

Assurance Strategy for the Irish Retail Electricity Market

Version: 2.1

Status: Approved

Issue date: November 2012



Gemserv Limited
10 Fenchurch Street
London
EC3M 3BE

Company Reg. No: 4419 878

Tel: +44 (0) 20 7090 1000
Fax: +44 (0) 20 7090 1001
Email: assurance@gemserv.com
Web: www.gemserv.com

I Change History

Version	Status	Issue date	Reason For Change
1.0	Approved	November 2006	
2.0	Approved	21 st September 2011	MCR1046
2.1	Technical change	27 th November 2012	Updated for new communications infrastructure terminology (MPCC to EMMA)

II Quality Assurance

Name	Responsibility	Signature	Date
Author:	Peter Varley		27/11/2012
Reviewer(s):	Nimesh Amin		27/11/2012
	RMDS		
Approved:	CER		21/09/2011 (further approval not required for technical change)

III Bibliography

Reference	Document Name	Link
Ref 1	Irish Retail Electricity Market Design	http://www.rmdservice.com/portfolio_services/market_design_services.htm
Ref 2	Assurance Process for the Irish Retail Electricity Market	http://www.rmdservice.com/portfolio_services/market_assurance.htm

IV Table of Contents

1	INTRODUCTION	5
1.1	PURPOSE AND SCOPE OF THE STRATEGY	5
1.2	BACKGROUND	5
1.3	OBLIGATION ON MARKET PARTICIPANTS TO UNDERGO ASSURANCE	6
1.4	MARKET INFRASTRUCTURE	6
1.5	GLOSSARY	7
2	APPROACH TO MARKET ASSURANCE	8
2.1	PRINCIPLES	8
2.2	TYPES OF MARKET PARTICIPANT	9
2.3	MARKET ASSURANCE TRIGGERS	9
3	STAGES OF ASSURANCE	12
3.1	INTRODUCTION	12
3.2	APPLICATION	12
3.3	BUSINESS SOLUTION ASSESSMENT (BSA)	12
3.4	INTEGRATION TEST ASSESSMENT (ITA)	12
3.5	INTER-PARTICIPANT TESTING (IPT)	12
4	ASSURANCE REPORTING	14
4.1	REPORTING TO THE MARKET	14
4.2	REPORTS TO CER	14
4.3	REPORTS TO THE RMDS	14
4.4	REPORTING TO ESB NETWORKS AND MRSO	14
5	GOVERNANCE	15
5.1	APPROVAL OF ASSURANCE PROCESSES	15
5.2	APPROVAL OF ASSURANCE OPERATIONS	15
5.3	MARKET PARTICIPANT OBLIGATIONS	15
	APPENDIX A – STRUCTURE OF ASSURANCE DOCUMENTS	17

IV Table of Figures

Figure 1 - Applicability of Assurance Stages	2
--	---

1 Introduction

1.1 Purpose and Scope of the Strategy

The purpose of this document is to set out, at a high level, the approach that will be taken in providing assurance services to the Irish retail electricity market (the Market).

The objective is to provide an assurance that Market operations will not be disrupted by the introduction of new market entrants, the legitimate activities of existing market participants and the introduction of changes to the design of the Market itself.

1.2 Background

In February 2005, the Irish retail electricity market opened to full competition. As the Market continues to develop, changes to the participants, their systems and infrastructure occur, including:

- new organisations wish to become participants in the Market;
- existing participants wish to operate in additional Market segments;
- the market design and central systems adapt to change requests from market participants, changing trading arrangements and improvements in technology;
- market participants initiate and implement changes to their own systems for their own business purposes, and these changes may have the potential to impact on the participants' ability to operate non-disruptively in accordance with the market design; and
- small suppliers grow and wish to operate on a larger scale.

The CER has decided that in all such situations independent assurance will be required, to give confidence to the Market that the risk of disruption has been mitigated, and that this assurance service should be procured through the Retail Market Design Service (RMDS). The organisation providing the assurance service is referred to as the Assurance Body throughout this document.

