

Market Readiness Assessment Report 23-11-2017

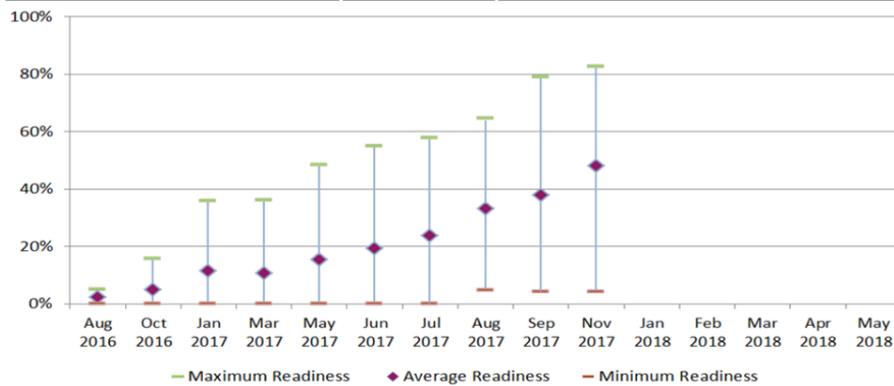
Comment

Market Participant readiness continues to progress, as does that of the central project. Participant readiness levels reported are falling short of expectation; however, the overwhelming message from participants is that they will be ready to commence the Market Trial from 1 December 2017 - as confirmed by the Readiness Statements received to date. A number of immediate issues impacting on parties' preparations are highlighted in this Report; when surveyed these issues were understandably front and centre, but in the days since they have each been addressed sufficiently to allow those parties to progress - for example, with their interface testing. The TSOs are actively engaging with participants and their third party technology providers to provide clarifications and address issues as they arise, as reflected in a spike in the query management statistics. Participants highlight risks associated with uncertainty, notably the outstanding State Aid decision, which whilst a risk to the Capacity Market and specifically the timing of the first auction, is not perceived to be a risk to parties' readiness to participate.

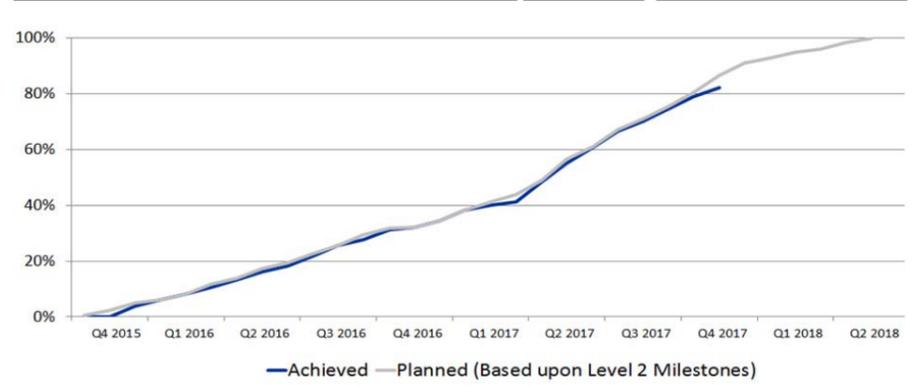
Data Collection Period: 27.10.2017 - 09.11.2017

Progress

Market Participant Comparative Readiness



Central Markets Project Progress



Readiness Status by Market and Market Participant Category

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

Readiness of Legal and Contractual Framework: Central Components

Legislation	Licensing	Grid Code	Rules				
			TSC	AoLR	SEMOpX	CMC	HAR
	2						

Notes

New Comments	Responses
1) A number of Market Participants have noted delays in the SEMOpX API Conformance Testing due to the delayed response rate from EPEX Spot and the lack of clarity of the overall EPEX Conformance Testing process, making the process difficult to navigate. This delay places those Market Participants' market trial interaction through Type 3 interface at risk.	This issue has been addressed; Members are actively working on the SEMOpX API Conformance Test preparation now and the risk identified has been mitigated.
2) Market Participants have concerns regarding the Capacity Auction going ahead in the absence of the State Aid decision and recent licence changes / appeal.	The T-1 Capacity Auction will not go ahead in the absence of State Aid approval. If State Aid approval is received then the T-1 Capacity Auction will go ahead and will not be delayed due to the appeal against the proposed licence modifications.

