

Annual Audit of the Scheduling and Dispatch Process

2020 and 2021 Terms of Reference

Consultation on the Proposed Scope

11 January 2021



Disclaimer

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Contents

1.	Introduction to Consultation	4
2.	Reporting Requirements	4
3.	Proposed Scope of the 2020 and 2021 Audit	6
4.	Consultation Process	9

1. Introduction to Consultation

In compliance with Paragraph 9 of Condition 10A and Condition 22A of the respective Transmission System Operator Licences, EirGrid plc and SONI Limited ('the Transmission System Operators') are required to undertake a periodic audit of the operation and implementation of the scheduling and dispatch process.

The licence conditions state that -

'The Licensee shall arrange for the carrying out of a periodic audit of the scheduling and dispatch process, its operation and implementation in accordance with directions given to it from time to time ... in respect of such matters as ... (the Commission for Regulation of Utilities and the Utility Regulator (collectively referred to as 'the Regulatory Authorities'))... considers appropriate, including.....

(A) the frequency, audit period, process and timetable for the audit;

(B) the selection, appointment and tenure of a person or firm to carry out the audit;

(C) the terms of reference for the audit;

(D) the publication of the audit report and of any other relevant materials;

The 2020 audit period will be from 01 January 2020 to 31 December 2020 inclusive. The 2021 audit period will be from 01 January 2021 to 31 December 2021 inclusive.

This document sets out the terms of reference for both the 2020 and 2021 audits of the scheduling and dispatch process including the proposed scope. The Transmission System Operators welcome the views of interested parties on the scope proposed in Section 3.

2. Reporting Requirements

The outcome of the 2020 audit and the 2021 audit, which will be undertaken by an independent external Auditor, will be an Assurance Report for each audit period which opines over the Transmission System Operators' compliance with specific regulatory

requirements as they relate to specified elements of the scheduling and dispatch process for the audit periods.

The engagement will be a Reasonable Assurance engagement in line with the International Standard on Assurance Engagements 3000 (Revised), - 'Assurance engagements other than audits or reviews of historical financial information' issued by the International Auditing and Assurance Standards Board.

The Assurance Report will consist of an Opinion which refers to an Approach Document which may include detailed information on the terms of the engagement, the applicable criteria that were used, findings identified in relation to particular aspects of the engagement, details of qualifications identified, details of the experience of the practitioner and the individuals involved in the engagement, disclosure of materiality levels, and any recommendations of note.

Findings identified, if applicable, will be any material weaknesses in the Transmission System Operators' systems or other business matters which come to the Auditor's notice during the course of their work and which they consider should be brought to the attention of the interested parties of the report.

The intention is that the audit Assurance Report and Approach document will be issued to the Regulatory Authorities within six months of the end of each audit period however the lead time will be dependent on the extent and publication date of the scope. The Auditors reports will subsequently be published by the Transmission System Operators.

Working arrangements which are currently in place and are subject to ongoing review and change in the context of the evolving COVID-19 pandemic may impact on intended timelines. The Transmission System Operators will inform the Regulatory Authorities in a timely manner should a resultant delay be expected.

3. Proposed Scope of the 2020 and 2021 Audit

The audit of the scheduling and dispatch process is separate to the SEM market audit and the SEM capacity market audit. The obligations for those audits are set out in the Trading and Settlement Code and the Capacity Market Code. The Transmission System Operators intend that the scope of those audits remains separate to the audit of the scheduling and dispatch process.

The Transmission System Operators intend that the scope of the scheduling and dispatch process audit will consist of an assessment in respect of our compliance with regulatory requirements (collectively called ‘the requirements’) as they relate to specified elements of the scheduling and dispatch process for the periods 01 January 2020 to 31 December 2020 and 01 January 2021 to 31 December 2021.

It is the responsibility of the Auditor, to assess on a sample basis, the compliance of the Transmission System Operators with the requirements in respect of the specified elements of the scheduling and dispatch process as noted below.

Matters which will be considered within the scope of the Assurance Report

The requirements outlined below as they relate to specified elements of the scheduling and dispatch process for the 2020 Audit and subsequent 2021 Audit.

#	In Scope Items	Criteria EirGrid ¹	Criteria SONI ¹
1	Priority Dispatch and Cross Zonal Actions	<p>EirGrid Transmission System Operator Licence (“EirGrid TSO Licence”) Condition 10A – Para. 4(a)/(b) & 5(f), (i)</p> <p>Other requirements: SEM-11-062</p>	<p>SONI Transmission System Operator Licence (“SONI TSO Licence”) Condition 22A – Para. 4(a)/(b) & 5(f), (i) Condition 9A</p> <p>Other requirements: SEM-11-062</p>
2	Dispatch Instructions	<p>EirGrid TSO Licence Condition 10A – Para. 2, 4 and 5</p>	<p>SONI TSO Licence Condition 22A – Para. 2, 4 and 5</p>

¹ Links to current versions of licences and codes provided for clarity. All versions of cited licences and codes which are in effect during an audit period will be in scope.

