

Annual Audit of the Scheduling and Dispatch Process

2022 and 2023 Terms of Reference

Consultation on the Proposed Scope

12 August 2022



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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 2022 audit period will be from 01 January 2022 to 31 December 2022 inclusive ("2022 audit"). The 2023 audit period will be from 01 January 2023 to 31 December 2023 inclusive ("2023 audit").

This document sets out the terms of reference for both the 2022 and 2023 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.

The previous Scheduling and Dispatch audit Terms of Reference (ToR) document was for the two-year period covering calendar years 2020 and 2021; similarly this document is for two-year period covering calendar years 2022 and 2023 and is **predominantly unchanged with the exception of the following;**

- 1- Cross Zonal Actions have been included as a specific pillar with referene to the relevant articles from the Interim cross-zonal arrangement publication applicable to the Scheduling and Dispatch process.

- 2- For Pillar 6, 'Constraint Flagging', a specific reference was added to the 'Methodology for determining system operator and non-marginal flags' to the criteria table, see "[Methodology Reference](#)".

2. Reporting Requirements

The outcome of the 2022 audit and the 2023 audit, which will be undertaken by an independent external Auditor, will be an Assurance Report for each audit period which includes an opinion 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.

The Auditor, in undertaking their assessment, will assess the risk of a material non-compliance in relation to the licenses and codes which are within the scope of the Assurance Report. In areas where they identify specific risks, or where weaknesses are identified in the operation of specific internal controls, further substantive tests will be executed. The Auditor will present this assessment of applicable risks and responses in the 2022 Audit and 2023 Audit Assurance Reports. 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 currently in place are subject to ongoing review. Transmission System Operators will inform the Regulatory Authorities in a timely manner should a resultant delay be expected.

3. Proposed Scope of the 2022 and 2023 Audits

The audit of the scheduling and dispatch process is separate to the SEM Trading & Settlement Code Market Audit and the SEM Capacity Market Code 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 2022 to 31 December 2022 and 01 January 2023 to 31 December 2023.

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 are proposed for inclusion within scope for the 2022 Audit and subsequent 2023 Audit.

#	In Scope Items	Criteria EirGrid ¹	Criteria SONI ¹
1	Priority Dispatch	EirGrid Transmission System Operator Licence (“EirGrid TSO Licence”) Condition 10A – Para. 4(a)/(b) & 5(f),	SONI Transmission System Operator Licence (“SONI TSO Licence”) Condition 22A – Para. 4(a)/(b) & 5(f),

¹ Links to current versions of licences and codes provided for clarity. If any new versions to these specific licences and codes are published after the date of this consultation, the cited paragraphs in each of the licences and codes will remain in scope provided that there are no material changes to the substance of the paragraph. In the case of material changes to the substance of the paragraphs, the scope will need to be reconsidered by the TSO. The final scope of licences and codes for 2022 and 2023 Audits will be published in the respective Assurance Reports.

		(i) Other requirements: SEM-11-062 Principles of Dispatch and the Design of the Market Schedule in the Trading and Settlement Code SEM Committee Decision Paper	(i) Condition 9A Other requirements: SEM-11-062 Principles of Dispatch and the Design of the Market Schedule in the Trading and Settlement Code SEM Committee Decision Paper
2	Cross Zonal Actions	Interim Cross-zonal arrangements: Article : 3: 15 & 16; 4: 24 and 5: 26 & 27.	Interim Cross-zonal arrangements. Article : 3: 15 & 16; 4: 24 and 5: 26 & 27.
3	Dispatch Instructions	EirGrid TSO Licence Condition 10A – Para. 2, 4 and 5 Other requirements: For 2022 Audit Period: SEM-21-88 Trading and Settlement Code Scheduling & Dispatch Parameters 2022 Decision Paper 2023 Scheduling and Dispatch Parameters consultation has not yet taken place. EirGrid Grid Code CC. 8.2.1	SONI TSO Licence Condition 22A – Para. 2, 4 and 5 Other requirements: For 2022 Audit Period: SEM-21-88 Trading and Settlement Code Scheduling & Dispatch Parameters 2022 Decision Paper 2023 Scheduling and Dispatch Parameters consultation has not yet taken place. SONI Grid Code CC 5.3.1
4	Merit Orders	EirGrid TSO Licence Condition 10A – Para. 3 Other requirements: EirGrid Grid Code SDC 1.4.7.3 / SDC1.4.7.4 and SDC2.4.2.14	SONI TSO Licence Condition 22A – Para. 3 Other requirements: SONI Grid Code SDC 1.4.8.3 / SDC1.4.8.4 and SDC2.4.2.14
5	Operational Constraints	EirGrid TSO Licence Condition 10A – Para. 4(a)(b) & 5(d)	SONI TSO Licence Condition 22A – Para. 4(a)(b) & 5(d)
6	Constraint Flagging	Trading and Settlement Code – Part B Flagging of Accepted Bids and Offers E.3.3.1 Trading and Settlement Code Part B Appendices, APPENDIX N: Flagging and Tagging, System Operator and Non-Marginal Flagging Paragraph 1-5	Trading and Settlement Code – Part B Flagging of Accepted Bids and Offers E.3.3.1 Trading and Settlement Code Part B Appendices, APPENDIX N: Flagging and Tagging, System Operator and Non-Marginal Flagging Paragraph 1-5

		Methodology reference: Methodology for determining system operator and non-marginal flags.	Methodology reference: Methodology for determining system operator and non-marginal flags.
7	IT General Controls required to support the areas noted in items 1-5 above	While not specifically discussed in the regulations, the TSO's maintenance of IT General Controls over key systems supporting items 1-5 above is key to the overall testing approach.	

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 start of the 2022 Audit and 2023 Audit period respectively;
- 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 compliance of the company in relation to the Regulation on Wholesale Energy Markets Integrity and Transparency (REMIT); pending the implementation of a full solution, at which time it will be considered for inclusion.
- 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.
- Any actions associated with Interim Cross Zonal TSO Arrangements for GB-ISEM go-live that are not System Operator actions or are long term System Operator actions that take place ahead of Scheduling and Dispatch.

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 2022 and 2023 Audits 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 2023 in this consultation in order to have the ability to start the audit process for 2023 as soon as possible after the conclusion of the 2022 audit.

The proposed scope is in line with the previous audit. Respondents therefore may wish to consider the [2020 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 23rd September 2022**.