Recurring Topics		Responses
3)	Current issues connecting to the Central Market Systems have delayed the completion of Type 2 & 3 CCQT / PIT testing for a number of Market Participants. MDPs are unable to validate their interfaces due to issues with CCQT, posing a risk to the entry into Market Trial.	This appears to be an old comment; following proactive engagement by the TSOs with Market Participants and their third party technology providers, current statistics show that Market Participants using each of the two major technology provider solutions (Brady, nMarket) have successfully completed Balancing Market CCQT and PIT. Only one MDP has been engaged to date in CCQT, having proven it can successfully submit MDP files to the central systems using the Balancing Market Toolkit. However, that MDP is as yet unable to submit using its own bespoke application.
4)	A number of Market Participants continue to raise concerns on the pricing outcomes in the Balancing Market, given the reduced flexibility in DAM / IDM offer products and uncertainty with regards to the Day-Ahead (DA) and Intraday (ID) Market products, and interaction with GB markets.	The PCR Steering Committee decision of 6 November 2017 to unconditionally approve I-SEM's Change Request for 40 Complex Orders has given the certainty required regarding the day-ahead products and thereby provided a basis for all parties to plan and make preparations. The TSOs have been working with Market Participants to transparently progress this issue through communication at the Business Liaison Group (BLG) and Project Managers' Group (PMG) and advising of the challenges encountered by the PCR process and the limitation of the Euphemia algorithm. The dependency on the GB markets has been long noted as an external risk in the PMG meetings.
5)	The pending final decision on REFIT continues to be noted as presenting a risk to Market Participant readiness, both large and small.	The REFIT decision rests with DCCAE. It is recognised that Market Participants require clarity on the REFIT decision before they can decide how to position themselves in the market and, whilst not ideal, parties are having to proceed with registration in the absence of this clarity. Hence, they are having to register based upon assumptions which may well change once a REFIT decision is made. As such, registration is progressing to plan and therefore the absence of a REFIT decision will not stop readiness for Market Trial. It may, however, present a challenge later, if a REFIT decision drives parties to different conclusions to those which they have assumed. To facilitate this process, the TSOs' I-SEM Registration Team has committed to updating registration, if intermediaries are subsequently changed once the REFIT decision is announced. This will be done as quickly as possible, on a best endeavours basis and if it occurs, it will present a valuable learning experience in trialling and refining the associated process.
6)	A few Market Participants have reported that more clarity is needed on I-SEM balancing market collateral requirements to accurately assess the amount of collateral to be posted against each unit in the new market and to understand how it will differ from the collateral requirements in the current SEM.	Extensive training has been provided to Market Participants on the new I-SEM collateral requirements, including the provision of worked example spreadsheets with the calculations laid out. The Learning Management System remains available to Market Participants, which should allow them to use these resources to determine what their collateral requirements are likely to be. It is noted that as the decision for how much Market Participants intend to trade in the ex-ante markets is key to the level of collateral that will be required under the TSC arrangements, each Market Participant's own trading strategy will directly impact their collateral requirements. Further, a modification is being raised to the Trading & Settlement Code to add transitional collateral requirements which may provide earlier sight of collateral requirements.
7)	The TSOs report risk due to compressed testing timeline as a result of prior delays in systems build and interface issues and the knock-on effect on the Site Acceptance Testing (SAT) of the Market Management System (MMS), and Testing of all of the central market systems.	Significant progress has been made in delivering to the compressed timeline and in mitigating the risks inherent within that timeline. Activities were replanned, additional resources deployed, more pressure exerted on vendors to turn around defects and support testing activities, so as to be able to deliver to that new plan. As communicated at the PMG and via the weekly Status Report, some applications will be delivered during the Market Trial (in time for when first needed), thereby preserving the existing timeline and providing additional time to test those applications and interfaces which are not a priority for the start of the Trial. Testing is currently progressing to that plan; at the date of publication, systems are half-way through a final pass of End-to-End Testing. Although prudent to report the risk, the TSOs' expectation is that systems will be tested, to the agreed criteria/levels, ready to commence Market Trial (Milestone #174a) on 1 December and to continue to progress through Market Trial (Milestone #174b). Notwithstanding the "compressed" timeline, it is important to note that the testing regime in its various guises - from individual systems through to end-to-end - has been extensive, providing a solid base upon which to proceed into Market Trial. In terms of the systems which are being delivered in 2018, the Credit Settlement & Billing engine is now in its second week of site acceptance testing in Dublin, and to date it has performed well with no severity 1 or severity 2 defects identified. It remains on track for deployment by the end of January 2018.
8)	The TSOs report some risks to their preparations for Market Trial due to slippages in completing drafting of a large suite of business procedures, and consequential impact on internal training. Some delays have also been reported in the preparation of data required for the Market Trial.	The demands of the TSOs' I-SEM implementation project, notably the extended system testing, have necessarily taken priority over the development of some business procedures and internal training. As such, these activities have been replanned and are being progressed according to that plan. To compensate for any short-term gaps in documentation or training, some Project resources are being released back to the business to ensure the operational success of the early stage of Market Trial, to apply their I-SEM expertise. Hence, the risks of any slippage are mitigated. Data preparation for Market Trial has advanced significantly over the past two weeks, such that the TSOs believe that the risk highlighted has now been mitigated.