		<p>Other requirements:</p> <p>For 2020 Audit Period: SEM-19-065 Trading and Settlement Code Scheduling and Dispatch Parameters 2020 Decision Paper</p> <p>For 2021 Audit Period: SEM-20-075 Trading and Settlement Code Scheduling and Dispatch Parameters 2021 Decision Paper</p> <p>EirGrid Grid Code CC. 8.2.1</p>	<p>Other requirements:</p> <p>For 2020 Audit Period: SEM-19-065 Trading and Settlement Code Scheduling and Dispatch Parameters 2020 Decision Paper</p> <p>For 2021 Audit Period: SEM-20-075 Trading and Settlement Code Scheduling and Dispatch Parameters 2021 Decision Paper</p> <p>SONI Grid Code CC. 5.3.1</p>
3	Merit Orders	<p>EirGrid TSO Licence Condition 10A – Para. 3</p> <p>Other requirements:</p> <p>EirGrid Grid Code SDC 1.4.7.3 / SDC1.4.7.4 and SDC2.4.2.14</p>	<p>SONI TSO Licence Condition 22A – Para. 3</p> <p>Other requirements:</p> <p>SONI Grid Code SDC 1.4.8.3 / SDC1.4.8.4 and SDC2.4.2.14</p>
4	Operational Constraints	<p>EirGrid TSO Licence Condition 10A – Para. 4(a)(b) & 5(d)</p>	<p>SONI TSO Licence Condition 22A – Para. 4(a)(b) & 5(d)</p>
5	Constraint Flagging	<p>Trading and Settlement Code – Part B Flagging of Accepted Bids and Offers E.3.3.1</p> <p>Trading and Settlement Code Part B Appendices, APPENDIX N: Flagging and Tagging, System Operator and Non-Marginal Flagging Paragraph 1-3</p>	<p>Trading and Settlement Code – Part B Flagging of Accepted Bids and Offers E.3.3.1</p> <p>Trading and Settlement Code Part B Appendices, APPENDIX N: Flagging and Tagging, System Operator and Non-Marginal Flagging Paragraph 1-3</p>
6	IT General Controls required to support the areas noted in items 1-5 above	<p>While not specifically discussed in the regulations, maintaining IT General Controls over key systems supporting items 1-5 above is key to the overall testing approach.</p>	

The following is specifically excluded from the Assurance Engagements:

- The algorithms associated with the optimisation engines, which produce the Long-Term Scheduling (“LTS”), Real Time Commitment (“RTC”) and Real-Time Dispatch (“RTD”) schedules, used in the scheduling and dispatch process;
- The Imbalance Pricing process which takes place after the scheduling and dispatch process has ended;
- Validation of data submitted to the Transmission System Operators by

participants;

- Inputs such as forecasts which are provided by third parties;
- Inputs such as transmission and generator outage plans;
- The derivation of operational constraints;
- Actions taken with market participants by the Transmission System Operators to resolve performance issues during the scheduling and dispatch process;
- Resolution and validation of known system issues and defects which were not resolved in advance of the Revised Market Arrangements go-live²;
- An assessment of the compliance of the Transmission System Operators in relation to any regulations other than those specifically referenced in the table above;
- Any regulations which are cross referenced within the regulations listed as the criteria but not specifically identified as criteria themselves, other than those specifically referenced in the table above;
- Validation that data published in relation to the specified elements of the scheduling and dispatch process on the EirGrid (www.eirgridgroup.com), SONI (www.soni.ltd.uk), and SEMO (www.sem-o.com) websites is complete and accurate unless specifically included in testing procedures, for example, Operational Constraint Updates
- An assessment of the engineering decisions that The Transmission System Operators make when actioning internal operating procedures relevant to the specified elements of the scheduling and dispatch process; and
- Validation that system security has been maintained at all times.

²Any known system issues and defects which are a factor in the completion of the testing procedures performed over the specified elements of the scheduling and dispatch process will be acknowledged and listed in the Assurance Report, where necessary.

4. Consultation Process

The Transmissions System Operators welcome the views of interested parties on the proposed scope as described in Section 3, specifically on the matters which will be considered in scope and matters which will be excluded for the 2020 and 2021 audit engagements.

Respondents are kindly requested to address the proposed inclusions and exclusions directly in their response and to provide a basis for additional inclusions or exclusions i.e. citing a relevant licence, code or legal obligation.

The Transmission System Operators are including the scope for 2021 in this consultation in order to have the ability to start the audit process for 2021 as soon as possible after the conclusion of the 2020 audit.

The proposed scope is in line with the previous audit. Respondents therefore may wish to consider the [2018/19 Assurance Report and Approach document](#) in developing their feedback.

Respondents should submit their feedback to OpsCompliance@eirgrid.com and/or OpsCompliance@SONI.ltd.uk before **5pm on Friday 12th February 2021**.