

# Market Readiness Assessment Report 21.09.2018

## Comment

The data for this survey was collected in the week after the SEM Committee's Decision that the I-SEM will go-live as planned on 1 October 2018. It is therefore unsurprising that this survey shows a high-level of readiness across all markets and all categories of Participant, given that the SEM Committee's decision was heavily informed by its consideration of the Market Trial status, the state of readiness of the central market systems, and the state of market participant readiness. It is also perhaps not unsurprising that participation in this survey was down on the high levels of recent surveys, reflecting that the decision to go-live has been taken and the value of the survey is therefore deemed of less importance.

Continuing the theme of general readiness being achieved, there are very few issues highlighted in this Report. Some residual concerns remain regarding the sufficiency of the Market Trial, some outcomes in the Market Trial (e.g. Collateral), or outstanding defects in the central market systems - notably in Settlements. However, these have each either since been addressed, or work-arounds have been communicated for instances where we have determined to go-live with known issues open. Further, the concern regarding the Generation and Supply Licences not being effective has been resolved with the SEM Committee's determination to go-live with an interim approach to bidding controls for I-SEM.

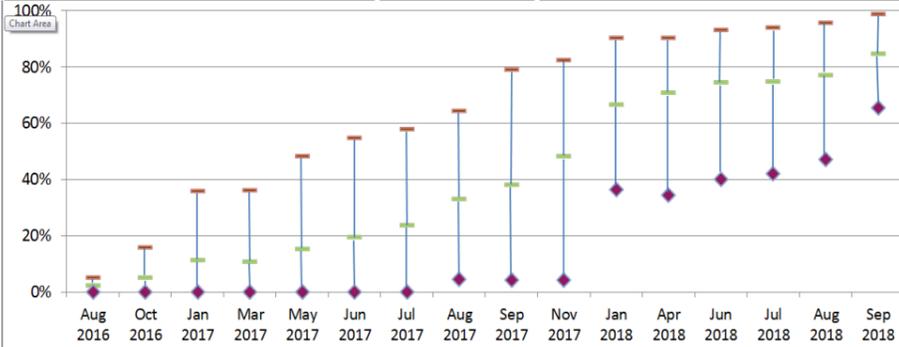
The MRA results reflect the reality that, whilst all parties are in an advanced state of readiness, there remain a number of activities which need to be completed in the final days of cutover. It is therefore recognised that a final push is required by all parties in order to close out their remaining project activities and complete the cutover tasks to live production from 1 October 2018.

Finally, as this is the final MRA Report, we would like to thank all Market Participants who have contributed to the survey over an extended period of time. It has proven to be a valuable exercise, which has kept us all informed of progress as an industry and highlighted areas where greater focus or intervention are required. Our sincere thanks to everyone concerned for their valued contributions.

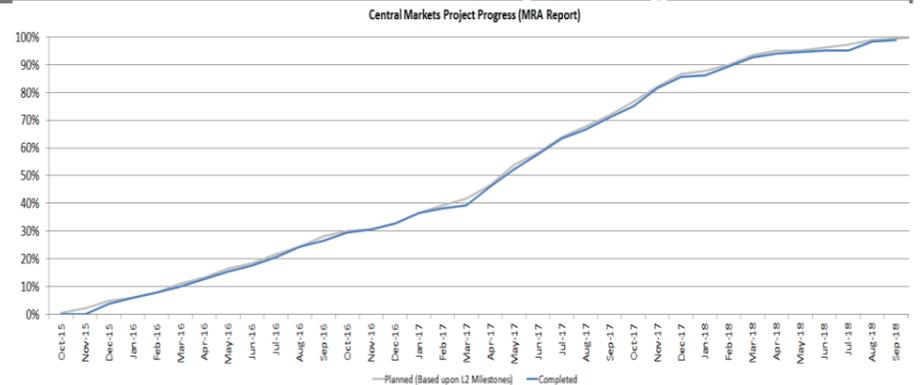
Data Collection Period: 30.08.2018 - 07.09.2018

