until the outcome of this process determines otherwise, SEMOpx will remain the sole operational NEMO at the planned go-live date of 23 May 2018. Updates will continue to be provided by the RAs via the BLG.
D15	Main 'service provider' to ICOs is EirGrid Group. The Operating and Agency Agreement for the Moyle Interconnector with SONI will need to be updated to reflect different procedures under I-SEM. Status reflects concern that work to update the Agreement has not commenced and the risk that EirGrid may have different expectations as to what this agreement addresses in future.	EirGrid commenced work on developing the amended Operating and Agency Agreement for the Moyle Interconnector in April 2017, with a view to concluding that Agreement by the end of June 2017. The work is progressing, with discussions as necessary between Mutual Energy and EirGrid to resolve any differences and secure the agreement of both parties
D16	The ICOs note a risk that they have insufficient visibility of work taking place within the TSOs' I-SEM Project to deliver system functionality to perform interim CCC role (this includes provision of parameters to EUPHEMIA) and interconnector scheduling.	The TSOs provide a regular status report to the ICOs on functionality being delivered by EirGrid, which is intended to provide the ICOs with the required visibility. A fortnightly meeting provides a forum to discuss status, manage risks, and address any issues. An escalation route is also provided. The TSOs will discuss the ICOs' concerns and seek to address as necessary.
D17	Some slippage in appointment of vendor, however the procurement process has commenced and is approaching conclusion.	Contract is being finalised with the vendor for delivery of an AoLR solution to meet Project timelines. This activity is receiving the necessary management attention and the associated risk is low.

Readiness Status by Metric and Participant Category

Capacity Market		Market Participants	ICOs	MDPs	System Operators (incl. CM Delivery Body)	Market Operator	EirGrid/SONI as AoLR
Readiness Per Participant Category							
A	Readiness of Business Strategy, Planning, and Financial Resources						
B	Readiness of Legal and Contractual Framework: Agreements and Contracts						
C	Readiness of Systems						
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: Participants						