This document provides an overview of the assurance approaches for each situation and is supported by other documents that describe them in more detail. A diagram illustrating the assurance documents and how they are related can be found in Appendix A – Structure of Assurance Documents.

In all cases the reference point for assurance is the published Irish Retail Electricity Market Design, as agreed by the Industry Governance Group (IGG), approved by the CER and published on the [RMDS website](#).

Version:	2.1	Page 4 of 16	Issue Date:	Nov 2012
Status:	Approved	Assurance Strategy for the Irish Retail Electricity Market		

1.3 Obligation on Market Participants to Undergo Assurance

The successful completion of the relevant aspects of the assurance processes and adherence to assurance requirements conforming to this Assurance Strategy, approved by the Commission for Energy Regulation (CER) from time to time, is obligatory on all market participants as part of their licence. It is mandatory for all market participants to have successfully completed all relevant aspects of the assurance processes as outlined in this document and detailed in Ref 2 before commencing live operations in any segment of the Irish retail electricity market.

1.4 Market Infrastructure

This Assurance Strategy operates within the Irish retail electricity market, for which infrastructure and support services are provided by the following organisations:

Organisation (CTRL+Click for Weblink)	Services
Assurance Body (Gemserv)	Market Assurance.
Commission for Energy Regulation (CER, the Commission)	Market regulation. Licensing and governance.
EirGrid	Transmission (TSO). Trading & Settlement (SEMO) (operations & advice).
ESB Networks	Distribution. Meter Operation. Meter Reading. Data Aggregation. Communications Infrastructure. Ownership of testing environment.
Meter Registration System Operator (MRSO)	Meter Point Registration.
Retail Market Design Service (RMDS)	Market Design Administration. Support and Advice on Market Processes. Industry Meetings Secretariat. Contact point for market messaging infrastructure. Retail market entry. Management and support of testing service.

Version:	2.1	Page 5 of 16	Issue Date:	Nov 2012
Status:	Approved	Assurance Strategy for the Irish Retail Electricity Market		

<u>Industry Governance Group (IGG)</u>	Forum for Market Participants to discuss Market issues, Market Design changes and Market Assurance.
<u>Single Electricity Market Operator (SEMO)</u>	Facilitator of the continuous operation and administration of the Single Electricity Market, which comprises the markets in the Republic of Ireland and Northern Ireland.

Organisations considering entering the Market should contact CER in the first instance.

1.5 Glossary

Acronym/Term	Description
CER	Commission for Energy Regulation
EMMA	Electricity Market Messaging Application (needed to facilitate market messaging)
ESBN	ESB Networks
IGG	Industry Governance Group
MDR	Market Design Release
MRSO	Meter Registration System Operator
PIR	Post Implementation Review
RMDS	Retail Market Design Service
SEMO	Single Electricity Market Operator
TSO	Transmission System Operator

Version:	2.1	Page 6 of 16	Issue Date:	Nov 2012
Status:	Approved	Assurance Strategy for the Irish Retail Electricity Market		

2 Approach to Market Assurance

2.1 Principles

The principles underpinning the strategy are addressed briefly below:

Assurance should not place an unnecessary burden on the participant

There is a risk-based approach to a number of the elements of the strategy and the participant's own project plan is taken into account when deriving a specific assurance approach for them.

Assurance process must be appropriate to all types of new market entrant

Reflecting this principle, the Assurance Strategy includes a tiered approach for new entrants, with less demanding requirements for smaller suppliers (see 2.2.2) and generators whereas large suppliers will be subject to the full assurance process.

The level of assurance should be balanced with the risk of amendments and additions

Amendments and changes, both to the market design and to participant's own systems, will vary considerably in terms of impact and scale. The assurance approach is to assess the risk for the introduction of changes and the approach adopted for a specific change will be commensurate with the risk posed by it.

Market assurance should be evidence based

Wherever practicable, the participant should provide evidence to the assurance body rather than be subject to a site audit. Ref 2 describes the evidence requirements.

Assurance process must be appropriate to suppliers in a subset of segments

Organisations may choose to operate in only specified segments of the Market. The segments that may be selected are:

- Interval Metered
- Non Interval Metered (Business Customers)
- Non Interval Metered (Domestic Customers)
- Unmetered Supply
- Supplier of Last Resort

The assurance approach focuses on the segments for which approval has been requested.

