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The background of the entire page is a photograph of a wind farm. Several large, three-bladed wind turbines are visible, standing on tall metal towers. They are situated in a field of golden-brown grass under a clear blue sky with a few wispy clouds. The turbines are arranged in a line, receding into the distance.

Capacity Market Audit

Independent Market Auditor's Report
For the period ended 30 April 2019

Date 14 July 2020



Market Auditor Report – Notice re Distribution and Publication

This notice concerns the Market Auditor Report to the Commission for Regulation of Utilities (CRU) and the Utility Regulator (UR) (together the Regulatory Authorities (the RAs)) on the Capacity Market Audit for the 17 months ended 30 April 2019 dated 14 July 2020 (the "Report").

This notice does not apply to the RAs or Parties to the Code who have signed the "Terms of Release to the Parties to the Code" letter (including their employees acting within the scope of their employment duties).

The requirement for the Capacity Market Audit is set out in the Integrated Single Electricity Market ("I-SEM") Capacity Market Code ("the Code") designated on 2 June 2017 and as amended from time to time. This Report was prepared by Deloitte Ireland LLP (a partnership established in Ireland and with its registered address at Deloitte & Touche House, Earlsfort Terrace, Dublin 2, Ireland) ("Deloitte").

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No work has been carried out nor have any enquiries of RAs or the System Operator ("SO") been made since 17 April 2020. The Report does not incorporate the effects, if any, of any events or circumstances which may have occurred or information which may have come to light subsequent to that date. Deloitte makes no representation as to whether, had Deloitte carried out such work or made such enquiries, there would have been any material effect on the Report. Further, Deloitte has no obligation to notify you if any matters come to its attention which might affect the continuing validity of the comments or conclusions in the Report.

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This notice shall be governed and construed in accordance with the laws of Ireland. The courts of Ireland will have exclusive jurisdiction to settle any claim, dispute or difference which may arise out of or in connection with this notice.

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1. Introduction

1.1 Background

The Single Electricity Market ("SEM") recently underwent significant change driven by enhancing cross-border trading, interconnection and implementation of the EU target model. The new wholesale market went live in October 2018. The new market includes a Capacity Remuneration Mechanism ("CRM") whereby Reliability Options ("ROs") are awarded to capacity providers via a Capacity Market Auction. Capacity Providers that hold ROs receive option fees at the price arising from the relevant auction, but are required to make difference payments when the price at which they sell power exceeds the Market Reference Price ("MRP") specified in the RO. The Capacity Market Code ("the Code") was published on 2nd June 2017 and sets out the arrangements whereby market participants can qualify for, and participate in, auctions for the award of capacity. Our review considered the revisions to the Code up to and including 20th March 2019 and is available on the SEMO website.

The RAs have engaged Deloitte as Capacity Market Auditor to undertake a Market Audit of the operation and implementation of certain of the arrangements, procedures and processes as required under the Code. Paragraph B.11.1.1 of the Code requires the RAs to appoint a Market Auditor. Section B.11 of the Code sets out the requirements of the Capacity Market Auditor. As required under the Code the RAs consulted on the scope of the Capacity Market Audit resulting in the publication of the Terms of Reference for the Capacity Market Audit (SEM-17-023) on 10 April 2017 ("TOR").

The scope of the Market Audit is set out in the TOR for the Capacity Market Audit (SEM-17-023) on 10 April 2017 in accordance with paragraph B11.2 of the Code. The period of the Audit has been defined as covering the period from the first T-1 Auction (with the Auction completed in December 2017) to the first T-4 Auction completed in April 2019. This therefore incorporates the first two T-1 Auctions and the first T-4 Auction.

As defined in the TOR the scope of the Capacity Market Audit focused on the activities of the SO under the Code and associated Agreed Procedures and covered the systems and processes within the control of the SO. The scope of the Capacity Market Auditor's assurance activities relates to the SO activities under the Code, to the extent covered by specific requirements in the Code, Appendices and Agreed Procedures, and included:

- Accession and Registration;
- Default, Suspension and Termination;
- Qualification;
- Operation of the auction and award of capacity;
- Secondary trading;
- Implementation agreements;
- SO and other Charges;
- Invoicing and Payment;
- Credit Cover management;
- Disputes;
- Modifications; and
- Design Authority / Code development and Systems Upgrade.