Comments		Actions & Impacts
C1	Concerns were raised regarding the number of issues that have arisen and decisions outstanding with the Capacity Market, particularly the locational constraints issue, the CRM non-performance difference charges and the potential inequitable treatment of peaking plants as capacity providers in circumstances when they are not dispatched, in particular if the plant does not have an ex-ante trade, and a price signal arises post gate closure, which are preventing participants from progressing with a definitive strategy. The recent delay to the introduction of secondary trading now requires a review of the trading strategy. Pending publication of the CMC.	Most of the detail regarding the Capacity Market is substantively known and will be finalised in the coming weeks – notably with the publication of the Capacity Market Code (CMC) in early June and the decision on the Local Capacity Constraints Methodology in early July. Discussions at the Rules Working Group in 2016 and the consultation draft of the CMC published in January 2017 made provision for the likelihood that the necessary functionality required to deliver Secondary Trading couldn't be provided in the systems for go-live. The April 2017 decision to formally defer this functionality to "Day 2", has provided participants with early clarity that this secondary trading will not be available, allowing participants to plan accordingly.
C2	CM relies heavily on approval of the new mechanism from the EU - capacity market is at risk and therefore ISEM could not go live without this. There are considerable delays to the CM related documentation and the code is being developed in the absence of critical decisions.	The dependency on State Aid for the Capacity Market is noted and is being managed by the RAs. Post the Stocktake replanning, CM related documentation is being delivered to plan and is now substantively available. The Capacity Market Code was published for consultation in January 2017, and is currently being finalised for publication as scheduled in June 2017.
C3	Delays in critical decisions such as in forwards, IDM, EUPHEMIA decision and Trading and Settlement Code are putting a number of participants at risk from a commercial and operational perspective. There is a high dependency on the actual market rules as contracts with vendors cannot be renegotiated, redrafted, legally reviewed and signed without reference to complete/finalised market rules.	Every effort has been made to develop a number of codes (ie. T&SC) in public in order to ensure that Participants have timely updates on the progress and insight into what the final codes would look like. An open and transparent process has been employed in both the development of the market design and its translation into the associated market codes, to ensure that as much information is available to participants as early as possible to allow them to advance their I-SEM preparations. Whilst it is accepted that some uncertainty must remain, the Stocktake report concluded that the resulting risk is manageable and the timetable achievable, if challenging. As of today, most major design-related decisions are now known, including the recent conclusion of the Forward & Liquidity 2 Decision and the Intermediaries Decision. The TSC is complete, the CMC has been substantially available for the past four months and will conclude shortly, and a complete draft of the SEMOPx rules is being shared with the BLG in early May. It is therefore believed that participants now have much of the detail required and therefore expected that in future readiness reports the associated clarity will be reflected in their readiness assessments.
C4	There are concerns around the lack of transparency across a number of areas including market system build & testing and in relation to external project dependencies such as IDM interaction with National Grid, EUPHEMIA interaction with PCR and Capacity interaction with State Aid.	The TSOs and RAs have endeavoured to ensure that the I-SEM Project is as transparent as possible - as illustrated by its weekly status reporting against the Level 2 Milestones. Version 5 of the I-SEM Technical Specification will be published in early May, continuing to provide emerging details as soon as available of the system interfaces necessary for participants to build their systems, etc. Updates on system build and testing are reported through the liaison group programme, notably the TLG. Two reports have been published already this year on PCR/EUPHEMIA Testing, with resulting discussion at the BLG and PMG; more are planned. The PMG has been tracking the State Aid Application against the associated Level 2 Milestones, and IDM progress has been reported via the BLG. Whilst it is acknowledged that some decisions or details remain outstanding and that this introduces risk for participants, it is not believed that this is as a result of a lack of transparency, given that information is shared as soon as it becomes available.
C5	A number of participants have raised the issue of the lack of decision made with regards to REFIT and rules concerning PPA novations, which impedes their ability to progress their implementation. Concerns were also raised that the market registration plan/timeline contains no dependencies or references to REFIT or PPA.	Although REFIT is outside the scope of the I-SEM Project, the dependency is noted. As such the RAs remain actively engaged with the DCCAE in seeking clarity on REFIT policy. DCCAE expect to publish a paper shortly which should provide clarity for participants. The PMG is tracking this external dependency and is managing associated risks.
C6	Concerns around the platform for secondary trading being delayed as a day 2 item, could pose issues as the requirement to establish bilateral arrangements could be cumbersome and complex.	Discussions at the Rules Working Group and the consultation draft of the CMC published in January 2017 made provision for the likelihood that the functionality required to deliver Secondary Trading couldn't be provided in the systems for go-live. Participant concerns regarding the need to establish bilateral arrangements are noted, but it is felt that the early decision to defer the secondary trading functionality provides participants with sufficient time to make the necessary alternative arrangements.
C7	Participants have identified risk due to the incompleteness of central market systems. Detailed design are subject to change due to dependency on Central Market systems, the level of completeness of the technical specifications for those systems, and the resulting level of completeness of vendor systems.	Progress continues to be made with the Technical Specification Programme, through which details of interfaces have been made available to Market Participants. The TSOs' I-SEM Project is making considerable progress with the delivery of Central Systems. The Technical Specification (ITS 3.1) Volume E for the Capacity Market was published in Oct 2016 and the ITS 5.0 will be published in early May 2017.
C8	The CMC is still in consultation stage. Therefore there are too many unanswered questions to the CRM structure. This has put the deliverance of the CRM system readiness and registration at risk.	Consultation is best practise for these types of documentation. Every effort has been made to develop a number of codes (ie. CMC) in public in order to ensure that Participants have timely updates on the progress and insight into what the final codes would look like. The finalised code will be published in June 2017 and will address these questions.
C9	While much progress is made in staffing for a number of organisations, participants cannot progress further without the Central Programme's Training Plan. Furthermore, the overall uncertainty of achieving the target Go-Live date means that transition plans are very unsettled and cannot be firmed up at this stage.	The Participant Training Plan will be published by the TSOs' I-SEM Project on the scheduled date of May 31st, 2017 (Milestone #232). This builds upon the Training Approach which was published in February 2017.
C10	There are risks associated with the preparation and execution of the Market Trials as there is a lack of information on the CM Mock Auction. In the absence of critical decisions and a detailed timetable for the transitional auctions for the market, modelling of the market cannot take place in order to participate in the mock auction. There is insufficient time and much uncertainty to undertake this work and therefore is a big concern for participants.	The TSOs have published the updated Market Trial Plan, which includes the CM Mock Auction. A Market Trial Working Group is scheduled to be set up by the end of July 2017 to provide details of the Market Trial. The TSOs' I-SEM Project will look into providing additional information through the Liaison Groups Programme.

Readiness Status by Metric and Participant Category

Financial Transmission Rights Market		Market Participants	ICOs	MDPs	System Operators (incl. CM Delivery Body)	Market Operator (incl. Nemo)	EirGrid/SONI as AoLR
Readiness Per Participant Category		 F1-6,8	 F7				
A	Readiness of Business Strategy, Planning, and Financial Resources	 F3,4,5,8					
B	Readiness of Legal and Contractual Framework: Agreements and Contracts	 F1,3,5					
C	Readiness of Systems	 F3,4,5					
D	Readiness of Business Processes and Procedures	 F3,5					
E	Readiness of People and Organisation	 F3					
F	Readiness of IT infrastructure and Other Facilities	 F3					
G	Registration	 F5					
H	Market Trial/Mock Auction: Preparation	 F2					
I	Market Trial/Mock Auction: Management & Reporting						
J	Market Trial/Mock Auction: Execution	 F2					
K	Deployment of back-end systems to support FTR market	 F6					
L	Deployment and Transition to live: Planning & central market processes and systems						
M	Deployment and Transition to live: Participants	 F3,4,5					

