

# Market Readiness Assessment Report 07-06-2017

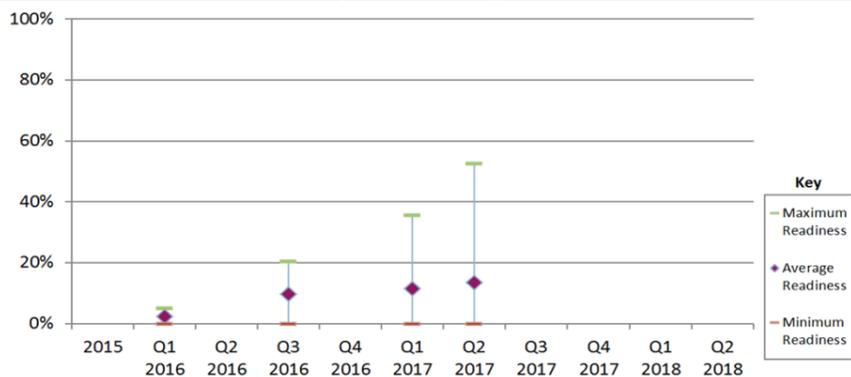
## Comment

Participation in the survey continues to grow, up 18% on the previous month, on an already impressive base which now represents over 99% of participants by market share and is representative of all unit types. This increased participation in the survey reflects the increased engagement of participants more generally in I-SEM, which is being experienced as registration steps-up and parties are making increased preparations for being ready to start Market Trial at the end of this year. In general, the larger Market Participants continue to report a greater state of readiness than smaller Participants - especially in the Day-Ahead and Intraday Markets. However, both large and small participants note that their progress is reportedly at risk for the Capacity Market due to registration uncertainties, pending the REFIT and State Aid decisions. As is always the case in such market establishment programmes, parties are going to have to plan on the basis of imperfect information and make assumptions. One area of concern is a lack of certainty over product types in the Day Ahead Market: The Price Coupling of Regions (PCR) requires that testing be against the version of the EUPHEMIA algorithm which will be operational when I-SEM goes live. The results of the informal testing being completed by the SEMOpx in preparation for the PCR testing next year have highlighted performance issues and flagged concerns over the limitations of both EUPHEMIA and the PCR process. Further testing is underway to provide some certainty over the minimum product set which can be accommodated, whilst a strategy is in development to push for the full set and increase certainty. Finally, it is noted that a number of the concerns expressed by participants relate to a perceived lack of information, but that in many cases that information is not late, but simply not scheduled to be available until later in the programme. Hence, since the survey was completed, a number of concerns highlighted have now been addressed in accordance with the published Plan, including publication of the CMC, publication of the Training Plan, and the launch of the Learning Management System. Further, extensions in registration deadlines have been provided to alleviate pressures on participant on-boarding processes. The identified risks in the MRA Reports will continue to be tracked and managed through the Project Managers' Group.

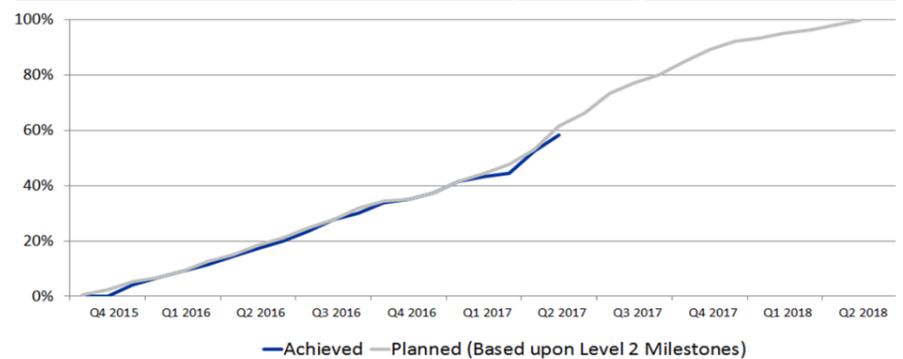
Data Collection Period: 08.05.2017 - 23.05.2017

## 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)	(1-6)	(1-4,8,9)	(1-7)	(1,2,9)
Market Participants (Weighted by Market Share)			(1-7)	
Interconnector Owners	Market / Metric not applicable	Market / Metric not applicable		
Meter Data Providers		Market / Metric not applicable	Market / Metric not applicable	Market / Metric not applicable
System Operators (incl. CM Delivery Body)				
Market Operator (incl. NEMOs)			Market / Metric not applicable	Market / Metric not applicable
Agent of Last Resort (AoLR)	Market / Metric not applicable		Market / Metric not applicable	Market / Metric not applicable
Market Trial: Planning and Decision Making				

\* A change to note in this month's reporting format includes the removal of the Interconnector Owners from both the Balancing Market and Day-Ahead / Intraday Markets as the ICOs have confirmed that they are not directly involved in either markets.

## Readiness of Legal and Contractual Framework: Central Components

Legislation	Licensing	Grid Code	Rules				
			TSC	AoLR	SEMOpx	CMC	HAR

## Notes

Comments	Actions & Impacts
1) There are risks identified with IDM interaction with National Grid and EUPHEMIA interaction with PCR that may affect participant project plans.	While there is an external dependency related to National Grid, the I-SEM project has regular meetings with National Grid to discuss their readiness to feed into the cross border auctions. These meetings have identified no current issues with National Grid's readiness or development. There is an external dependency on the project in relation to the PCR and risks associated with their testing process. However, SEMOpx has been working through a risk mitigation strategy to help with this risk. In our latest testing report published on the 31/05/2017, SEMOpx has committed to developing a revised strategy to more appropriately mitigate the risks which have arisen in this testing process.
2) Participants have stated that their internal Market Trial and CM and FTR Mock Auctions preparations cannot be further developed until a detailed Market Trial Plan with trial scenarios and data and details of the Mock Auctions are published.	The TSOs will be publishing a Terms of Reference in June 2017 with a view to establish a Market Trial Working Group in July 2017. This group will review a detailed plan, trial scenarios and details of the Mock Auctions.