1. Introduction (Continued)

Based on discussions with the RAs, the detailed scope and approach for each of the above scope areas has been defined. This takes into account the current state of the market arrangements – for example those areas where transition arrangements remain in place – as well as changes in the timing of Auctions compared to those envisaged in the TOR. In addition the RAs have confirmed that those areas already assessed and reported on by the Capacity Auction Monitor are not required to also be assessed by the Capacity Market Auditor – in broad terms (and subject to the clarifications below) this excludes from the Auditor scope the activities relating to Qualification and Operation of the Auction for the three Auctions included in the Audit Period. During the planning and delivery of the work we liaised with the Auction Monitor to discuss the scope and findings of their work.

Unless otherwise specified, words and expressions used in this Report have the same meaning as defined in the Code.

1.2 Requirement for Market Audit

The requirement for a Market Audit of the Code is set out in section B of the Code in paragraphs B.11.1.1 to B11.2.8. As specified in the TOR, it covers the 17 month period from 15 December 2017 to 30 April 2019. The majority of our assurance testing took place between May 2019 and July 2019, however additional information and explanations were received following the end of this testing period and publication of the report and these have been reflected in the findings documented.

1.3 Report Structure

Section 2 contains our Market Audit Opinion. The Market Audit Scope was agreed by the RAs in accordance with the TOR.

Section 3 contains our Report of Significant Issues, setting out matters identified during the course of the audit which, while not material in the context of the audit and not resulting in a qualified Audit Opinion, may have a significant impact on Parties to the Code. Where, in our judgement, matters arising may be significant to individual parties such matters have been included in the Significant Issues Report with sufficient detail so as to allow the RAs and Parties to the Code to evaluate the impact of the cause and circumstances of matters reported. As set-out in the TOR the Auditor will report on a volumetric basis with a materiality set at 20MW for the market level and 2MW at the participant level. The Auditor will also report on any “Significant Issues” regardless of materiality in order to capture any regular incidents including those which may have a potential significant quantitative or qualitative impact.

Section 4 contains details of Other Matters Arising which we wish to bring to the attention of the market. They do not represent issues of significant non-compliance and accordingly there is no requirement to report these matters under the terms of the TOR. However, we include this section as we believe it may assist the RAs and Parties to the Code to judge for themselves the relative significance of all points reported.

2. Market Auditor Conclusion

Independent Market Auditor's Assurance Report to the Commission for Regulation of Utilities ("The Commission" or "CRU") and the Utility Regulator ("UR") (together "The RAs")

We have performed assurance work over the extent to which the SO have complied with the Code and relevant Agreed Procedures as defined in the "Terms of Reference for the 2019 Market Audit" published by the RAs on 10 April 2017, for the 17 month period ending 30 April 2019.

This report is made solely for the RAs, as a body, in accordance with paragraph B.11.2.1 of the Code. Our work has been undertaken so that we might state to the RAs those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the RAs and the Parties as a body, for our work, for this report, or for the opinions we have formed. Parties to the Code may only rely on this report if they have agreed in writing to be bound by the conditions under which it has been prepared, in line with the engagement letter.

Unless otherwise specified, words and expressions used in this report have the same meaning as defined in the Code.

Responsibilities of the SO, RAs and Parties to the Code (together the "Responsible Party")

The Code is a legal agreement which, inter alia, sets out the terms of the Capacity Market arrangements for the sale and purchase of wholesale electricity on the island of Ireland between participating generators and suppliers ("Integrated Single Electricity Market"). The Code defines the Rules and Agreed Procedures which are required to be followed by the signatories to the Code ("Parties") who are bound by its provisions.

The functions of the RAs are set out in the Electricity Regulation Act 1999, the Northern Ireland (Miscellaneous Provisions) Act 2006 and in the Code. In the context of the Market Audit, the role of the RAs as the Responsible Party is to appoint the Market Auditor and agree the terms of the Market Auditor's appointment, consult on and issue the Terms of Reference for the Market Audit, and receive Market Audit Reports.

The SO is responsible for the operation of the Integrated Single Electricity Market ("I-SEM") under the Code as set out in paragraphs A.1.1.1 and A.1.2.1 therein and for complying with the requirements of the Code and Agreed Procedures as listed in appendix A to the Code, insofar as they are applicable to the SO.