Version:	2.1	Page 7 of 16	Issue Date:	Nov 2012
Status:	Approved	Assurance Strategy for the Irish Retail Electricity Market		

2.2 Types of Market Participant

There are several different types of organization that participate in the Market. Each has the potential to pose a different type and degree of risk to the Market and the assurance applied reflects this. A brief description of each participant type is given in the following sub-sections.

2.2.1 Large Supplier

A large supplier is a supplier that has, or intends to have within the foreseeable future, more than 200 metering points registered or more than 10MW power supplied at peak demand.

2.2.2 Small Supplier

A Small Supplier is a Supplier that has, or intends to have within the foreseeable future, no more than 200 metering points registered and no more than 10MW power supplied at peak demand.

2.2.3 Self-suppliers

A Self-Supplier is an autoproducer supplier that supplies only the autoproducing site and does not intend to compete for other customers or supply other meter points within their own company. For clarity, a Self-Supplier may register only one metering point.

2.2.4 Generator

A Generator entering the Market without the use of market messages but receiving readings via an EMMA would be subject to assurance for that scope.

2.2.5 Supplier of Last Resort (SoLR)

A SoLR is a Supplier that is approved to operate in the Market and is eligible to be appointed as a SoLR in the event of the failure of another Supplier. Any Supplier that wishes to be eligible for consideration as a SoLR must be assured and approved for SoLR operation prior to any such failure event. For assurance purposes SoLR requirements are considered as a market segment (see 2.3.2 below) however the Large Supplier assurance applies in all cases.

2.3 Market Assurance Triggers

There are a number of events that may trigger a requirement for assurance to be carried out. The approach to assurance for the different types of event is commensurate with the perceived risk in each case, in line with the principles above. The types of event are described in the sub-sections below and the assurance applicable is set out in Figure 1 and in detail in Ref 2.

Version:	2.1	Page 8 of 16	Issue Date:	Nov 2012
Status:	Approved	Assurance Strategy for the Irish Retail Electricity Market		

2.3.1 New Entrant to the Market

When an organization first enters the Market their potential to pose a risk to the Market is at its greatest. Consequently the assurance approach is most demanding for this event, tempered by the type of participant for which the organization wishes to be approved.

2.3.2 Existing Supplier entering a new Market Segment

The assurance process to cater for existing market participants entering a new market segment is identical to that for a New Participant but with the scope limited to the requirements applicable to the new segment. For example, where a small supplier approved for NQH registrations wishes to operate in the QH market segment the small supplier process would apply but confined to QH requirements.

2.3.3 Market Design Release and/or changes to Central Systems

Updates to the market design are released periodically and Material Changes are made to central systems from time to time. It is important that all market participants take appropriate measures to ensure that they are ready to operate as soon as cut-over takes place. In all cases, following consultation on support arrangements, the assurance approach will be based on the nature, scope and complexity of the change and is discussed and agreed with the IGG.

A Post Implementation Review (PIR) is carried out by the Assurance Body after each market design update, to capture lessons learned and to build any identified improvements into the market design update assurance process for future use.

2.3.4 Re-Qualification for Existing Participants

There are circumstances in which a Market Participant may be subject to further assurance, known as Re-Qualification. Where a Market Participant is in one of these situations, explained below, they should contact RMDS to discuss whether there is a Re-Qualification requirement.

2.3.4.1 Material Change to a Market Participant's systems or processes

The procedures and systems used by Market Participants to operate in the market will, of course, be subject to change from time to time. Most changes to a Market Participant's processes and systems would be for the company's own business purposes. Where such internal changes may impact on their ability to inter-operate in the Market (e.g. if there is a change to the software that generates registration messages) there may be a requirement for assurance that the change has been (or is being) managed in such a way that the risk of an adverse impact on the Market has been minimised.

2.3.4.2 Small Supplier reaches threshold

If a Small Supplier plans to exceed the thresholds applicable to their approval they will be subject to Re-qualification so that they may continue to operate, now in the role of Large Supplier.