Comments	Actions & Impacts
F1 Some delays from JAO in response to participant queries were raised and the process for registration appears to be quite informal, however there seems to be minimal impact to participants as the process appears to be quite simple.	An update was provided at the March 23rd I-SEM PMG meeting to clarify on JAO registration. The registration process is relatively 'light' and we'd expect the majority of JAO registrations to occur in the second half of 2017. JAO also presented at the East West Interconnector and Moyle Interconnector User Forum on May 3rd, 2017.
F2 Participants have expressed that with no information as yet on the FTR Mock Auction, they cannot proceed with any preparations on a plan for it. Tight timelines pose a risk to the project.	The formal trial auctions are not planned until the start of 2018. Details on the trial and participant test plan were presented at the Interconnector User Forum on May 3rd, 2017, while the activities to publish the test plan as per Milestone #191 by May 19th are on track.
F3 Delays in critical decisions such as in forwards, IDM, EUPHEMIA decision and Trading and Settlement Code are putting a number of participants at risk from a commercial and operational perspective. There is a high dependency on the actual market rules as contracts with vendors cannot be renegotiated, redrafted, legally reviewed and signed without reference to complete/finalised market rules.	All cross-border forward (FTR) market items are proceeding on schedule according to the post-stocktake level 2 plan. RA decisions on Interim Cross-Zonal arrangements are expected at end of July 2017 (Milestone #214), with approval of the Harmonised Allocation Rules (HAR), HAR Annex, regional design of long term transmission rights, and access rules covering I-SEM contingency (Milestone #51) expected in mid-October, 2017. The relevant submissions made to the RAs for approval (Milestone #190) will be available on the EWIC and Moyle websites shortly.
F4 There are concerns around the lack of transparency across a number of areas including market system build & testing and in relation to external project dependencies such as IDM interaction with National Grid, EUPHEMIA interaction with PCR and Capacity interaction with State Aid.	The TSOs and RAs have endeavoured to ensure that the I-SEM Project is as transparent as possible - as illustrated by its weekly status reporting against the Level 2 Milestones. Version 5 of the I-SEM Technical Specification will be published in early May, continuing to provide emerging details as soon as available of the system interfaces necessary for participants to build their systems, etc. Updates on system build and testing are reported through the liaison group programme, notably the TLG. Two reports have been published already this year on PCR/EUPHEMIA Testing, with resulting discussion at the BLG and PMG; more are planned. The PMG has been tracking the State Aid Application against the associated Level 2 Milestones, and IDM progress has been reported via the BLG. Whilst it is acknowledged that some decisions or details remain outstanding and that this introduces risk for participants, it is not believed that this is as a result of a lack of transparency, given that information is shared as soon as it becomes available.
F5 A number of participants have raised the issue of the lack of decision made with regards to REFIT and rules concerning PPA novations, which impedes their ability to progress their implementation. Concerns were also raised that the market registration plan/timeline contains no dependencies or references to REFIT or PPA.	Although REFIT is outside the scope of the I-SEM Project, the dependency is noted. As such the RAs remain actively engaged with the DCCAE in seeking clarity on REFIT policy. DCCAE expect to publish a paper shortly which should provide clarity for participants. The PMG is tracking this external dependency and is managing associated risks.
F6 Participants are unable to fully impact assess infrastructure needs until the detailed design phase of the systems has been completed, this in turn requires more key decisions to be completed providing greater clarity.	It is suggested that a query be raised if any information could help this decision. The ICOs have asked whether any traders intend to use the computer to computer interface rather than the web interface to interact with JAO at the Interconnector Forum on May 3rd, 2017.
F7 Interconnectors are awaiting clarity on the IA role, decision on the first FTR auction and manual workaround for FTR Market Go-Live.	Clarity regarding the need for an Interconnector Administrator is provided via the TSC Decision. RAs continue to engage with the ICOs regarding the FTR auction and any contingency for Go Live.
F8 A number of unknowns still to be clarified on FTR product shapes, Intra Day GB coupling, and Unit trading obligations in order to participants to proceed with their strategies.	All cross-border forward (FTR) market items are proceeding on schedule according to the post-stocktake level 2 plan. RA decisions on Interim Cross-Zonal arrangements are expected at end of July 2017 (Milestone #214), with approval of the Harmonised Allocation Rules (HAR), HAR Annex, regional design of long term transmission rights, and access rules covering I-SEM contingency (Milestone #51) expected in mid-October, 2017. The relevant submissions made to the RAs for approval (Milestone #190) will be available on the EWIC and Moyle websites shortly.