The responsibilities of the Parties in respect of the Capacity Market Audit are set out in paragraph B.5 of the Code, which requires parties to provide without charge to the Market Auditor in a timely manner, subject to any obligations of confidentiality, such information as is reasonably required by the Market Auditor to enable the Market Auditor to comply with the functions and obligations and TOR for the purposes of conducting the audit and preparing and finalising the Audit Report. A person may only become a Party to the Code in accordance with the terms of the Code and the Capacity Market Framework Agreement.

2. Market Auditor Conclusion (Continued)

Responsibilities of the Market Auditor

The requirements for the Capacity Market Audit are set out in paragraphs B.11.2.1 to B.11.2.8 of the Code, in particular paragraph B.11.2.1 of the Code which sets out that "The Capacity Market Auditor shall conduct an audit of the operation and implementation of the arrangements, procedures and processes under this Code at least once a year, in accordance with the Terms of Reference determined by the RAs. It is our responsibility as Market Auditor to execute the Market Audit as required under the Code and as set out in the Terms of Reference for the 2018 Capacity Market Audit. In the context of this engagement the terms "Audit" and "Market Audit" mean a reasonable assurance engagement performed in accordance with the International Standard on Assurance Engagements (ISAE) 3000 ("Revised") "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information".

We further include findings not considered material / significant, based on the stipulated levels, that are considered of interest to parties to the Code in the "Other Matters" section of the report. This is not a requirement under the Terms of Reference determined by the RAs.

Limitations and exclusions from scope

The Terms of Reference, as quoted below, for the 2019 Capacity Market Audit expressly excludes operation of certain components from the scope of the Capacity Market Audit.

- The Capacity Market Auditor will be checking the application of the Code, however validation of the Code itself is a technical area which is outside the Capacity Market Auditor's area of competence. Although, the Capacity Market Auditor shall report any inconsistency or error coming to their attention during the course of the audit work, they will not be specifically charged with confirming the validity of the Code.
- The Market Auditor's role shall be restricted to confirming that the process for development has operated in accordance with the requirements of the Code. The determination of the Local Capacity Constraints and their underlying methodology (set out in section F.4 of the Code) is a technical area which will lie outside the Capacity Market Auditor's area of expertise.
- As a result, the Auditor's scope shall be limited to the compliance by the SO with the methodology for determining Local Capacity Constraints, including following of any relevant procedures and provisions of appropriate process documentation.

Our assurance work excluded the audit of the obligations on the System Operators in relation to the Operation of the Auction and award of Capacity that was tested by the Capacity Auction Monitor. We liaised with the Capacity Auction Monitor during the performance of our assurance work in respect of the scope and findings of the Auction Monitor and sought to avoid duplicating the work performed by the Capacity Auction Monitor. The role and reporting obligations of the Capacity Auction Monitor are reflected in Section B.10.2 to B.10.4 of the Capacity Market Code.

2. Market Auditor Conclusion (Continued)

Basis of assurance conclusion

We conducted our assurance work in accordance with the International Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information". That standard requires that we plan and perform our work to obtain appropriate evidence about the subject matter of the engagement sufficient to support an opinion providing reasonable assurance when evaluated against the identified criteria. In the context of the Market Audit, the subject matter consists of relevant activities of the SO which are evaluated against the relevant paragraphs of the Code and applicable Agreed Procedures as set out in the Terms of Reference for the 2019 Market Audit.

Our assurance work included examination, on a test basis, of evidence relevant to the Code and Agreed Procedures including the review of risks, control objectives and controls associated with the SO performance of their duties and operation of the Capacity Market arrangements, procedures and processes. Our testing of the controls comprised review of documentation, corroborative enquiry with key SO staff and, on a sample basis, testing the operation of controls and the validity and accuracy of the calculations underlying settlement output.

We planned and performed our assurance work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the SO has complied with the Code and relevant Agreed Procedures as defined in the Terms of Reference for the 2019 Market Audit.

We comply with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, or equivalent code, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

We apply International Standard on Quality Control 1 and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and RAs requirements.

We have prepared a report of "Other Matters Arising" which is attached to this opinion setting out matters identified during the course of the audit which, while not material in the context of the audit, may have a significant impact for Parties to the Code. Our opinion should be read in conjunction with the "Report of Significant Issues", but is not qualified in respect of matters contained therein.