Comments	Actions & Impacts
<p>3) A number of participants have raised risks in their readiness of systems due to 3rd party vendor timeline constraints. There are concerns regarding the contingency arrangements for market non-performance and vendor non-performance. Participants continue to stress the difficulty in securing 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).</p>	<p>The Project Managers' Group is tracking the risk of system vendor non-delivery - for both participants and the central programme. A limited amount of contingency was included within the central market systems testing schedule when the plans were re-baselined, which should help to mitigate the risk identified. However, as with all major IT developments, the risk of vendor non-performance remains real and therefore the TSOs are actively managing each of their 10+ vendors to ensure that the TSOs have the necessary situational awareness to identify any issues in system delivery at the earliest opportunity and effect any necessary corrective actions. Furthermore, with the majority of the core market systems now in testing, any quality issues should start to become evident. With regard to technical requirements, the TSOs continue to provide details as soon as they become available; Version 5 of the I-SEM Technical Publication was most recently published (May 2017) following a series of releases of this document since its first publication in July 2016. That content is now mostly substantially complete, and details of the Participant Toolkit are now also available. Furthermore, the first release of the Data Publication Guide was also recently published. Any issues which participants are facing should be flagged at the Technical Liaison Group.</p>
<p>4) A number of participants continue to express concerns over timeline constraints for Registration including submissions of the Form of Authority and Framework Agreement and the volume of registration information and tasks are demanding on resources in the KYC submission process. There is also some uncertainty around what type of assets participants should be registering for and determining which market the smaller participants will participate in, in the absence of the finalised REFIT rules. Delay in the final REFIT decision is still a concern for a number of participants as their business strategy, systems implementation and resourcing planning are delayed without further information around rules of PPA novations.</p>	<p>On Thursday 25th of May, the TSOs' I-SEM Project facilitated a conference call between participants, I-SEM project managers and the TSOs' I-SEM registration team. This call followed the publication of the REFIT option paper published on May 23rd (<a href="http://www.dccae.gov.ie/en-ie/energy/topics/Renewable-Energy/electricity/renewable-electricity-supports/Pages/Renewable-Electricity-Supports.aspx">http://www.dccae.gov.ie/en-ie/energy/topics/Renewable-Energy/electricity/renewable-electricity-supports/Pages/Renewable-Electricity-Supports.aspx</a>). The purpose of the call was to give participants an opportunity to outline their concerns with regard to registering for I-SEM without a REFIT decision. Following this call a number of follow up actions / events took place.</p> <ol style="list-style-type: none"> <li>1. The CMC published on June 2nd outlined that variable generators do not have to accede to the CMC or register or qualify if they don't want to be in the capacity auction.</li> <li>2. An update in response to participant feedback on the REFIT paper and updates to the Capacity Market will be provided at the PMG on June 7th.</li> <li>3. The lack of a REFIT decision has been escalated by senior managers, however it is recommended that participants outline their concerns to the DCCAE directly. (<a href="mailto:Renewableenergy.info@dccae.gov.ie">Renewableenergy.info@dccae.gov.ie</a> T: 016782950)</li> </ol> <p>In regards to the KYC submission process, an amendment to the timelines has been made. Confirmation of the clearing member/settlement bank is now not required until 7th February 2018. It is expected this extension will provide sufficient time for participants to complete the on-boarding process.</p> <p>REFIT is outside of the project scope however we recognise that there is a significant impact on participants. To help participants progress their registrations, the TSOs' I-SEM registration team will hold an information session aimed at small participants towards the end of June 2017 (dates TBC). A document for small participants will also be published over the coming weeks.</p>
<p>5) The potential need for "day 2 actions" for the differences between the T&amp;SC and the vendor product was discussed at the last PMG. Participants raised that these differences need to be discussed as early as possible so that they can assess their impacts on their own system readiness.</p>	<p>This risk is being tracked at the Project Managers' Group. It arises primarily due to the system requirements being finalised last year in advance of the various codes being finalised this year. The assumptions taken last year would appear to be largely good, limiting the potential for differences. Where any are identified, changes are being progressed as a matter of urgency via the formal change control process. However, the risk remains that where changes cannot be delivered to meet Project timelines, such that some functionality may need to be deferred until Day 2 or modified by the applicable change/modifications process. There are currently no such issues identified; if and when any issues are identified they will be progressed in accordance with the appropriate process - be that the Day 2 Process, Change Request Process, or Code specific Modifications Process - giving participants as early a view as possible.</p>
<p>6) The significant number of consultations has delayed participants' progress in disseminating the recent T&amp;SC and CM parameters decision and including them in their business processes. Market participants are still awaiting final market rules and decisions in order to finalise their own strategies, processes and procedures.</p>	<p>The schedule of consultation and decision documents is necessary to support the development of the market arrangements. Any changes to the programme will be communicated via the PMG and change control process. However, it is important that participants consider their resource requirements as the programme enters the period leading to go-live and plan accordingly.</p>
<p>7) Some participants have highlighted their concerns regarding the risk that State Aid clearance may not be given, following the recent DG comp investigation into the Capacity reserve in Germany and that it is unclear at this point how all units will interact with the Capacity Market.</p>	<p>This is a matter for the Member States. The TSOs' I-SEM Project is not in a position to comment on the State Aid processes, however any updates on State Aid Approval will be provided via PMG as the engagement with DG Comp continues.</p>
<p>8) Some participants have raised questions around whether NordPool be given access to the market in adequate time to allow participants to review system options.</p>	<p>The timing of the request from NordPool to be a NEMO was determined by NordPool; from there, the RAs have triggered the process for multi-NEMO arrangements outlined in CACM, requesting a technical assessment to be submitted by the TSOs. Once submitted, the RAs will have six months (as outlined in CACM) to assess the technical assessment; further detail may then be required from NordPool - potentially extending the timeline. The approval process can take some time - as per the examples of Great Britain (where the multi-NEMO arrangements proposal took one year to be approved without counting the implementation phase) and France (where the multi-NEMO arrangements proposal took 18 months to be approved without counting implementation). Once the technical assessment is approved by the RAs, an implementation phase will be triggered; the timeline depends on the design of the market - e.g. what type of cross-zonal arrangements and intra-SEM arrangements have to be put in place, are there any that already exist, or do they have to be developed from scratch, etc.</p>
<p>9) Participants stress that they are unable to fully define trading strategy without detailed FTR product information and due to lack of information on in zone forwards and liquidity which affects cross border forwards. It is not clear whether a sufficient or suitable for purpose forwards market will be in place prior to and during ISEM go-live. Further information is also required on price formulation within the DA and IDM markets in ISEM and it may not be possible to properly define a trading strategy without operational information - or at least until after the market trial has taken place.</p>	<p>Regarding FTRs: the Harmonised Allocation Rules (HAR), SEM-GB HAR Annex, and regional design of long-term transmission rights proposals as submitted to the RAs for approval have been published here: <a href="http://www.eirgridgroup.com/library">http://www.eirgridgroup.com/library</a>. A summary of what is expected in the 'FTR Auction - Trading Information Update' to be published at the end of October 2017 was also presented at the Interconnector User Forum (Slides - no. 158: <a href="http://www.mutual-energy.com/wp-content/uploads/downloads/2017/05/170503-IC-User-Forum-for-publication.pdf">http://www.mutual-energy.com/wp-content/uploads/downloads/2017/05/170503-IC-User-Forum-for-publication.pdf</a>).</p>

