

Market Assurance Strategy for the Irish Retail Electricity Market

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CHANGE HISTORY

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DOCUMENT CONTROLS

Reviewer	Role	Responsibility	Date
Elizabeth Montgomerie	Gemserv	Technical Review	28/01/2020
Simon Fox-Mella	Gemserv	Quality Review	03/02/2020
RMDS	Market Design	Approval of updates	24/06/2020
IGG		Approver	23/06/2021

Introduction

PURPOSE

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 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.

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 that wish to become Market Participants;
- existing Market Participants that wish to operate in additional Market Segments;
- the Market Design and central systems adapting to change requests from Market Participants, changing trading arrangements and improvements in technology;
- Market Participants initiating and implementing changes to their own systems for their own business purposes, with these changes having the potential to impact on the participants' ability to operate non-disruptively in accordance with the Market Design; and
- Small Suppliers growing and wishing to operate on a larger scale.

The Commission for Regulation of Utilities (CRU) 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 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. 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 CRU and published on the RMDS website.

OBLIGATION ON MARKET PARTICIPANTS TO UNDERGO ASSURANCE

As part of their licence, it is obligatory for Market Participants to:

- ensure the successful completion of the relevant aspects of the assurance processes; and
- adherence to assurance requirements conforming to this Assurance Strategy, as approved by the CRU.

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 the accompanying Assurance Process document (Reference 2)) before commencing live operations in any segment of the Irish Retail Electricity Market.

Organisations considering entering the Irish Retail Electricity Market should contact the CRU in the first instance to obtain their Supply Licence. Additionally, they should also contact RMDS to discuss the Market Entry processes involved following receipt of licence.

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 ¹	Services
Assurance Body (Gemserv)	<ul style="list-style-type: none">▪ Market Assurance
Commission for Regulation of Utilities (CRU, the Commission)	<ul style="list-style-type: none">▪ Market regulation▪ Licensing and governance
EirGrid	<ul style="list-style-type: none">▪ Transmission as Transmission System Operator (TSO)
ESB Networks	<ul style="list-style-type: none">▪ Distribution▪ Meter Operation▪ Meter Reading▪ Data Aggregation▪ Communications Infrastructure▪ Ownership of testing environment

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Meter Registration System Operator (MRSO)	<ul style="list-style-type: none"> ▪ Meter Point Registration
Retail Market Design Service (RMDS)	<ul style="list-style-type: none"> ▪ 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
Industry Governance Group (IGG)	<ul style="list-style-type: none"> ▪ Forum for Market Participants to discuss Market issues, Market Design changes and Market Assurance
Single Electricity Market Operator (SEMO)	<ul style="list-style-type: none"> ▪ Facilitator of the continuous operation and administration of the Single Electricity Market, which comprises the markets in the Republic of Ireland and Northern Ireland

GLOSSARY

Acronym/Term	Description
CRU	Commission for Regulation of Utilities
EMMA	Electricity Market Messaging Application (needed to facilitate market messaging)
ESBN	ESB Networks
IGG	Industry Governance Group
MRSO	Meter Registration System Operator
RMDS	Retail Market Design Service
SEMO	Single Electricity Market Operator
TSO	Transmission System Operator

Approach to Market Assurance

PRINCIPLES

The principles underpinning the strategy are addressed briefly below:

MARKET ASSURANCE SHOULD NOT PLACE AN UNNECESSARY BURDEN ON THE PARTICIPANT

A risk-based approach is taken for several elements of the strategy, and the Participant's own project plan is considered when deriving a specific assurance approach for them.

THE MARKET 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. It has fewer demanding requirements for Small Suppliers and Generators, with Large Suppliers 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 will assess the nature, scale, and impact of risks when changes are introduced. And the approach taken for a specific change will be commensurate with the risk posed by it.

MARKET ASSURANCE SHOULD BE EVIDENCE BASED

The assurance approach is to be proportionate and appropriate in how much and what evidence is collected by the Participant and provided to the Assurance Body.