2. Market Auditor Conclusion (Continued)

Conclusion

On the basis set out above and subject to the exclusions noted in the Responsibilities of the Market Auditor section above, in our opinion, during the period from 15 December 2017 to 30 April 2019 the SO has, in all material respects, complied with the Code and relevant Agreed Procedures as set out in the "Terms of Reference for the 2019 Market Audit" published by the RAs on 10 April 2017.

A handwritten signature in black ink, appearing to read "J Schindler". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

For and on behalf of

Deloitte Ireland LLP

Chartered Accountants

Deloitte & Touche House

29 Earlsfort Terrace

Dublin 2

Date: 14 July 2020

3. Report of Significant Issues

Issue	Effect	SO Response
None noted		

4. Other Matters Arising

Issue	Effect	SO Response
Accession and Registration – Agreed Procedure 1		
1. No evidence of issuing of the signed Accession Deed		
<p>In accordance with section B.5.4.1 of the Code and Agreed Procedure One, the System Operator (“SO”) is required to issue the Applicant with a signed and dated Accession deed via e-mail.</p> <p>Through testing of Accessions and Registrations the following was however noted:</p> <ul style="list-style-type: none"> For four out of four new party registration instances tested, no evidence could be obtained that a copy of the signed Accession Deed was sent to Applicants, via email. Through inquiry with management it was found that the signed Accession deeds were sent to Applicants via post, however no evidence of this could be obtained. 	<p>Non-compliance with section B.5.4.1 of the Code/Agreed Procedure 1</p>	<p>The SO accepts the observation. A work procedure has now been drafted to include the requirements under the Agreed Procedure to issue the Accession Deeds via email to the Participants.</p>
2. Framework Agreement not signed off		
<p>In accordance with section B.5.1.1 of the Code and Agreed Procedure One, a person may only become a Party to the Code in accordance, and upon acceptance of the terms of the Code and the Capacity Market Framework Agreement.</p> <p>Through initial discussions with management, it was brought to the attention of the auditors that during the period under review, management incorrectly registered one participant through the Transitional Process, who signed the Accession Deed instead of the required Framework Agreement. This participant was not subject to the registration process for a new participant in its entirety as prescribed by section B.5.1.1 of the Code.</p>	<p>Non-compliance with section B.5.1.1 of the Code and Agreed Procedure 1</p>	<p>This was not an error on EirGrid's part, the Participant did not get the relevant documents back in time and was therefore asked instead to complete an Accession Deed which replaced the Framework Agreement and once signed, meant the Participant was acceding the Framework Agreement as well.</p>

Issue	Effect	SO Response
Qualifications (T-1 2018/2019 Auction) – Agreed Procedure 3		
3. Final qualification results not submitted by the final submission due date		
<p>In accordance with section E.9.4.4 of the Code and Agreed Procedure 3, the SO shall use reasonable endeavours to submit the Final Qualification Decisions on or before the Final Qualification Submission Date specified in the applicable Capacity Auction Timetable.</p> <p>The SO failed to submit the Final Qualification Results, to the RAs by the Final Qualification Submission Date, as stipulated in the Capacity Auction Time Table.</p>	<p>Non-compliance with section E.9.4.4 of the Code and Agreed Procedure 3</p>	<p>The SO accepts this observation.</p> <p>The final qualification submission to the RA's was one working day after the date listed in the Auction Timetable. The SOs are required to use reasonable endeavours to submit by this date pursuant to paragraph E.9.4.4 of the CMC. Every effort was made to submit by that date, but final preparation checks and validations resulted in this delay of one working day. It is important to note that this did not have any impact on the subsequent dates in the Auction Timetable.</p>
4. Qualification results submitted to Participant are not in line with the results approved by the RA		
<p>In accordance with section E.9.4.9 and Agreed Procedure 3, the SO shall notify Participants of the approved Final Qualification Decisions in respect of their Capacity Market Units.</p> <p>The Final Qualification decisions approved, or deemed to have been approved by the RAs (and as substituted by the RAs) under section E.9.4 of the Code are final and binding on the Parties.</p> <p>For one out of seven units tested, even though Capacity Market notified the participant of the final qualification decision, via email, as required, the qualification results submitted to the participant are not consistent with the final qualification results approved by the RAs, as even though the unit has qualified as per the published results, from the results emailed to the participant, it was not clear as to whether the unit has qualified or not.</p>	<p>Non-compliance with section E.9.4.9 of the Code and Agreed Procedure 3</p>	<p>The SO accepts this observation.</p> <p>It appears that a filter was incorrectly applied to the results submitted to the Participants and as such only the units which did not qualify was reflected in the relevant PDF document.</p> <p>It should be noted that the file submitted to the RAs was the one correctly PDF'ed and was included in the Final Qualifications Results master excel file.</p>