## 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        |  51-75% of work complete                                  |
|  0-25% of work complete  |  76-99% of work complete                                  |
|  26-50% 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 (incl. CM Delivery Body)	Market Operator (incl. Nemo)	EirGrid/SONI as AoLR
<b>Readiness Per Participant Category</b>							
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: Preparation						
I	Market Trial: Management & Reporting						
J	Market Trial: 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
B1	Clarification is needed on FTRs, Universal Master Trading Agreements and if there will be GB Coupling of the Intra Day Auctions. Participants have stated that the delay of the Intra-day regional coupling framework agreement (i.e.. the possible move of the 15:30 IDA1 to 19:00) is causing significant problems with staffing proposals.	FTRs are outside of the scope of the TSOs' I-SEM Project. Details in this regard are being worked out by the ICOs and their service provider JAO. The risk associated with GB coupling and impacts to participants are noted, however there will be GB coupling of the ID Auctions. SEMOPx is continuing work to agree a regional coupling framework and is representing the views of their stakeholders in these discussions.
B2	Some participants have raised questions around whether Nord Pool be given access to the market in adequate time to allow participants to review system options.	The timing of the request from NordPool to be a NEMO was determined by Nord Pool; from there, the RAs have triggered the process for multi-NEMO arrangements outlined in CACM, requesting a technical assessment to be submitted by the TSOs. Once submitted, the RAs will have six months (as outlined in CACM) to assess the technical assessment; further detail may then be required from NordPool - potentially extending the timeline. The approval process can take some time - as per the examples of Great Britain (where the multi-NEMO arrangements proposal took one year to be approved without counting the implementation phase) and France (where the multi-NEMO arrangements proposal took 18 months to be approved without counting implementation). Once the technical assessment is approved by the RAs, an implementation phase will be triggered; the timeline depends on the design of the market – e.g. what type of cross-zonal arrangements and intra-SEM arrangements have to be put in place, are there any that already exist, or do they have to be developed from scratch, etc.
B3	There still remains uncertainty in some areas of the business, i.e. the operation of non-dispatchable priority dispatch units is being put on hold until a decision has been published on how they will interact in I-SEM. In addition, there remains uncertainty in relation to the bidding arrangement in the BM. There are also concerns regarding the SO flagging for binding constraints and its ambiguous nature and this raises a risk in participants' project plans.	Bidding arrangements are covered under the Bidding Code of Practice which is managed by the RAs. They recently held a consultation on this which closed in early May and the details are on their website here - <a href="https://www.semcommittee.com/news-centre/i-sem-balancing-market-principles-code-practice-consultation-paper">https://www.semcommittee.com/news-centre/i-sem-balancing-market-principles-code-practice-consultation-paper</a> . The decision on this is due in July and is milestone no. 152 on the project plan. In regards to SO flagging, the TSOs published the "Draft Methodology for Determining System Operator and Non-Marginal Flags" as part of its consultation on the Balancing Market Principles Statement which concluded last week. The TSOs are currently working through participants' comments on this, and are scheduled to publish the finalised version of this in November 2017, ahead of the start of Market Trial.
B4	Some participants have stated again that their business readiness, from both a commercial and operational perspective remains 'at risk' at this point due to timelines and outstanding critical decisions e.g. IDMs and EUPHEMIA decision. Some smaller participants have pointed out that the very limited certainty on availability and/or suitability of forwards in ISEM creates risks to trading strategy and planning.	Participants are being kept updated on the progress of both the Day-Ahead and intraday regional coupling arrangements. A decision on the timings of auctions for the IDM is expected in early June; it is acknowledged that more certainty is required regarding the DAM product types. Access to EUPHEMIA - the day-ahead pricing algorithm in use throughout Europe to perform day-ahead market coupling - is determined by the Price Coupling of Regions (PCR), who require SEMOPx to complete its tests to show that the impact of adding our new market is acceptable. However, as the PCR requires that the tests are conducted against the version of EUPHEMIA which will be current when the I-SEM is due to go-live, it will not be possible for the PCR to undertake and conclude its testing until next year. This understandably creates a period of uncertainty and an issue of confidence for participants as to whether their requirements will be able to be accommodated in EUPHEMIA. To help mitigate this risk, SEMOPx is undertaking some early tests of its own against the current version of EUPHEMIA to gain the necessary insight and understanding prior to formal PCR testing commencing. Those results are published in a series of regular reports, discussed at the BLG and PMG, and are triggering actions to facilitate a successful outcome in the eventual PCR testing process. Recent testing has highlighted performance issues and flagged concerns over the limitations of both EUPHEMIA and the PCR process; further testing is underway to provide some certainty over the minimum product set which can be accommodated, whilst a strategy is in development to push for our full set of requirements to be fulfilled.