ASSURANCE PROCESS MUST BE APPROPRIATE TO SUPPLIERS IN A SUBSET OF SEGMENTS

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

- Interval Metered (IM)
- Non-Interval Metered (NIM) (Non-Domestic Customers)
- Non-Interval Metered (Domestic Customers)
- Pre-payment Metered (Domestic Customers)
- Unmetered Supply

The assurance approach taken for each Market Participant focuses on the Segment(s) for which approval has been requested.

TYPES OF MARKET PARTICIPANT

There are several different types of organisations that participate in the Retail Electricity 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 type of participant subject to assurance is given below.

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 of power supplied at peak demand.

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 of power supplied at peak demand.

Self-Supplier

A Self-Supplier is a Supplier who:

- supplies energy to only one site;
- does not compete to supply energy to any third party; and
- does not use market messages to support its operations.

A Self-Supplier may register only one metering point.

Demand Side Unit

A Demand Side Unit (DSU) consists of one or more Individual Demand Sites that can be dispatched by the Transmission System Operator as if it was a generator.

Export-Only Supplier

An Export-Only Supplier is a Supplier who:

- has more than one de minimis / non-participant sites which they want to register for export only up to a maximum of 10 sites;
- have financial control over export payments from the SEMO rather than receive payments as a generator via a bi-lateral contract agreement with a supplier; and
- supplies energy to only one site.

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.

MARKET ASSURANCE TRIGGERS

There are several events that may trigger a requirement for assurance to be carried out. The approach to assurance for the different types of events is commensurate with the perceived risk in each case, in line with the principles above. The types of events are described below; and the assurance applicable to each is outlined later in this document and covered in detail in the accompanying Assurance Process document.

New entrant to the Market

An organisation's potential to pose a risk to the Market is at its greatest when it first enters the Market. Consequently, the assurance approach is most demanding for this event, tempered by the type of Market Participant the organisation wishes to be approved as.

Existing supplier entering a new Market Segment

The assurance process to cater for existing Market Participants entering a new Market Segment(s) is identical to that for a new participant but with the scope limited to the requirements applicable to the new Segment(s). For example, where a Large Supplier wishes to enter the Unmetered Market segment, they shall undertake Market Assurance for the new Market segment only.

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 cutover 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.

Requalification for Existing Participants

There are circumstances in which a Market Participant may be subject to further assurance, known as Requalification. Where a Market Participant is in one of the following situations, it should contact RMDS to discuss whether there is a Requalification requirement.

Material change to a Market Participant's systems or processes

The procedures and systems used by Market Participants to operate in the market will 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 its 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.

Small Supplier reaches threshold

If a Small Supplier plans to exceed the thresholds applicable to its approval as a Small Supplier, then it will be subject to Requalification so that they may continue to operate, but in the role of Large Supplier.

Supplier becomes active

A Supplier would be subject to Requalification if approval to operate in the Retail Market has been gained, but the Supplier then remains inactive (having never operated in the Market) during a period of one or more Market Design Releases.

The Market Participant will be requested 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, it should contact RMDS to discuss whether there is a Requalification requirement. If the Supplier has made material changes to its declared systems in this period, it may also be subject to other elements of Requalification as described above.

Stages of Assurance

INTRODUCTION

Market Assurance assessment is a staged process. Each stage uses a different assurance technique. The Business Solution Assessment (BSA) and Integration Test Assessment (ITA) stages verify that a Market Participant has met the Market Design requirements. Inter-Participant Testing (IPT) involves the Market Participant performing a set of pre-defined tests that demonstrates its readiness for operation in the Market.

When all stages have been completed, a report is prepared and submitted to the CRU, who uses it to inform its decision on whether to approve the Market Participant to operate within the relevant Market Segment(s).

A new Large Supplier would be subject to all three stages in full, in the order listed below. For other assurance events, the same techniques are used. However, these are applied in different ways commensurate with the event.

A summary of Assurance documents and how they relate can be seen in **Appendix A - Structure of Assurance Documents**.

APPLICATION

Initiation of the Assurance Process is, in general, triggered when the Market Participant submits the appropriate Application Form to RMDS. The exception is for Market Design Releases and changes to central systems, when RMDS will initiate the Assurance Process via the IGG.