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:

-  0% – Work not started
-  0% < work complete < 26%
-  26% ≤ work complete < 51%
-  51% ≤ work complete < 76%
-  76% ≤ work complete < 100%
-  100% – Criterion / milestone achieved – (i.e. 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 Market Participant Category

Balancing Market & Imbalance Settlement		Market Participants	ICOs	MDPs	Transmission System Operators	Market Operator	EirGrid/SONI as AoLR
Readiness Per Market Participant Category					B4-7	B4-7	
A	Readiness of Business Strategy, Planning, and Financial Resources						
B	Readiness of Legal and Contractual Framework: Agreements and Contracts						
C	Readiness of Systems	B1,2			B4	B4	
D	Readiness of Business Processes and Procedures	B3			B5	B5	
E	Readiness of People and Organisation				B5	B5	
F	Readiness of IT infrastructure and Other Facilities			B1	B6	B6	
G	Registration						
H	Market Trial: Preparation			B1	B7	B7	
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: Market Participants						

Comments		Responses
B1	Connectivity issues for Type 3 CCQT / PIT have stalled progress for a few Market Participants in systems testing. MDPs are unable to validate their interfaces due to issues with CCQT, posing a risk to the entry into Market Trial.	This is referenced under comment #3 in the summary on page 2. Please refer to the update provided.
B2	Some Market Participants have noted that the delayed publication of SEMOpX documentation and the unavailability of sample files and file formats for settlement are having an impact on their systems development. Market Participants are awaiting Market reports to be made available in order to complete testing in advance of market trials.	The TSOs' I-SEM Project has reached out to all Market Participants who have had questions about the documentation and all issues have been answered via the query management process. The TSOs' have also engaged with Participants' third-party technology providers to ensure that they have the information they need to proceed. At the Project Managers' Group meeting of 14 November 2017, it was agreed to introduce an additional Level 2 Milestone for the publication of an updated draft of the I-SEM Technical Specification and Data Publication Guide, to provide the outstanding Market Report formats.
B3	A few Market Participants have reported that more clarity is needed on I-SEM balancing market collateral requirements to accurately assess the amount of collateral to be posted against each unit in the new market and to understand how it will differ from the collateral requirements in the current SEM.	This is referenced under comment #6 in the summary on page 2. Please refer to the update provided.
B4	The TSOs report risk due to delays in Site Acceptance Testing (SAT) and End-to-End (E2E) Testing execution.	This is referenced under comment #7 in the summary on page 2. Please refer to the update provided.
B5	The TSOs' progress on business processes and procedures is behind schedule, with consequential risk to internal training within the TSOs/MO and Market Trial due to their dependency of those processes and procedures.	This is referenced under comment #8 in the summary on page 2. Please refer to the update provided.
B6	The TSOs' infrastructure build is progressing well; however, slippages in testing phases and volumes of work are causing resource constraints putting implementation at risk.	This is referenced under comment #7 in the summary on page 2. Please refer to the update provided.
B7	The TSOs report some slippage in the preparation of data required for the Market Trial.	This is referenced under comment #8 in the summary on page 2. Please refer to the update provided.