Comments		Actions & Impacts
B5	Participants still have quality assurance concerns given the scale, novelty and complexity of the market design that is being delivered within current timelines. Smaller organisations have expressed that resourcing remains a major risk to their ISEM implementation especially given the complexity of new market design vs. current systems.	The concerns are noted. Whilst the RAs and TSOs are doing everything practicable to facilitate understanding and reduce the risks associated with complexity of the approved market design and detailed rules, ultimately this risk is one for each party to manage. A planned programme of training and ongoing engagement via the TLG on system specifications, should help understanding and hopefully allow participants to progress. Further, it is noted that there are a number of vendors with product offerings and consultants offering advice.
B6	Some participants have stated that there is a fundamental inconsistency between the current I-SEM registration deadlines and the lack of clarity regarding REFIT and rules concerning PPA novations. The market registration plan/timeline contains no dependencies or references to REFIT or PPA novations and mandates decisions with respect to trading intermediaries be made in advance of this information becoming available. Some participants are very concerned over the time allowed between REFIT determination and time for the Capacity Market registration should agreements or contracts need to be agreed with third parties.	On Thursday 25th of May, the TSOs' I-SEM Project facilitated a conference call between participants, I-SEM project managers and the TSOs' I-SEM registration team. This call followed the publication of the REFIT option paper published on May 23rd. The purpose of the call was to give participants an opportunity to outline their concerns with regard to registering for I-SEM without a REFIT decision. Following this call a number of follow up actions / events took place.  1. The CMC published on June 2nd outlined that variable generators do not have to accede to the CMC or register or qualify if they don't want to be in the capacity auction. 2. An update in response to participant feedback on the REFIT paper and updates to the Capacity Market will be provided at the PMG on June 7th. 3. The lack of a REFIT decision has been escalated by senior managers, however it is recommended that participants outline their concerns to the DCCAE directly. (Renewableenergy.info@dcae.gov.ie T: 016782950)  REFIT is outside of the project scope however we recognise that there is a significant impact on participants. To help participants progress their registrations, the TSOs' I-SEM registration team will hold an information session aimed at small participants towards the end of June 2017 (dates TBC). A document for small participants will also be published over the coming weeks.
B7	Participants noted with respect to the central components' readiness of legal and contractual framework, that the affected licensees have not yet been identified and cannot see clear milestones for their identification. Other concerns include little visibility of Grid Code changes, which are not being done through a central programme and there is uncertainty whether participants will be able to interact with the TSO systems and processes for dispatch and scheduling purposes.	It is unclear how this collection of concerns is affecting participant readiness; the TSOs are seeking clarity from these participants to gain an understanding of the concerns expressed and how those concerns of a perceived lack of transparency are impacting on participant readiness. With regard to the Grid Code, it is untrue to say that there is limited visibility; the changes are being introduced and managed via the long-established modifications process under each of the Grid Codes, as is appropriate. This includes public consultation prior to the proposals being put to each of the Grid Code Review Panels for consideration, who then recommend those Modification proposals to the Regulatory Authorities for approval. The latest details can be found here: <a href="https://eirgrid.app.box.com/s/edrcnjv21wazyaczf3rku5avxd8p3tq/1/23758856296">https://eirgrid.app.box.com/s/edrcnjv21wazyaczf3rku5avxd8p3tq/1/23758856296</a> . The TSOs have recently consulted on a draft Balancing Market Principles Statement (BMPS), which provides a guide to Scheduling and Dispatch under the I-SEM. The objective of the BMPS is to set out in a clear and comprehensible manner the data inputs into the scheduling and dispatch process, and the methodologies and processes used by the TSOs when scheduling and dispatching the system.
B8	A number of participants have stated again that their top programme risk is the delivery and testing of Market Solution in time for Market Trial. Until there is full clarity on central market systems, testing within the programme is also marked as 'At Risk' in advance of Market Trials. It has been stated that the absence of a working example of the I-SEM system design & interface and practical working examples of online trade scenarios creates uncertainty on how participants should interface with proposed systems.	As in any market establishment project, the delivery and testing of the central market systems will typically define the critical path in the lead-up to the Market Trial. That is true of I-SEM, and it is only right that the risk of vendor non-performance is highlighted and actively managed. If systems are not adequately developed and satisfactorily tested to a level necessary to start the Market Trial, then it is likely that the Market Trial entry criteria will not be satisfied and the commencement of the Market Trial would be delayed. However, it is unclear how this risk regarding delivery of the central market systems translates into being the top risk for any participant in its readiness preparations, other than there being a risk that the scheduled date for Market Trial may slip and in that event, it may impose costs on all parties. The interfaces to the central market systems are detailed in the I-SEM Technical Specification, which is now in its fifth version having been progressively updated since it was first released in July 2016, as more content becomes available.
B9	At the last PMG, the potential need for "day 2 actions" for the differences between the T&SC and the vendor product was discussed. These differences need to be discussed with market participants as early as possible so that participants can assess their impacts on their own system readiness.	This risk is being tracked at the Project Managers' Group. It arises primarily due to the system requirements being finalised last year in advance of the various codes being finalised this year. The assumptions taken last year would appear to be largely good, limiting the potential for differences. Where any are identified, changes are being progressed as a matter of urgency via the formal change control process. However, the risk remains that where changes cannot be delivered to meet Project timelines, such that some functionality may need to be deferred until Day 2 or modified by the applicable change/modifications process. There are currently no such issues identified; if and when any issues are identified they will be progressed in accordance with the appropriate process - be that the Day 2 Process, Change Request Process, or Code specific Modifications Process - giving participants as early a view as possible.
B10	As stated in the PMG and TLG, the functionality of the type 2 interface is still a risk for some participants.	A number of risks have been noted with the Type 2 functionality at the TLGs and have now been addressed. The TLG minutes can be found on the I-SEM Website ( <a href="http://www.sem-o.com/ISEM/Pages/Publications.aspx?documentarchivestatus=Active">http://www.sem-o.com/ISEM/Pages/Publications.aspx?documentarchivestatus=Active</a> ) which will provide further information.
B11	A number of participants have raised risks in their readiness of systems due to 3rd party vendor timeline constraints. There are concerns regarding the contingency arrangements for market non-performance and vendor non-performance.	The Project Managers' Group is tracking the risk of system vendor non-delivery - for both participants and the central programme. A limited amount of contingency was included within the central market systems testing schedule when the plans were re-baselined, which should help to mitigate the risk identified. However, as with all major IT developments, the risk of vendor non-performance remains real and therefore the TSOs are actively managing each of their 10+ vendors to ensure that the TSOs have the necessary situational awareness to identify any issues in system delivery at the earliest opportunity and effect any necessary corrective actions. Furthermore, with the majority of the core market systems now in testing, any quality issues should start to become evident.
B12	While much progress has been made in staffing for the new markets, some participants continue to raise a risk in resource planning as they await the publication of the Central Programme's Training Plan and expect a large amount of 'on the job' and 'learn it as you go' training given newness of market.	The Participant Training Plan was published on the 31st of May, 2017. This plan, in conjunction with the Training Approach published in February 2017, provides details on Self-Learning and Instructor Led Training. The I-SEM Training Curriculum is intended to provide participants with the knowledge to supplement their own 'on the job' and 'learn it as you go' training within their respective organisations. The Learning Management System went live on the 1st of June and is available to participants.
B13	The significant number of consultations has delayed participants' progress in disseminating the recent T&SC and CM parameters decision and including them in their business processes. Market participants are still awaiting final market rules and decisions in order to finalise their own strategies, processes and procedures.	The schedule of consultation and decision documents is necessary to support the development of the market arrangements. Any changes to the programme will be communicated via the PMG and change control process. However, it is important that participants consider their resource requirements as the programme enters the period leading to go-live.
B14	Participants have stated that their internal Market Trial preparations cannot be further developed until a detailed Market Trial Plan with trial scenarios and data is published.	The TSOs will be publishing a Terms of Reference in June 2017 with a view to establish a Market Trial Working Group in July 2017. This group will review a detailed plan, trial scenarios and details of the Mock Auctions.
B15	A number of participants continue to express concerns over timeline constraints for Registration including submissions of the Form of Authority and Framework Agreement.	Revised timelines are being assessed currently by the TSOs' I-SEM Project. An update will be provided at the PMG on the 7th of June, 2017.
B16	Some issues with vendor being worked through, one of the three core build components has slipped; recovery plan agreed with vendor and being implemented.	Testing of the market management system is proceeding to plan, with the exception of a single module, which has fallen behind in Factory Acceptance Testing due to build issues. A replanning exercise is therefore currently being progressed, with the objective of maintaining critical path timelines. This presents an opportunity to implement a limited number of changes to that module (via the formal Change Process), whilst it is being fixed and prior to testing being completed. These changes are deemed essential, being required to align the systems with the finalised market design/rules and necessary given that these systems were originally specified before the market rules were substantially drafted.