BUSINESS SOLUTION ASSESSMENT (BSA)

This is the first formal stage of the Assurance Process. It 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 ensuring that the Market Participant has a robust plan for preparing for Market operation.

INTEGRATION TEST ASSESSMENT (ITA)

The ITA stage requires the Market Participant to perform integration testing on their systems and processes. The ITA Stage is the stage during which 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.

INTER-PARTICIPANT TESTING (IPT)

IPT is used to verify that the Market Participant’s processes, systems and staff can operate in the live Market. The Market Participant performs several defined Market scenarios in a test environment that replicates the whole market infrastructure.

IPT requires co-ordination between the Market Participant, RMDS and ESB Networks with regards to planning, data set-up and gathering of evidence. For IPT to be possible, the Market Participant must have an EMMA installed and be connected to ESB Networks’ test market hub.

FINAL REPORT

When all stages have been completed, a report is prepared and submitted to the CRU, who uses it to inform its decision on whether to approve the Market Participant to operate in the Retail Electricity Market.

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
Large Supplier	✓	✓	✓	✓
Small Supplier	✓	(Process and Records Review)		Reduced Set
Self-Supplier DSU	✓			
Export-Only Supplier	✓			
Generator using MM	✓			Interval Data
EXISTING SUPPLIER – NEW MARKET SEGMENT	Application	BSA	ITA	IPT
Large Supplier	✓	✓	✓	✓
Small Supplier	✓	Process/Records Review		Reduced Set
MARKET DESIGN RELEASE	Application	BSA	ITA	IPT
Large Supplier	N/A	Questionnaire	Subject to risk assessment	Subject to risk assessment
Small Supplier	N/A	Questionnaire		Subject to risk assessment

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		Subject to risk assessment

Assurance Reporting

REPORTING TO THE MARKET

General updates on assurance activity will be given to the IGG. No information of a confidential nature will be shared for the updates. The updates will focus on:

- the scale of activity with respect to new entrants, existing Market Participants' assurance for new Market Segments, and Material Changes being made by Market Participants to their systems;
- 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.

REPORTS TO THE CRU

The CRU, as the regulatory authority, will be kept informed of the progress being made by named new entrants and existing Market Participants undertaking assurance activity. The CRU will be provided with detailed reports to support its informed decisions on:

- approval for a Market Participant to begin operation in the Irish Retail Electricity Market or in an additional Market Segment;
- a go/no-go decision on cutover for an update to the Market Design; or
- a go/no-go decision on the cutover to live operation of a change for which a Market Participant has been the subject of Requalification.

REPORTS TO RMDS

RMDS will be kept informed of all assurance activities, including progress through all the Assurance Processes outlined in this document.

REPORTING TO ESB NETWORKS AND MRSO

RMDS and the Assurance Body will keep both ESB Networks and the MRSO informed of the various Market level activities and support requirements to ensure coordination to support the new entrant or existing participants.

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.

Governance

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 the accompanying Assurance Processes for the Irish Retail Electricity Market document.

Where a new entrant or an existing Market Participant fails to satisfactorily complete the applicable assurance processes, the Assurance Body will inform the CRU, who will make a judgement and determine a course of action.

APPROVAL OF ASSURANCE PROCESSES

The Assurance Processes comprise this Assurance Strategy and several documents that support it. The strategy and all the supporting documents are available to all Market Participants via the RMDS website. Any changes to this Assurance Strategy, requires the approval of the CRU, and any approved updates will be published on the RMDS website. Supporting documents are maintained in line with this strategy and so changes to these do not require CRU approval.

Responsibility for maintaining the assurance processes rests with the Assurance Body, to whom requests for clarification should be addressed.

The review and approval process for this Assurance Strategy document is the same as for Market Design documents and changes. This includes the opportunity for all Market Participants to comment on any 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.

APPROVAL OF ASSURANCE OPERATIONS

The CRU is the approval body in all cases.