Readiness Status by Metric and Market Participant Category

Day-Ahead & Intraday Markets		Market Participants	ICOs	MDPs	Transmission System Operators	Market Operator (incl. Nemo)	EirGrid/SONI as AoLR
Readiness Per Market Participant Category					D3-6	D4-7	D3-6
A	Readiness of Business Strategy, Planning, and Financial Resources	D2					
B	Readiness of Legal and Contractual Framework: Agreements and Contracts						
C	Readiness of Systems	D1			D3		D3
D	Readiness of Business Processes and Procedures				D4	D4	D4
E	Readiness of People and Organisation				D4	D4	D4
F	Readiness of IT infrastructure and Other Facilities				D5	D5	D5
G	Registration					D7	
H	Market Trial: Preparation				D6	D6	D6
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: Market Participants						

Comments	Responses
D1 A number of Market Participants have noted delays in the SEMOpX API Conformance Testing due to the delayed response rate from EPEX Spot and the lack of clarity of the overall EPEX Conformance Testing process, making the process difficult to navigate. This delay places those Market Participants' market trial interaction through Type 3 interface at risk.	This is referenced under comment #1 in the summary on page 1. Please refer to the update provided.
D2 A number of Market Participants continue to raise concerns on the pricing outcomes in the Balancing Market, given the reduced flexibility in DAM / IDM offer products and uncertainty with regards to the Day-Ahead (DA) and Intraday (ID) Market products, and interaction with GB markets.	This is referenced under comment #4 in the summary on page 2. Please refer to the update provided.
D3 The TSOs report risk to systems readiness due to compressed testing timeline as a result of prior delays in systems build and interface issues.	This is referenced under comment #7 in the summary on page 2. Please refer to the update provided.
D4 The TSOs' progress on business processes and procedures is behind schedule, with consequential risk to internal training within the TSOs/MO and Market Trial due to their dependency of those processes and procedures.	This is referenced under comment #8 in the summary on page 2. Please refer to the update provided.
D5 The TSOs' infrastructure build is progressing well; however, slippages in testing phases and volumes of work are causing resource constraints putting implementation at risk.	This is referenced under comment #7 in the summary on page 2. Please refer to the update provided.
D6 The TSOs report some slippage in the preparation of data required for the Market Trial.	This is referenced under comment #8 in the summary on page 2. Please refer to the update provided.
D7 The TSOs note that the majority of registration activity is now finished. This is likely to turn green when the few remaining activities are complete, leaving only ad hoc registrations.	The deadline to submit SEMOpX registrations closed on the 7th of August with the remaining items to be completed: <ul style="list-style-type: none"> • SEMOpX Agreements to be issued and completed by Participants in February 2018 • Banking Agreement Confirmation – Participants have to finalise arrangements with their Clearing Members • CCQT and PIT – To be completed by all Members by the 30th of November 2017