Version:	2.1	Page 9 of 16	Issue Date:	Nov 2012
Status:	Approved	Assurance Strategy for the Irish Retail Electricity Market		

2.3.4.3 Inactive Supplier becomes active

Where a supplier has gained approval to operate but is then inactive, having never connected to the live systems, and, in that period, one or more Market Design Releases takes place, the supplier will be subject to Re-qualification before they may commence operation. This will involve the market participant being asked to demonstrate compliance with the market design changes that have been implemented in the period. As a guide, if a supplier has been inactive for six months since being approved they should contact RMDS to discuss whether there is a Re-Qualification requirement. If the supplier has made material changes to their declared systems in the period they may also be subject to other elements of Re-qualification as described above.

Version:	2.1	Page 10 of 16	Issue Date:	Nov 2012
Status:	Approved	Assurance Strategy for the Irish Retail Electricity Market		

3 Stages of Assurance

3.1 Introduction

Market Assurance is a staged process. Each stage uses a different technique. The first two stages verify that the pre-requisites have been met and the final stage involves a series of pre-defined tests that the new entrant must carry out to demonstrate that they are ready for operation. For a new Large Supplier, all stages would apply in full in the order below. For other assurance events the same techniques are used but these are applied in different ways commensurate with the particular event. The three techniques are briefly described below. Full details of the stages of assurance are set out in Ref 2. When all stages have been completed a report is prepared and submitted to the CER, who use it to inform their decision whether to approve the market participant to operate.

3.2 Application

Initiation of the assurance process is, in general, triggered when the market participant submits the appropriate Application Form (see Ref 2) to the RMDS. The exception is Market Design Releases and Changes to Central Systems, when the RMDS will initiate the assurance process via the IGG.

3.3 Business Solution Assessment (BSA)

This is the first formal stage of the assurance process and has the primary objectives of verifying that the market participant's processes, systems and records have been, or are being, designed and built in compliance with the Market Design and that they have a robust plan for preparing for Market operation.

3.4 Integration Test Assessment (ITA)

The market participant is required to test the operability of their business processes and systems in an integrated fashion. ITA is the stage of the assurance process during which that internal integration testing is assessed by the Assurance Body for completeness and effectiveness. All key Market scenarios and the full functionality of any automation must be included in the testing, Test plans, scripts and results must be retained for assessment by the Assurance Body.

3.5 Inter-Participant Testing (IPT)

This is the final stage of the assurance process. The objective is to verify that the market participant's processes, systems and staff are capable of operating in the live market. This is achieved by the participant carrying out a number of defined market scenarios in a test environment that replicates the whole market infrastructure and is known as Inter-Participant Testing.

Version:	2.1	Page 11 of 16	Issue Date:	Nov 2012
Status:	Approved	Assurance Strategy for the Irish Retail Electricity Market		

Carrying out IPT is a significant activity - for the market participant, RMDs and ESB Networks – requiring planning, data set-up and gathering of evidence. See Ref 2 for further details. In order for IPT to be possible the market participant must have an EMMA installed and be connected to the ESB Networks’ test market hub.

The following table summarises the stages of Assurance applicable to different types of Market participant and different events.

Figure 1 - Applicability of Assurance Stages

NEW ENTRANT TO THE MARKET	Application	BSA	ITA	IPT
New Large Supplier	√	√	√	√
New Small Supplier	√	Process/Records Review		Reduced Set
New Self Supplier	√			
New Generator	√			Interval Data
EXISTING SUPPLIER – NEW MARKET SEGMENT	Application	BSA	ITA	IPT
Large Supplier	√	√	√	√
Small Supplier	√	Process/Records Review		Reduced Set
Supplier wishes to be eligible as SoLR	√	√	√	√
MARKET DESIGN RELEASE	Application	BSA	ITA	IPT
Large Supplier	N/A	Questionnaire	Subject to risk assessment and IGG direction	Subject to risk assessment and IGG direction
Small Supplier	N/A	Questionnaire		Normally optional but subject to risk assessment and IGG direction
RE-QUALIFICATION	Application	BSA	ITA	IPT
Material Change to Supplier Systems	√	√	Large Supplier only	Subject to risk assessment
Small Supplier Approaching Threshold	√	√	Subject to risk assessment	Subject to risk assessment
Inactive Supplier	√	Questionnaire		Bespoke to market changes