## Progress

### Market Participant Comparative Readiness



### Central Markets Project Progress



## Readiness Status by Market and Market Participant Category

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

## Readiness of Legal and Contractual Framework: Central Components

Legislation	Licensing	Grid Code	Rules				
			TSC	AoLR	SEMOpX	CMC	HAR

Notes

#	New Comments	Responses
1)	<p>A number of Participants have expressed serious concerns around Settlements.</p> <p>Further, some have advised that they are concerned about the levels of collateral being reported in the Market Trial and are awaiting resolution of a known defect that is preventing them from validating Settlement.</p>	<p>The defect identified regarding the levels of collateral has now been fixed and successfully deployed.</p> <p>Regarding the more general concern regarding Settlements, the I-SEM Project understands the criticality of Settlements in the operation of the electricity markets. As such, it has taken productive measures to address concerns relating to issues with the central systems that provide for SEMO Settlements and Credit Management.</p> <p>As such, the I-SEM Project has consulted extensively with Market Participants and their external technology vendors on their concerns regarding Market Settlements and Credit Management, with a view to better understanding those concerns and to agreeing plans for addressing. Communications provided by the I-SEM Project have ensured that all parties are aware of known issues, the impact to Market Participants, and the status of any proposed resolution. In addition, the Project has kept parties informed of the status of the systems implementation, including updates on the status of high priority defect resolution. As a result, we are confident that all parties have been made aware of, and kept up to date on, any outstanding defects/issues and how to work around them until resolution.</p> <p>Further, the I-SEM Project has taken a pro-active role in reaching out to Market Participants and their third party technology vendors, engaging via the query process, one-on-one discussions, and collaborative workshops focused on relevant market topics, including Settlement and Credit Management calculations.</p> <p>Finally, we note that the Regulatory Authorities conducted their own design assurance review of the SEMO Settlements testing effort, validating the approach taken by the I-SEM Project to deliver and test the central systems for Settlement and Credit Management.</p>
2)	<p>Participants have advised that the Market Trial has presented strange and unpredictable imbalance price as a result of the PMEA (Marginal Energy Action). They are concerned with how the PMEA is being applied.</p>	<p>The I-SEM Project recognises the important of the Imbalance Price in the operation of the electricity markets. As such, the I-SEM Project has consulted extensively on the formation of the Imbalance Price with the Regulatory Authorities, Market Participants, their external technology vendors, and service providers.</p> <p>Further, the Project has conducted and reported on an extensive process of certification testing of the Imbalance Price formulation. Conducted between December 2017 and August 2018, that certification testing has determined that ABB's Market Application (MA) would meet the required standard of being in substantive compliance with the requirements of the Trading and Settlement Code (TSC), provided that a number of mitigation measures are each successfully addressed by EirGrid and SONI. These mitigation measures are principally Modifications to the Trading &amp; Settlement Code, which have since been progressed.</p> <p>However, if there is a specific concern over the particular component of the Imbalance Price formulation, in this case the PMEA, we encourage Market Participants to reach out through the query process and identify specific data, dates and times, for the data that are of concern. We stand ready to support those queries and ensure the nuances and complexities of the Imbalance Price formulation are discussed and communicated to the Market Participants.</p>
3)	<p>In general Participants have expressed satisfaction with Market Trial, however some participants have expressed concerned that they have not been able to fully validate systems and processed as live data has not been used. Some participants do not believe sufficient time has been allowed for market trials within the programme.</p>	<p>By definition, there will be practical limitations imposed on any Market Trial, most notably relating to the data used. It is a Trial, not live production. Participation in a Trial environment is obviously driven by different motives; participant behaviours will be different from that which might be expected in the real world. In the case of I-SEM, these practical limitations were explained in the Market Trial Strategy and the Market Trial Plan (both consulted upon in 2016). They were also detailed in the Market Trial Participant Guide (first published in 2017), they were highlighted on the daily Market Trial calls, and they have been discussed on a regular basis at meetings of the Participant Managers' Group and Market Trial Coordinators' Group. However, in the context of the objectives of the Trial being to trial processes and not to test systems, these data and other practical limitations are of less significance and must be accepted.</p> <p>Wherever practical, the Market Trial has mirrored production as closely as possible. For example, in response to participant requests back in May 2018, the TSOs investigated with their service providers the feasibility of adjusting the timings of the Ex-Ante Auctions to match the live production schedule as closely as possible, with the objective being to run all auctions every day. With the agreement of those service providers, the outcome was that four SEMOpx Auctions have been running daily since the beginning of June 2018, and weekend Auctions have been running since 23 June 2018. Further, for the last two working weeks of August 2018, the SEMOpx Auctions moved to full production timings.</p> <p>With regard to the question of whether there has been sufficient time allowed for the Market Trial, the trialling has been extensive and far greater in duration than that which typically has been provided in the majority of other market openings. In total, the Market Trial has run for over 30 weeks. That's a significant period and commitment for all concerned. The unscripted phase alone provided in excess of five months of trialling, with the majority of Market Participants making good use of the opportunity offered by engaging actively throughout this extensive period. The Market Trial has been actively supported by the TSOs throughout, further enhancing the learning experience and value offered to Market Participants.</p> <p>As was widely acknowledged at each of the three August 2018 meetings of the Project Managers' Group, the value of the Market Trial to participants has increased materially over time, notably from when all of the then identified priority defects were fixed back in early June. Those improvements have continued through into July and August, as incidents impacting the Market Trial were uncovered and progressively fixed. Since late July, we have been capable of achieving continuous operation of all markets over an extended period of time and whilst the 168-Hours Metric was not met until mid-August, the full benefits to participants in trialling had by then been substantially available for many weeks.</p>
4)	<p>ROI Generator and Supplier Licences are not yet effective. Awaiting RAs response to Appeal decision.</p>	<p>The Licences are now effective, with the SEM Committee having on 31 August having determined to follow an interim approach to bidding controls for I-SEM, whilst the CRU progresses its Judicial Review Proceedings to overturn the Appeal Panel's determination against CRU Decision CER/17/277 on modifications to Generator and Supplier Licences. This gives the necessary certainty to all parties in planning for go-live.</p> <p>Details of that interim approach are detailed in the SEM Committee's Information Paper of 13 August 2018, which involves the application of the existing Bidding Code of Practice (BCOP) from I-SEM Go-Live, with a view to reverting to the Balancing Market Principles Code of Practice (BMPCOP) no later than March 2019.</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:

- 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

Balancing Market & Imbalance Settlement		Market Participants	ICOs	MDPs	Transmission System Operators	Market Operator	EirGrid/SONI as AoLR
<b>Readiness Per Market 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	B1,B2,B3					
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						
L	Deployment and Transition to live: Planning & central market processes and systems						
M	Deployment and Transition to live: Market Participants						

#	Comments	Responses
B1	Participants have expressed serious concerns around settlements. They have advised that they are concerned about the levels of collateral being reported in Market Trials and are awaiting resolution of a known defect that is preventing them from validating settlement.	Please see the response detailed for Comment #1 on the Summary Page
B2	Participants have advised that the Market Trials have presented strange and unpredictable imbalance price as a result of the PMEA (Marginal Energy Action). They are concerned with how the PMEA is being applied.	Please see the response detailed for Comment #2 on the Summary Page
B3	In general Participants have expressed satisfaction with Market Trial, however some participants have expressed concerned that they have not been able to fully validate systems and processed as live data has not been used. Some participants do not believe sufficient time has been allowed for market trials within the programme.	Please see the response detailed for Comment #3 on the Summary Page

Day-Ahead & Intraday Markets		Market Participants	ICOs	MDPs	Transmission System Operators	Market Operator (incl. Nemo)	EirGrid/SONI as AoLR
<b>Readiness Per Market 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						
L	Deployment and Transition to live: Planning & central market processes and systems						
M	Deployment and Transition to live: Market Participants						

Capacity Market		Market Participants	ICOs	MDPs	System Operators (incl. CM Delivery Body)	Market Operator (incl. Nemo)	EirGrid/SONI as AoLR
<b>Readiness Per Market 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/Mock Auction: Preparation						
I	Market Trial/Mock Auction: Management & Reporting						
J	Market Trial/Mock Auction: Execution						
L	Deployment and Transition to live: Planning & central market processes and systems						
M	Deployment and Transition to live: Market Participants						

#	Comments	Responses
C1	One Participant has advised that while the initial capacity auction has been completed there continues to be a lack of engagement from Regulator and TSO on the regulatory reporting requirements.	The nature of CRM contracts is currently being discussed at ACER level to clarify if a common understanding can be reached on the appropriate regulatory reporting and surveillance regime for such contracts, bearing in mind that the I-SEM CRM has common features with a number of emerging EU capacity markets.

Financial Transmission Rights Market		Market Participants	ICOs	MDPs	Transmission System Operators	Market Operator	EirGrid/SONI as AoLR
<b>Readiness Per Market 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	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						