Issue	Effect	SO Response
Data Publication		
5. Information not published as required		
<p>Through the review of data publications the following was noted:</p> <ul style="list-style-type: none"> • There was no evidence that the certificates in respect of the T-1 auction were published as required by section J.4.3.4 of the Code. • The progress report template in respect of the T-1 auction, was emailed to the selected participants, however section J.4.2.7 of the code requires the template to be published. • For two out of three units tested, the notice received from the Panel Chairperson was not published on the SO website (SEMO) as required by section B.14.5.3 the Code. • No evidence could be obtained that the current "List of Parties and Participants Registered" were published on the SEMO website, as required by section B.5.4.1 the Code. 	<p>Non-compliance with section J.4.3.4/J.4.2.7/B.14.5.3/ B.5.4.1 of the Code</p>	<p>The SO accepts this observation.</p> <p>a) As noted during the Implementation and Agreement walkthrough the entire Implementation reporting process was designed with a T-4 in mind and as stated in the Initial Auction Information Pack there were no fixed reporting dates between the 2019/2020 T-1 Capacity Auction and the 2019/2020 Capacity Year. The obligation on the Participant with Awarded Capacity remains to report upon achieving the relevant Milestones. The SOs have confirmed that Milestone Certificates would be published in advance of the Implementation Progress Reporting start for T-4, which has been completed.</p> <p>b) The Implementation Progress Report template was emailed to each Participant individually. All relevant Participants (all Participants with Awarded New Capacity) received the necessary information with regards to completing this task, including the template for the Implementation Progress Report and the list of units that a template had to be filled in for. The SOs have confirmed that the Implementation Progress Report template would be published in advance of the Implementation</p>

Issue	Effect	SO Response
		<p>Progress Reporting start for T-4, which has been completed.</p> <p>c) As it stands, it does not appear that the Notices were published on the SEMO website. Disputing Parties were notified of the DRB Members in the letter from DRB before the hearing. The SOs confirmed that process will ensure publication in line with B.14.5.3 in future.</p> <p>d) Still in progress</p>
Credit Cover Management		
6. Performance Security not maintained		
<p>A Performance Security in respect of Awarded New Capacity shall be maintained until the Substantial Completion Milestone has been achieved in accordance with section J.3.2.6 and J.2.1.1(c) to the satisfaction of the SO.</p> <p>For one out of eight units tested, the Substantial Completion Percentage is less than the 90%, which requires the SO to maintain the required Performance Security in respect of that unit. This has thus resulted in no performance security being maintained, regardless of the minimum Substantial Completion of 90% not being achieved. The substantial completed percentage calculated by the System Operator was 89.64%, and rounded to 90%.</p> <p>As per Section L.5.4.3 of the Code, the System Operators shall not round any price, variable, quantity, parameter, volume, ratio, factor, discount, premium, rate or proportion during calculation other than that automatically arising from its IT systems, unless specifically required under this Code.</p>	<p>Non-compliance with section J.3.2.6 / J.2.1.1 (c) of the Code/ L 5.4.3</p>	<p>The SO accepts this observation.</p> <p>This was an issue with rounding in excel, which resulted in the percentage being displayed incorrectly for this unit. This issue has been subsequently corrected in the template which was used for subsequent Auctions.</p>