4 Assurance Reporting

4.1 Reporting to the Market

General updates on assurance activity will be given to the IGG. These reports will contain no information of a confidential nature. They will focus on:

- Scale of activity with respect to new entrants, existing participants' assurance for new market segments, and material changes being made to their systems by market participants;
- Assurance plans, progress and status report for market design changes; and
- Plans and progress for changes to the assurance process itself, including the results of Post Implementation Reviews.

4.2 Reports to CER

As authorising body CER will be kept informed of the progress being made by named new entrants and existing market participants undertaking assurance activity. In particular CER will be provided with a copy of the detailed reports required by them to inform:

- approval for a market participant to begin operation in the Market or in a Market Segment; or
- their go/no-go decision on cut-over for an update to the market design; or
- their go/no-go decision on the cut-over to live operation of a change for which a market participant has been the subject of Re-qualification.

4.3 Reports to the RMDS

The RMDS will be kept informed of all assurance activities including progress through all of the assurance processes outlined in this document.

4.4 Reporting to ESB Networks and MRSO

In order to ensure that the various market level activities in which new entrants and market participants are involved are co-ordinated, ESB Networks and MRSO are kept informed by RMDS and the Assurance Body of requirements for them to support new entrant and existing participant plans and the assurance approach for them. In particular, they will be kept informed of:

- the date a new entrant wishes to commence trading and in what market segments;
- the implementation dates for material changes being developed by market participants; and
- Inter-Participant Testing requirements.

Information of a commercial nature will not be shared in this way.

Version:	2.1	Page 13 of 16	Issue Date:	Nov 2012
Status:	Approved	Assurance Strategy for the Irish Retail Electricity Market		

5 Governance

5.1 Approval of Assurance Processes

The assurance processes comprise this Assurance Strategy and a number of documents that support it (see Bibliography). The strategy and all of the supporting documents are available to all market participants via the RMDS website. The approval of the CER is required for this Assurance Strategy and any changes to it to be included or updated on the RMDS website. Supporting documents are maintained in line with the strategy and do not require CER approval.

Responsibility for maintenance of the assurance processes rests with the Assurance Body, to whom requests for clarification should be addressed. Web links are included in section 1.4.

The review and approval process for assurance documents is as for market design documents and changes. This includes the opportunity for all market participants to comment on a document or changes to it, and for the IGG to recommend a course of action. Any market participant may raise a change request; this will be circulated to all market participants and will be discussed at the IGG.

5.2 Approval of Assurance Operations

The approval body is, in all cases, the CER.

The Assurance Body will prepare reports at each of the approval points, containing recommendations to the CER, who will determine whether to approve or disapprove the recommendations.

An approval may be subject to conditions as seen fit by the CER. The participant is required to provide to the CER (through the Assurance Body) any reasonable information required to monitor compliance with such conditions and in order to determine when the conditions may be lifted. Market participants must complete the appropriate assurance and be approved for each market segment in which they wish to operate.

Any approval given is limited to the scope for which assurance has been satisfactorily completed and for which CER has specifically given its approval.

5.3 Market Participant Obligations

New entrants to the Market and already-active market participants are obliged to comply with the market assurance processes as summarised in this strategy and detailed within Ref 2.