The Assurance Body will prepare reports at each of the approval points containing recommendations to the CRU. The CRU will then determine whether to approve or reject the recommendations.

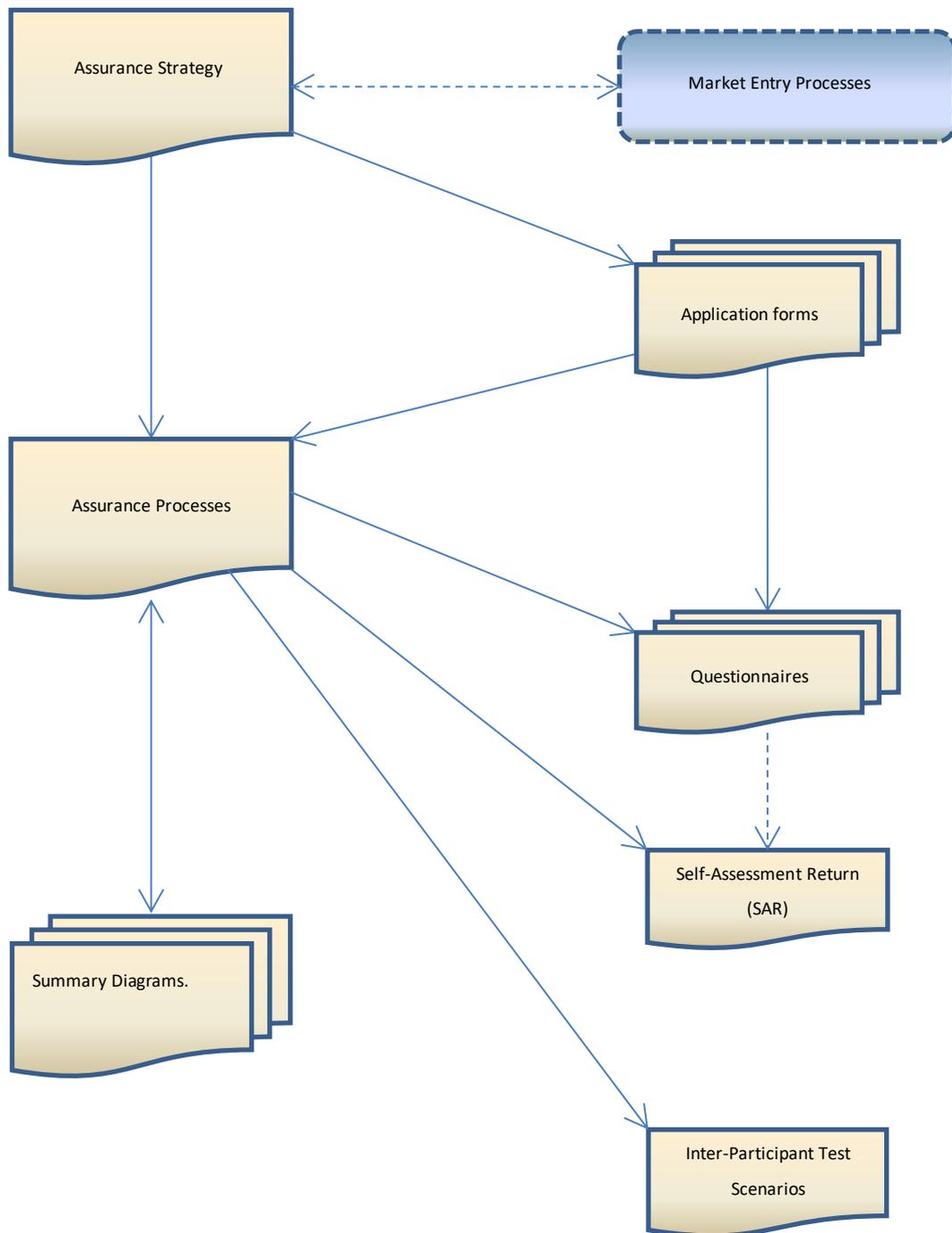
An approval may be subject to conditions as seen fit by the CRU. If this is the case, then the Market Participant will be required to provide to the CRU (through the Assurance Body) any reasonable information required to monitor compliance with such conditions and to determine when the conditions may be lifted. Market