Issue	Effect	SO Response
7. Receipt of Deed of Charge		
<p>For two out of eight units tested, the original executed Deed of Charge and Account Security was requested by the SO eight/six months after the Performance Security was first posted.</p> <p>Additionally, for one of the two units, the SO did not receive the signed Deed of Charge from the Participant at the time of the Audit. This is required by the SO to notify the SEM Bank and procure the SEM Bank's acknowledgement of the Deed of Charge and Account Security (in accordance with paragraph J.3.3.2 (h and i) of the Code).</p>	<p>Non-compliance with section J.3.3.2 (h) and (i) of the Code</p>	<p>The SO accepts the observation and recognises that the Deed of Charge process was not requested in their required timeline, however the process was enacted.</p> <p>The Deed of Charge for [UNIT ID REDACTED] is still outstanding. The SO's are liaising with the Participant and Legal team to progress this.</p>
Disputes		
8. Panel Chairperson Notice		
<p>In accordance with section B.14.5.4 of the Code, the SO shall forward a Notice of Dispute in relation to a Qualification Dispute to the Panel Chairperson.</p> <p>For two out of three units tested, the SO was unable to provide evidence of the notice sent to the Panel Chairperson, as required by the Code.</p>	<p>Non-compliance with section B.14.5.4 of the Code</p>	<p>The SO accepts this observation.</p> <p>A work procedure has now been drafted including the requirement under the Capacity Market Code to forward the Notice of Dispute in relation to a qualification dispute to the Panel Chairperson.</p>

Issue	Effect	SO Response
9. No Dispute Resolution Agreement in place		
<p>In accordance with section B.14.7.2 of the Code, the Disputing Parties and the member (or members) of the Capacity Market Dispute Resolution Board ("CMDRB ") shall enter into an agreement for the member or members of the CMDRB to hear and determine the relevant Dispute on the terms and conditions contained in Appendix B "Template for Dispute Resolution Agreement" of the Code, with such amendments as are agreed between all of them. Additionally, subject to section B.14.7.6, each Disputing Party shall be responsible for paying an equal share of the costs of the CMDRB in respect of the Dispute involving them and shall bear its own costs of the CMDRB procedure</p> <p>For one out of three units tested, the SO was unable to provide the signed Dispute Resolution Agreement. As such we were unable to verify the responsibilities of each parties in respect of the costs associated to the Dispute.</p>	<p>Non-compliance with section B.14.7.2/ B.14.7.6 of the Code</p>	<p>The SO accepts this observation.</p> <p>The SO can confirm that a dispute resolution agreement was signed at the meeting that was held on the 10th of October at 8:45 am in the Eirgrid offices, but is unable to locate the signed copy.</p>
Modifications		
10. Workshop Agenda		
<p>The SO shall circulate an agenda to Workshop participants at least ten working days in advance of the Workshop, except in the case of a Workshop under paragraph B.12.9.5 (b) of the Code.</p> <p>For three out of four modification proposals tested, the related agenda to the workshop, in which these proposals were discussed, were not circulated to the participants within 10 working days, as required by the Code.</p>	<p>Non-compliance with section B.12.7.1(f) of the Code</p>	<p>The SO accepts this observation.</p> <p>The Secretariat raising a Modification Proposal is to correctly align the timelines in the procedure as currently the ten working day requirement is the same for receipt of new Modification Proposals and the issuing of the agenda.</p> <p>The agenda can only be issued after the Modification Proposals deadline in order for the new Modification Proposals raised to be included in the agenda.</p> <p>In the event that no new Modification Proposals are raised then the workshop is cancelled in which case you cannot issue an agenda until after the 10 working days. A Modification Proposal will propose that the agenda is issued at least 5</p>