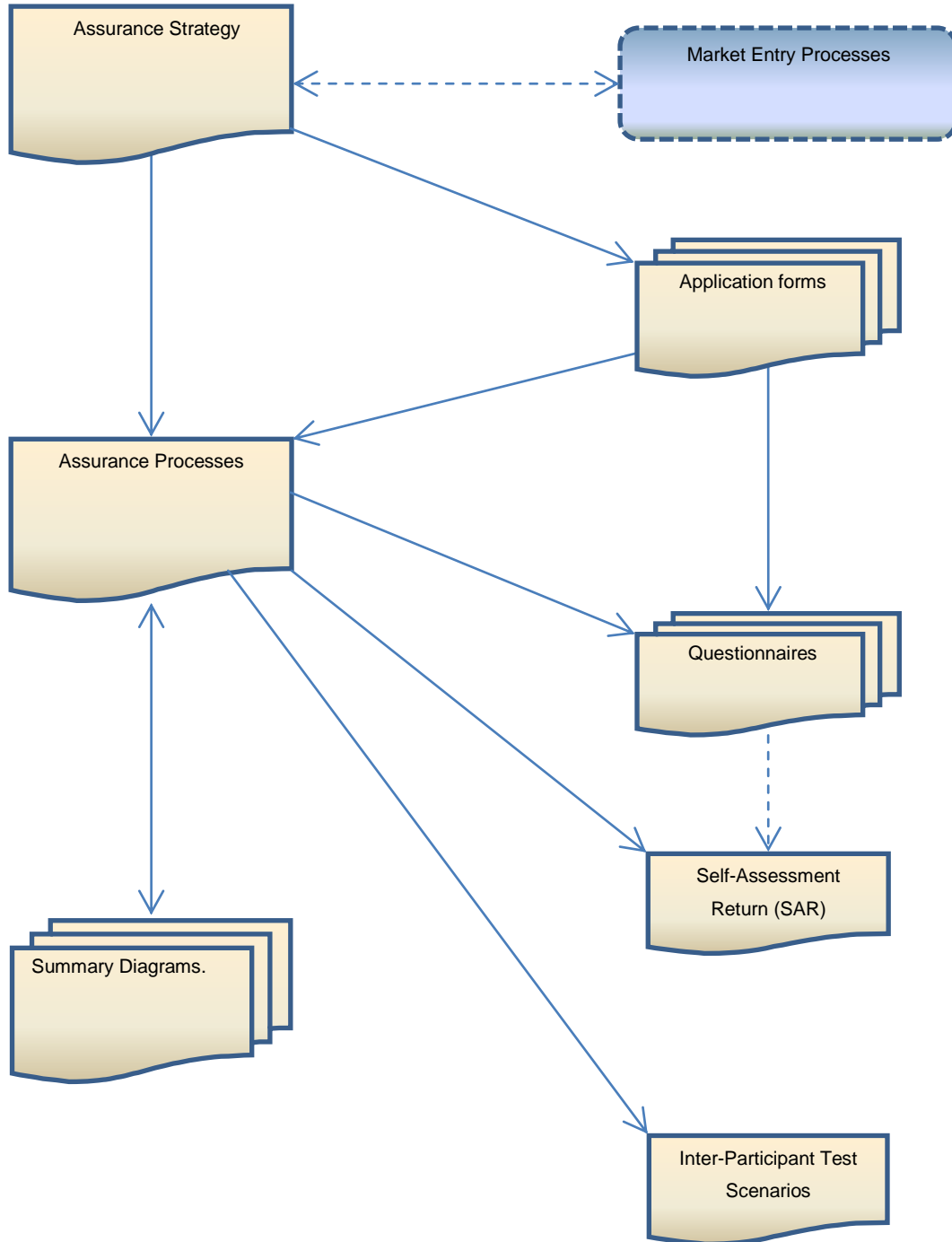
Version:	2.1	Page 14 of 16	Issue Date:	Nov 2012
Status:	Approved	Assurance Strategy for the Irish Retail Electricity Market		

Where a new entrant or an existing market participant fails to satisfactorily complete the applicable assurance processes (for example Re-qualification or prior to entering a new Market Segment) the Assurance Body will inform CER who will make a judgement and determine a course of action.

Version:	2.1	Page 15 of 16	Issue Date:	Nov 2012
Status:	Approved	Assurance Strategy for the Irish Retail Electricity Market		

Appendix A – Structure of Assurance Documents

The following diagram illustrates the various assurance documents and how they are related.



Version:	2.1	Page 16 of 16	Issue Date:	Nov 2012
Status:	Approved	Assurance Strategy for the Irish Retail Electricity Market		