Readiness Status by Metric and Participant Category

Day-Ahead & Intraday Markets		Market Participants	ICOs	MDPs	System Operators (incl. CM Delivery Body)	Market Operator (incl. Nemo)	EirGrid/SONI as AoLR
<b>Readiness Per Participant Category</b>							
A	Readiness of Business Strategy, Planning, and Financial Resources	D1-7,9					
B	Readiness of Legal and Contractual Framework: Agreements and Contracts	D4-6			D14		
C	Readiness of Systems	D4-6,8,11					D17
D	Readiness of Business Processes and Procedures	D4-6					
E	Readiness of People and Organisation	D12					
F	Readiness of IT infrastructure and Other Facilities	D4-7			D15		
G	Registration	D6,10				D16	
H	Market Trial: Preparation	D6,13					
I	Market Trial: Management & Reporting						
J	Market Trial: Execution	D6,13					
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	D6					

Comments		Actions & Impacts
D1	Clarification is needed on FTRs, Universal Master Trading Agreements, round-the-clock liquidity and if there will be GB Coupling of the Intra Day Auctions. Participants have stated that the delay of the Intra-day regional coupling framework agreement (i.e. the possible move of the 15:30 IDA1 to 19:00) is causing significant problems with staffing proposals.	FTRs are outside of the scope of the TSOs' I-SEM Project. Details in this regard are being worked out by the ICOs and their service provider JAO. The risk associated with GB coupling and impacts to participants are noted. SEMOpx is continuing work to agree a regional coupling framework and is representing the views of their stakeholders in these discussions.
D2	Some participants have raised questions around whether Nord Pool be given access to the market in adequate time to allow participants to review system options.	The timing of the request from NordPool to be a NEMO was determined by Nord Pool; from there, the RAs have triggered the process for multi-NEMO arrangements outlined in CACM, requesting a technical assessment to be submitted by the TSOs. Once submitted, the RAs will have six months (as outlined in CACM) to assess the technical assessment; further detail may then be required from NordPool - potentially extending the timeline. The approval process can take some time - as per the examples of Great Britain (where the multi-NEMO arrangements proposal took one year to be approved without counting the implementation phase) and France (where the multi-NEMO arrangements proposal took 18 months to be approved without counting implementation). Once the technical assessment is approved by the RAs, an implementation phase will be triggered; the timeline depends on the design of the market - e.g. what type of cross-zonal arrangements and intra-SEM arrangements have to be put in place, are there any that already exist, or do they have to be developed from scratch, etc.
D3	There still remains uncertainty in some areas of the business, i.e. the operation of non-dispatchable priority dispatch units is being put on hold until a decision has been published on how they will interact in I-SEM. Participants also highlighted that their strategies are at risk owing to outstanding decision on DA Market products and the recent issues emerging following EUPHEMIA testing, which may call for changes to product offerings. The flux in the number and type of IDA's is a concern and places participants' project plans at risk.	The TSOs have committed to producing a revised strategy for dealing with the risks associated with the DAM product testing in our updated testing progress report published on 31st of May. This strategy will look to mitigate the risks given the challenges which have emerged as a result of the testing.  For IDA, the TSOs are continuing work to finalise these arrangements but due to the nature of the markets being coupled agreement must be secured at a regional level. SEMOpx are working to represent the views of the stakeholders in these discussions.
D4	Some participants have stated again that their business readiness, from both a commercial and operational perspective remains 'at risk' at this point due to timelines and outstanding critical decisions e.g. IDMs and EUPHEMIA decision. Some smaller participants have pointed out that the very limited certainty on availability and/or suitability of forwards in ISEM creates risks to trading strategy and planning.	Participants are being kept updated on the progress of both the Day-Ahead and intraday regional coupling arrangements. A decision on the timings of auctions for the IDM is expected in early June; it is acknowledged that more certainty is required regarding the DAM product types. Access to EUPHEMIA - the day-ahead pricing algorithm in use throughout Europe to perform day-ahead market coupling - is determined by the Price Coupling of Regions (PCR), who require SEMOpx to complete its tests to show that the impact of adding our new market is acceptable. However, as the PCR requires that the tests are conducted against the version of EUPHEMIA which will be current when the I-SEM is due to go-live, it will not be possible for the PCR to undertake and conclude its testing until next year. This understandably creates a period of uncertainty and an issue of confidence for participants as to whether their requirements will be able to be accommodated in EUPHEMIA. To help mitigate this risk, SEMOpx is undertaking some early tests of its own against the current version of EUPHEMIA to gain the necessary insight and understanding prior to formal PCR testing commencing. Those results are published in a series of regular reports, discussed at the BLG and PMG, and are triggering actions to facilitate a successful outcome in the eventual PCR testing process. Recent testing has highlighted performance issues and flagged concerns over the limitations of both EUPHEMIA and the PCR process; further testing is underway to provide some certainty over the minimum product set which can be accommodated, whilst a strategy is in development to push for our full set of requirements to be fulfilled.