Issue	Effect	SO Response
		working days before a workshop to allow for the attendee registration process to complete and the new Modification Proposal deadline to expire.
11.Action of Urgent marked Proposal		
<p>The SO shall, as soon as possible on receipt of a Modification Proposal which is marked "Urgent", contact the RAs which shall determine in accordance with paragraph B.12.9.2 whether or not the Modification Proposal shall be treated as Urgent.</p> <p>For one out of four modification proposals tested, the proposal was designated as urgent, however the proposal was only sent to the RAs within the normal terms of 5 working days, as opposed to "as soon as possible" as required by the Code. Based on this no differentiation could thus be noted between the time period in which an urgent proposal is sent to the RA and that of a proposal which is not designated as urgent.</p>	Non-compliance with section B.12.9.2 of the Code	<p>The SO accepts the observation.</p> <p>The process was undertaken as soon as possible with evidence provided confirming this. We have reviewed the internal timelines with the objective of delivering a quicker response for future Urgent Modification Proposals.</p>
12.Quarterly Reports not issued to the RAs		
<p>The SO shall submit a quarterly report to the RAs including the progress and status of Modification Proposals. If the RAs have determined a Modification Finalisation Date under paragraph B.12.3.1, then the timing of these reports shall be scheduled such that a report is submitted not less than one month prior to that date. These reports shall be published by the SO as soon as reasonably practicable after they are submitted to the RAs.</p> <p>For two out of four modification proposals tested, the only reports sent to the RAs is the Working Group Report required in terms of section B.12.7.1 (j). Therefore no quarterly reports are sent as required in terms of section B.12.13.4 of the Code.</p>	Non-compliance with section B.12.13.4 of the Code	<p>The SO accepts the observation.</p> <p>The progress and status of all Modification Proposals is clearly communicated in great detail in the Capacity Market Modifications section of the SEMO website. A Programme of Work document is also communicated verbally at each Workshop and attached as an appendix to all Workshop Reports that are sent to the RAs and also published. The Secretariat is reviewing section B.12.13.4 in light of the duplication.</p>

Issue	Effect	SO Response
13.Publication of the RAs Decision		
<p>The SO shall publish on the Modifications Website the decision of the RAs in relation to a Modification Proposal within two Working Days after the decision has been made and provided to the SO and, where a Modification Proposal has been made, include the text of the Modification in the notice of the decision.</p> <p>For four out of four modification proposals tested, we were unable to obtain evidence of the notification sent to the SO from the RAs containing the Decision reached by the RAs in respect of each proposal.</p> <p>Further to this we were unable to obtain evidence from the SO as to the date on which the Decision Paper relating to each Modification proposal was published, and as such we are unable to confirm that the RAs Decision, for each of the proposals tested, were in fact published within the prescribed two working days of receiving the notice.</p>	<p>Non-compliance with section Code B.12.13.5 of the Code</p>	<p>The SO accepts the observation.</p> <p>All RA Decisions had been published in the specified timelines. Date stamped publications not available for the Modifications section of the website, however Secretariat will raise this with IT to simplify the evidence gathering process and are ensuring that an additional email process has been implemented to provide evidence in the interim.</p>
Design Authority		
14.CMP changes log not consistently implemented		
<p>Our walkthrough of the data changes as well as data transfers between IT systems within the Capacity Market identified that a detailed log is kept to track all changes as well as approval of changes made to data on the CMP system. Although this a control within the data change process, this control is not consistently implemented, as it was found that the log is not consistently updated for all changes which occurred during the period under review.</p>	<p>Internal Control Deficiency</p>	<p>The SO accepts this observation. The log provided for the 22/23 T-4 Capacity Auction has since been refined and improved for subsequent Auctions. We will continue to monitor and make any necessary improvements in this area going forward.</p>

Issue	Effect	SO Response
Access Security – Privileged Access		
15.Lack of logging mechanisms and oversight controls		
<p>In our review of users having privileged access to CMP, we have identified the following:</p> <ul style="list-style-type: none"> The CMP vendor uses a generic administrator account having privileged access within CMP. We identified that there were a lack of logging mechanisms configured in CMP and oversight controls to monitor activities performed by the generic/shared account. At the time of our review, we identified one out of 18 users with privileged access to CMP having inappropriate access. The user was still active although she had moved teams on 2 January 2019. The access was removed in June 2019. 	<p>Internal Control Deficiency</p> <p>Non-compliance with CMC AP 4-2.10.5 System Operator User Access Management</p>	<p>1. The generic administrator account has been setup to allow support of the system by the vendor and is only used as such. The system does not allow logging of actions for monitoring. However we have engaged with our vendor to analyse the system and provide an estimate of cost and effort to implement logging within the system that will record when an administrator account is used to access the system and potential additional features around tracking the screens accessed by the administrator while in the system. [REDACTED]</p> <p>[REDACTED] Given the cost associated further analysis will be required before a decision is made internally to progress.</p> <p>2. Accepted finding in regards to the privileged access user in CMP. The Starter, Mover, Leaver process is under review to ensure that the mover process incorporates CMP access. In addition we have also started to carry out quarterly reviews on CMP Privileged Access (and User Access) which will be logged as part of the process mentioned against Issue 16.</p>