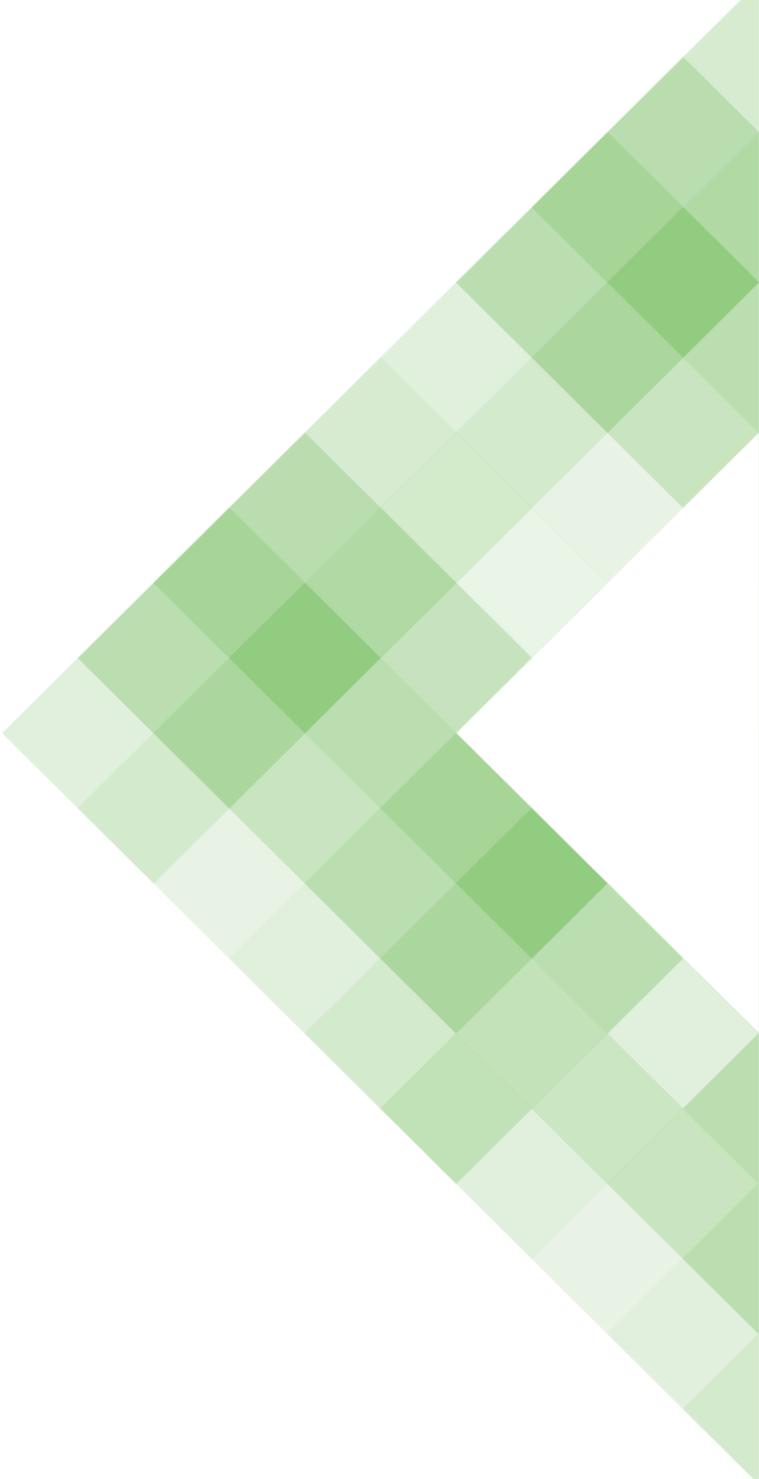
Participants must complete the appropriate assurance and be approved for each Market Segment in which they wish to operate.

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

Appendix A – Structure of Assurance Documents

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





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