Comments		Actions & Impacts
D5	Participants still have quality assurance concerns given the scale, novelty and complexity of the market design that is being delivered within current timelines. Smaller organisations have expressed that resourcing remains a major risk to their ISEM implementation especially given the complexity of new market design vs. current systems.	The concerns are noted. Whilst the RAs and TSOs are doing everything practicable to facilitate understanding and reduce the risks associated with complexity of the approved market design and detailed rules, ultimately this risk is one for each party to manage. A planned programme of training and ongoing engagement via the TLG on system specifications, should help understanding and hopefully allow participants to progress. Further, it is noted that there are a number of vendors with product offerings and consultants offering advice.
D6	Some participants have stated that there is a fundamental inconsistency between the current I-SEM registration deadlines and the lack of clarity regarding REFIT and rules concerning PPA novations. The market registration plan/timeline contains no dependencies or references to REFIT or PPA novations and mandates decisions with respect to trading intermediaries be made in advance of this information becoming available. Some participants are very concerned over the time allowed between REFIT determination and time for the Capacity Market registration should agreements or contracts need to be agreed with third parties.	On Thursday 25th of May, the TSOs' I-SEM Project facilitated a conference call between participants, I-SEM project managers and the TSOs' I-SEM registration team. This call followed the publication of the REFIT option paper published on May 23rd. The purpose of the call was to give participants an opportunity to outline their concerns with regard to registering for I-SEM without a REFIT decision. Following this call a number of follow up actions / events took place.  1. The CMC published on June 2nd outlined that variable generators do not have to accede to the CMC or register or qualify if they don't want to be in the capacity auction. 2. An update in response to participant feedback on the REFIT paper and updates to the Capacity Market will be provided at the PMG on June 7th. 3. The lack of a REFIT decision has been escalated by senior managers, however it is recommended that participants outline their concerns to the DCCAE directly. (Renewableenergy.info@dccae.gov.ie T: 016782950)  REFIT is outside of the project scope however we recognise that there is a significant impact on participants. To help participants progress their registrations, the TSOs' I-SEM registration team will hold an information session aimed at small participants towards the end of June 2017 (dates TBC). A document for small participants will also be published over the coming weeks.
D7	Risks have been raised as some participants are awaiting the decision outcome on whether simple, block or complex orders will be allowed on intraday auctions and their strategies are dependent on the Intraday market design including auction timings and allowed Euphemia bid types and limits. Some participants are worried that the potential delay in defining the DAM products and the lack of clarity on the products and limits poses a risk on their readiness of systems and IT infrastructure.	The products which will be offered in the Intraday Auction Market are to be decided by the I-SEM Joint Project Board. This is expected at the next meeting of this board. The TSOs' I-SEM Project Team will then work to implement this decision. However, the challenges being faced in the DAM product testing will also be relevant here. The revised strategy for mitigating the risks associated with the DAM testing will also address the impact to the intraday auctions.
D8	A number of participants have stated again that their top programme risk is the delivery and testing of Market Solution in time for Market Trials. Until there is full clarity on central market systems, testing within the programme is also marked as 'At Risk' in advance of Market Trials.	As in any market establishment project, the delivery and testing of the central market systems will typically define the critical path in the lead-up to the Market Trial. That is true of I-SEM, and it is only right that the risk of vendor non-performance is highlighted and actively managed. If systems are not adequately developed and satisfactorily tested to a level necessary to start the Market Trial, then it is likely that the Market Trial entry criteria will not be satisfied and the commencement of the Market Trial would be delayed. However, it is unclear how this risk regarding delivery of the central market systems translates into being the top risk for any participant in its readiness preparations, other than there being a risk that the scheduled date for Market Trial may slip and in that event, it may impose costs on all parties. The interfaces to the central market systems are detailed in the I-SEM Technical Specification, which is now in its fifth version having been progressively updated since it was first released in July 2016, as more content becomes available.
D9	Work is underway to identify clearing banks, however an imminent decision on the approach to clearing is a risk to participants.	Updates relating to clearing banks and SEMOpX registration are provided through the NEMO BLG meetings. Most recently, we have confirmed a change to the arrangements for registering a bank with ECC. This has extended the deadline for these confirmations to February 2018 in an attempt to lower the risks of the appropriate arrangements of participants which cannot be put in place in time. Further updates will be provided as required at future BLGs.
D10	Participants stress that the KYC and onboarding process continues to be time consuming for those who do not have existing relationships with any of the clearing or settlement members. The volume of registration information and tasks are demanding on resources, however the extension of the NCM agreement deadline to the 7th of Feb, 2018 has elevated some of the risk.	An amendment to the timelines has been made. Confirmation of the clearing member/settlement bank is now not required until 7th February 2018. It is expected this extension will provide sufficient time for participants to complete the on-boarding process.
D11	Participants have raised risks in their readiness of systems due to 3rd party vendor timeline constraints and continue to stress the difficulty in securing 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).	With regard to technical requirements, the TSOs continue to provide details as soon as they become available; Version 5 of the I-SEM Technical Publication was most recently published (May 2017) following a series of releases of this document since its first publication in July 2016. That content is now mostly substantially complete, and details of the Participant Toolkit are now also available. Furthermore, the first release of the Data Publication Guide was also recently published. Any issues which participants are facing should be flagged at the Technical Liaison Group.
D12	While much progress has been made in staffing for the new markets, some participants continue to raise a risk in resource planning as they await the publication of the Central Programme's Training Plan and expect a large amount of 'on the job' and 'learn it as you go' training given newness of market.	The Participant Training Plan was published on the 31st of May, 2017. This plan, in conjunction with the Training Approach published in February 2017, provides details on Self-Learning and Instructor Led Training. The I-SEM Training Curriculum is intended to provide participants with the knowledge to supplement their own 'on the job' and 'learn it as you go' training within their respective organisations. The Learning Management System went live on the 1st of June and is available to participants.
D13	Participants have stated that their internal Market Trial preparations cannot be further developed until a detailed Market Trial Plan with trial scenarios and data is published.	The TSOs will be publishing a Terms of Reference in June 2017 with a view to establish a Market Trial Working Group in July 2017. This group will review a detailed plan and trial scenarios beginning in Aug 2017.
D14	Risk due to slippage of Milestones #210 - DA Regional Coupling Framework Agreement, #211 - ID Regional Coupling Framework Agreement and potentially #213 - RA Approved ID Regional Coupling Framework Agreement.	The amber status reflects the current slippage in these milestones; however, for each of these milestones there is now a clear route forward, with all but #213 now expected to be complete by 9 June 2017, and Milestone #213 will itself be complete by 7 July. Given that the work has continued in the absence of these agreements being finalised, once Milestones #210, #211, and #212 are complete, TSOs state of readiness will therefore move back to green.
D15	A small number of specific technical issues are creating some challenges on our Infrastructure delivery plans. Short term fixes are being implemented but the lack of a longer term solution is a concern.	Issue has since been resolved.
D16	SEMOpX forms are currently due back in August 2017. KYC forms are slow to come back due to hesitation on REFIT decision.	An amendment to the timelines has been made. Confirmation of the clearing member/settlement bank is now not required until 7th February 2018. It is expected this extension will provide sufficient time for participants to complete the on-boarding process.
D17	Viable option identified for AoLR to meet overall I-SEM Project timelines, but risk remains amber until vendor is appointed.	This has been shown as being at risk (amber) to recognise that the vendor has yet to be appointed. However, discussions with the vendor are well advanced and a contract is now ready to sign. The delivery timelines meet the overall Project timeline and the core product is already well developed; hence, the delivery risk is assessed as being low. We would expect the status to move to green in the coming weeks.