Issue	Effect	SO Response
Access Security – User Access Management		
16.Invalid user access		
<p>In the review of users who have access to Capacity Market Platform (“CMP”), we have identified the following:</p> <ul style="list-style-type: none"> • One leaver with Capacity Market Operator (“CMO”) and Administrator access to CMP who left on [DATE REDACTED] has logged on to Eirgrid’s Network after her leave date. CMP is not capable of showing the last log on and deletion date for the leaver. Hence, we have inspected the leaver’s network deletion and last log on dates and we have identified that the leaver has a network log in on [DATE REDACTED]. • One user was granted Administrator access to CMP without documented evidence of approval. Although the user was appropriate to have the access, formal manager approval was not obtained prior to granting of access. • No formally documented access review of all internal users (Eirgrid Operators, Administrator) and users on CMP. The review process at present does not have any evidence of reviewer sign off or follow up. • At the time of our review, we also identified two accounts that were marked as ‘Account deleted’ in the review, but were still active in the current user access listing we received. 	<p>Internal Control Deficiency</p> <p>Non-compliance with CMC AP 4-2.10.5 System Operator User Access Management</p>	<p>1. As stated no logs are available to confirm date of removal of the users CMP account. The network account is not linked to CMP in any way, therefore it cannot be assumed that CMP access remained and was used on [DATE REDACTED]. That is a separate issue which is under investigation. [REDACTED]</p> <p>[REDACTED] – this user last changed their password on [DATE REDACTED] and therefore could not have successfully logged on without changing the password on [DATE REDACTED]. In order to ensure that access is removed when a user leaves, the Starter, Mover, Leaver process is under review and a request has been logged to include CMP within that process (#161844). In addition we have also started to carry out quarterly reviews on CMP Privileged Access (and User Access) which will be logged as part of the process mentioned against Issue 16, these reviews will commence at the start [REDACTED], the process and confirmation of completion will be recorded in a log in SharePoint for future review and reference.</p> <p>2. Accepted finding, we are reviewing this process to ensure that access is</p>

Issue	Effect	SO Response
		<p>only granted with formal recorded approval.</p> <p>3. Accepted finding, although accounts are reviewed and audited the process was not documented or formally recorded. In order to address this we are developing a process to capture these reviews and a log to document.</p> <p>4. Changes to the Starter Mover Leaver process have been requested to address this issue. In addition, quarterly user account reviews are to be completed going forward. (as per 15.2 above) from [DATE REDACTED].</p> <p>Additionally, a new process is in place which includes a quarterly review of accounts and manager approval thereof, an updated SML form (leaver) to include a list of systems that the user is to be removed from, [REDACTED]. We have done substantial work on this area and have several layers of review to ensure that access is removed where a user has left the organisation.</p>
Data Retention		
17. Retention of data transactions not aligned with Code Requirements and lack of monitoring of third-party retention of CMP backup data.		
<p>The Obligation is on the SO to Retain Data Transactions. The SO shall, in relation to each Capacity Auction or Secondary Trade Auction, store, for the period of six years, at least one copy of all Data Transactions and Accepted data in a safe and secure environment.</p> <p>We acknowledge that CMP's 3rd party service provider, is responsible for the backup management of CMP data. However, we have identified that the retention period requirement has not been communicated to</p>	<p>Internal Control Deficiency</p> <p>Non-compliance with section L.5.5 of the Code</p>	<p>While no requirement existed for data retention in the URS provided to our vendor for the delivery of CMP, we can confirm the current data retention is in place for CMP.</p>

Issue	Effect	SO Response
<p>the third party and there is no monitoring in place to determine if backup data are retained for the period required by the Capacity Market Code.</p>		<ul style="list-style-type: none"> • Any data stored in the CMP Database is stored indefinitely, i.e. there is no deletion of any data. • All audit logs are stored in the Database indefinitely • System log files are deleted after 6 months • Should CMP be Decommissioned or Retired, all data currently stored at that time will be extracted into a Database and provided to EirGrid <p>As per findings this is not documented within specification and communication with vendor during the Project Delivery and we will look to address this.</p> <p>In addition EirGrid will also look to monitor backups carried out in relation to CMP by the vendor via the monthly reports provided by the vendor.</p>



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