Readiness Status by Metric and Market Participant Category

Capacity Market		Market Participants	ICOs	MDPs	System Operators (incl. CM Delivery Body)	Market Operator (incl. Nemo)	EirGrid/SONI as AoLR
Readiness Per Market Participant Category							
A	Readiness of Business Strategy, Planning, and Financial Resources	^{c2}					
B	Readiness of Legal and Contractual Framework: Agreements and Contracts						
C	Readiness of Systems	^{c1}					
D	Readiness of Business Processes and Procedures				^{c3}		
E	Readiness of People and Organisation						
F	Readiness of IT infrastructure and Other Facilities				^{c4}		
G	Registration						
H	Market Trial/Mock Auction: Preparation	^{c1,2}			^{c5}		
I	Market Trial/Mock Auction: Management & Reporting						
J	Market Trial/Mock Auction: Execution						
K	Deployment of back-end systems to support FTR market						
L	Deployment and Transition to live: Planning & central market processes and systems						
M	Deployment and Transition to live: Market Participants						

Comments		Responses
C1	Some Market Participants report risk due to delays in their CCQT / PIT progress as the deadline draws to a close.	This is referenced under comment #3 in the summary on page 2. Please refer to the update provided.
C2	Market Participants have concerns regarding the Capacity Auction going ahead in the absence of the State Aid decision and recent licence changes / appeal. One Market Participant pointed out that any changes in the Capacity Market timelines should not have a detrimental impact on the Forward market timelines; in particular the Directed contracts.	This is referenced under comment #2 in the summary on page 1. Please refer to the update provided.
C3	The TSOs' progress on business processes and procedures is behind schedule. However, in the Capacity Market, the impact on the internal training is not as severe as the Balancing Market and the Day-Ahead / Intraday Markets.	This is referenced under comment #8 in the summary on page 2. Please refer to the update provided.
C4	The TSOs' infrastructure build is progressing well; however, slippages in testing phases and volumes of work are causing resource constraints putting implementation at risk.	This is referenced under comment #7 in the summary on page 2. Please refer to the update provided.
C5	The TSOs report some slippage in the preparation of data required for the Market Trial.	This is referenced under comment #8 in the summary on page 2. Please refer to the update provided.

Financial Transmission Rights Market		Market Participants	ICOs	MDPs	Transmission System Operators	Market Operator	EirGrid/SONI as AoLR
Readiness Per Market Participant Category					F2-4		
A	Readiness of Business Strategy, Planning, and Financial Resources						
B	Readiness of Legal and Contractual Framework: Agreements and Contracts						
C	Readiness of Systems	F1			F2		
D	Readiness of Business Processes and Procedures				F3		
E	Readiness of People and Organisation				F3		
F	Readiness of IT infrastructure and Other Facilities				F4		
G	Registration						
H	Trial/Mock Auction: Preparation						
I	Trial/Mock Auction: Management & Reporting						
J	Trial/Mock Auction: Execution						
K	Deployment of back-end systems to support FTR market						
L	Deployment and Transition to live: Planning & central market processes and systems						
M	Deployment and Transition to live: Market Participants						

Comments		Responses
F1	Market Participants would appreciate some working examples, based on past data, on the nature of the hedge that FTRs will provide.	This feedback has been provided to the Interconnector Owners. It is suggested that Market Participants should raise any outstanding queries directly with the ICOs (EastWestInterconnector@Eirgrid.com & Moyle@mutual-energy.com) to ensure they are dealt with in a timely manner.
F2	The TSOs report slippages in ICMP build, and consequently the replanning of delivery timelines.	This is referenced under comment #7 in the summary on page 2. Please refer to the update provided.
F3	The TSOs' progress on business processes and procedures is behind schedule, with consequential risk to internal training within the TSOs/MO and Market Trial due to their dependency of those processes and procedures.	This is referenced under comment #8 in the summary on page 2. Please refer to the update provided.
F4	The TSOs' infrastructure build is progressing well; however, slippages in testing phases and volumes of work are causing resource constraints putting implementation at risk.	This is referenced under comment #7 in the summary on page 2. Please refer to the update provided.