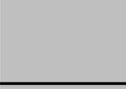
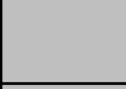
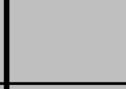
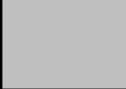
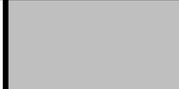
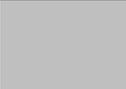
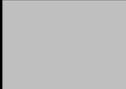
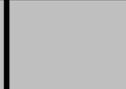
## Readiness Status by Metric and Participant Category

Capacity Market		Market Participants	ICOs	MDPs	System Operators (incl. CM Delivery Body)	Market Operator (incl. Nemo)	EirGrid/SONI as AoLR
<b>Readiness Per Participant Category</b>		 C1-9					
A	Readiness of Business Strategy, Planning, and Financial Resources	 C2-6					
B	Readiness of Legal and Contractual Framework: Agreements and Contracts	 C4-6					
C	Readiness of Systems	 C2,4-6,8					
D	Readiness of Business Processes and Procedures	 C4-6					
E	Readiness of People and Organisation	 C7	✓				
F	Readiness of IT infrastructure and Other Facilities	 C4-6					
G	Registration	 C1,2,6					
H	Market Trial/Mock Auction: Preparation	 C6,9					
I	Market Trial/Mock Auction: Management & Reporting						
J	Market Trial/Mock Auction: Execution	 C6,9					
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	 C6,9					

Comments	Actions & Impacts
C1 A number of participants continue to express concerns over timeline constraints for Registration. There is also some uncertainty around what type of assets participants should be registering for and determining which market the smaller participants will participate in, in the absence of the finalised REFIT rules.	The CMC published on the 2nd of June outlined that variable generators do not have to accede to the CMC or register or qualify if they don't want to be in the capacity auction.  The TSOs' I-SEM Project Team has taken an action to develop a guide for smaller participants to outline the market fundamentals in layman's terms, making it easier to decipher the information. An information session will also held specifically for small participants. Dates for the workshop and document publication TBC.
C2 Participants have raised that many decisions are still outstanding with the Capacity Market, particularly the locational constraints issue, are causing difficulty in progressing with a definitive strategy, progression with registration and delivery of systems. Consultation of the Capacity Market Code is still incomplete. Another risk raised in relation to secondary trading requires review of participant strategies.	It is expected that the Capacity Market Code and the Locational Capacity Constraints decisions will be issued by the SEM Committee in June 2017. An interim secondary trading process will be in place for the first year and it is expected that the enduring process will be implemented in 2018.
C3 Some participants have highlighted their concerns regarding the risk that State Aid clearance may not be given, following the recent DG comp investigation into the Capacity reserve in Germany and that it is unclear at this point how all units will interact with the Capacity Market.	This is a matter for the Member States. The TSOs' I-SEM Project is not in a position to comment on the State Aid processes, however any updates on State Aid Approval will be provided via PMG as the engagement with DG Comp continues.

Comments		Actions & Impacts
C4	Some participants have stated again that their business readiness, from both a commercial and operational perspective remains 'at risk' at this point due to timelines and outstanding critical decisions e.g. IDMs and EUPHEMIA decision. Some smaller participants have pointed out that the very limited certainty on availability and/or suitability of forwards in ISEM creates risks to trading strategy and planning.	Participants are being kept updated on the progress of both the Day-Ahead and intraday regional coupling arrangements. A decision on the timings of auctions for the IDM is expected in early June; it is acknowledged that more certainty is required regarding the DAM product types. Access to EUPHEMIA - the day-ahead pricing algorithm in use throughout Europe to perform day-ahead market coupling - is determined by the Price Coupling of Regions (PCR), who require SEMOpX to complete its tests to show that the impact of adding our new market is acceptable. However, as the PCR requires that the tests are conducted against the version of EUPHEMIA which will be current when the I-SEM is due to go-live, it will not be possible for the PCR to undertake and conclude its testing until next year. This understandably creates a period of uncertainty and an issue of confidence for participants as to whether their requirements will be able to be accommodated in EUPHEMIA. To help mitigate this risk, SEMOpX is undertaking some early tests of its own against the current version of EUPHEMIA to gain the necessary insight and understanding prior to formal PCR testing commencing. Those results are published in a series of regular reports, discussed at the BLG and PMG, and are triggering actions to facilitate a successful outcome in the eventual PCR testing process. Recent testing has highlighted performance issues and flagged concerns over the limitations of both EUPHEMIA and the PCR process; further testing is underway to provide some certainty over the minimum product set which can be accommodated, whilst a strategy is in development to push for our full set of requirements to be fulfilled.
C5	Participants still have quality assurance concerns given the scale, novelty and complexity of the market design that is being delivered within current timelines. Smaller organisations have expressed that resourcing remains a major risk to their ISEM implementation especially given the complexity of new market design vs. current systems.	The concerns are noted. Whilst the RAs and TSOs are doing everything practicable to facilitate understanding and reduce the risks associated with complexity of the approved market design and detailed rules, ultimately this risk is one for each party to manage. A planned programme of training and ongoing engagement via the TLG on system specifications, should help understanding and hopefully allow participants to progress. Further, it is noted that there are a number of vendors with product offerings and consultants offering advice.
C6	Some participants have stated that there is a fundamental inconsistency between the current I-SEM registration deadlines and the lack of clarity regarding REFIT and rules concerning PPA novations. The market registration plan/timeline contains no dependencies or references to REFIT or PPA novations and mandates decisions with respect to trading intermediaries be made in advance of this information becoming available. Some participants are very concerned over the time allowed between REFIT determination and time for the Capacity Market registration should agreements or contracts need to be agreed with third parties.	On Thursday 25th of May, the TSOs' I-SEM Project facilitated a conference call between participants, I-SEM project managers and the TSOs' I-SEM registration team. This call followed the publication of the REFIT option paper published on May 23rd. The purpose of the call was to give participants an opportunity to outline their concerns with regard to registering for I-SEM without a REFIT decision. Following this call a number of follow up actions / events took place.  1. The CMC published on June 2nd outlined that variable generators do not have to accede to the CMC or register or qualify if they don't want to be in the capacity auction. 2. An update in response to participant feedback on the REFIT paper and updates to the Capacity Market will be provided at the PMG on June 7th. 3. The lack of a REFIT decision has been escalated by senior managers, however it is recommended that participants outline their concerns to the DCCAE directly. (Renewableenergy.info@dccae.gov.ie T: 016782950)  REFIT is outside of the project scope however we recognise that there is a significant impact on participants. To help participants progress their registrations, the TSOs' I-SEM registration team will hold an information session aimed at small participants towards the end of June 2017 (dates TBC). A document for small participants will also be published over the coming weeks.
C7	While much progress has been made in staffing for the new markets, some participants continue to raise a risk in resource planning as they await the publication of the Central Programme's Training Plan and expect a large amount of 'on the job' and 'learn it as you go' training given newness of market.	The Participant Training Plan was published on the 31st of May, 2017. This plan, in conjunction with the Training Approach published in February 2017, provides details on Self-Learning and Instructor Led Training. The I-SEM Training Curriculum is intended to provide participants with the knowledge to supplement their own 'on the job' and 'learn it as you go' training within their respective organisations. The Learning Management System went live on the 1st of June and is available to participants.
C8	A number of participants have stated again that their top programme risk is the delivery and testing of Market Solution in time for Market Trials. Until there is full clarity on central market systems, testing within the programme is also marked as 'At Risk' in advance of Market Trials.	As in any market establishment project, the delivery and testing of the central market systems will typically define the critical path in the lead-up to the Market Trial. That is true of I-SEM, and it is only right that the risk of vendor non-performance is highlighted and actively managed. If systems are not adequately developed and satisfactorily tested to a level necessary to start the Market Trial, then it is likely that the Market Trial entry criteria will not be satisfied and the commencement of the Market Trial would be delayed. However, it is unclear how this risk regarding delivery of the central market systems translates into being the top risk for any participant in its readiness preparations, other than there being a risk that the scheduled date for Market Trial may slip and in that event, it may impose costs on all parties. The interfaces to the central market systems are detailed in the I-SEM Technical Specification, which is now in its fifth version having been progressively updated since it was first released in July 2016, as more content becomes available.
C9	Participants have stated that their internal Market Trial preparations cannot be further developed until a detailed Market Trial Plan with trial scenarios and data is published. With no information as at yet on the Capacity Market Mock Auction, participants cannot proceed with any preparations on a plan for it. Tight timelines also add to the risk. It would be useful if the timetable for all the transitional auctions (Oct 2019 - Sept 2022) were clearly identified, providing participants with certainty and eliminating the scheduling risks of carrying out our activities.	The Mock Auction is Level 2 Milestone 182 and is planned to take place on the 4th Dec. Regarding the auction timetable for transitional auctions, these are subject to further consideration by the RAs. First T-1 auction for Capacity Year May 2018 – Sept 2019 takes place on 15th Dec. The first T-4 auction is likely to take place in Sept 2018 for Capacity Year Oct 2022 – Oct 2023.

## Readiness Status by Metric and Participant Category

<b>Financial Transmission Rights Market</b>		Market Participants	ICOs	MDPs	System Operators (incl. CM Delivery Body)	Market Operator (incl. Nemo)	EirGrid/SONI as AoLR
<b>Readiness Per Participant Category</b>		 F1-5					
A	Readiness of Business Strategy, Planning, and Financial Resources	 F1,2,3,4					
B	Readiness of Legal and Contractual Framework: Agreements and Contracts	 F3,4					
C	Readiness of Systems	 F3,4					
D	Readiness of Business Processes and Procedures	 F3,4					
E	Readiness of People and Organisation						
F	Readiness of IT infrastructure and Other Facilities	 F3,4					
G	Registration	 F3,4					
H	Market Trial/Mock Auction: Preparation	 F5					
I	Market Trial/Mock Auction: Management & Reporting						
J	Market Trial/Mock Auction: Execution	 F5					
K	Deployment of back-end systems to support FTR market	 F4					
L	Deployment and Transition to live: Planning & central market processes and systems						
M	Deployment and Transition to live: Participants						

Comments	Actions & Impacts
F1 Some participants have had to review the proposed business solution of FTRs on the announcement that they were now to be considered as Physical Derivatives and this has created internal reporting and trade capture concerns.	The link between the FTR products and interconnector capacity is included in the FCA regulation and rules submitted to the RAs for approval (e.g. HAR).
F2 Participants stress that they are unable to fully define trading strategy without detailed FTR product information and due to lack of information on in zone forwards and liquidity which affects cross border forwards. It is not clear whether a sufficient or suitable for purpose forwards market will be in place prior to and during ISEM go-live. Further information is also required on price formulation within the DA and IDM markets in ISEM and it may not be possible to properly define a trading strategy without operational information - or at least until after the market trial has taken place.	Regarding FTRs: the Harmonised Allocation Rules (HAR), SEM-GB HAR Annex, and regional design of long-term transmission rights proposals as submitted to the RAs for approval have been published here: <a href="http://www.eirgridgroup.com/library">http://www.eirgridgroup.com/library</a> . A summary of what is expected in the 'FTR Auction – Trading Information Update' to be published at the end of October 2017 was also presented at the Interconnector User Forum (Slides – no. 158: <a href="http://www.mutual-energy.com/wp-content/uploads/downloads/2017/05/170503-IC-User-Forum-for-publication.pdf">http://www.mutual-energy.com/wp-content/uploads/downloads/2017/05/170503-IC-User-Forum-for-publication.pdf</a> ).

Comments		Actions & Impacts
F3	Some participants have stated again that their business readiness, from both a commercial and operational perspective remains 'at risk' at this point due to timelines and outstanding critical decisions e.g. IDMs and EUPHEMIA decision. Some smaller participants have pointed out that the very limited certainty on availability and/or suitability of forwards in ISEM creates risks to trading strategy and planning.	Participants are being kept updated on the progress of both the Day-Ahead and intraday regional coupling arrangements. A decision on the timings of auctions for the IDM is expected in early June; it is acknowledged that more certainty is required regarding the DAM product types. Access to EUPHEMIA - the day-ahead pricing algorithm in use throughout Europe to perform day-ahead market coupling - is determined by the Price Coupling of Regions (PCR), who require SEMOpx to complete its tests to show that the impact of adding our new market is acceptable. However, as the PCR requires that the tests are conducted against the version of EUPHEMIA which will be current when the I-SEM is due to go-live, it will not be possible for the PCR to undertake and conclude its testing until next year. This understandably creates a period of uncertainty and an issue of confidence for participants as to whether their requirements will be able to be accommodated in EUPHEMIA. To help mitigate this risk, SEMOpx is undertaking some early tests of its own against the current version of EUPHEMIA to gain the necessary insight and understanding prior to formal PCR testing commencing. Those results are published in a series of regular reports, discussed at the BLG and PMG, and are triggering actions to facilitate a successful outcome in the eventual PCR testing process. Recent testing has highlighted performance issues and flagged concerns over the limitations of both EUPHEMIA and the PCR process; further testing is underway to provide some certainty over the minimum product set which can be accommodated, whilst a strategy is in development to push for our full set of requirements to be fulfilled.
F4	Participants still have quality assurance concerns given the scale, novelty and complexity of the market design that is being delivered within current timelines. Smaller organisations have expressed that resourcing remains a major risk to their ISEM implementation especially given the complexity of new market design vs. current systems.	The concerns are noted. Whilst the RAs and TSOs are doing everything practicable to facilitate understanding and reduce the risks associated with complexity of the approved market design and detailed rules, ultimately this risk is one for each party to manage. A planned programme of training and ongoing engagement via the TLG on system specifications, should help understanding and hopefully allow participants to progress. Further, it is noted that there are a number of vendors with product offerings and consultants offering advice.
F5	With no information as at yet on the FTR Mock Auction, participants cannot proceed with any preparations on a plan for it. With the tight timelines, this again is a pressing matter.	The "FTR Auction: Trial and Participant Test Plan" was published as scheduled on 19th May, 2017. It is available here: <a href="http://www.sem-o.com/ISEM/General/Interconnectors%20FTR%20Trial%20and%20Participant%20Test%20Plan.pdf">http://www.sem-o.com/ISEM/General/Interconnectors%20FTR%20Trial%20and%20Participant%20Test%20Plan.pdf</a>