
Retail Market Procedure
MP NI 501
Market Entry Process

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1.0	MEPCT	21/05/2012	Baseline
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1. Introduction

There are four key stakeholders whom a Supplier will interact with during their certification journey, namely;

- **Utility Regulator (UR)** – to ensure that the supplier has policies, systems and processes in place to confirm it can be compliant with its licence and therefore deliver the necessary customer protection.
- **SEMO** – to register the new Supplier and to confirm that the supplier will adhere to the rules which govern the Single Electricity Market and the commercials surrounding these transactions.
- **NIE Networks** – to provide information on the mechanics of the market operations in NI, how NIE Networks will interact with the new Supplier and to make contractual agreements for the use of market systems, DuOS and PSO agreements.
- **MEPCT** – working alongside NIE Networks, this co-ordination role is to provide assurance to NIE Networks that the suppliers market operational systems (manual or automated) are in place and capable of dealing with the electricity retail market operating procedures.

Each stakeholder group has a defined set of criteria which must be satisfied in order for the Supplier to be granted access to the market. This document seeks to outline the certification process for each of these stakeholder groups.

It is assumed that the Supplier will interact with each group independently and it is their responsibility to ensure all necessary documentation / commercial agreements are in place and approved.

The following sections in this document outlines the milestones which must be achieved with each Stakeholder to achieve certification.

2. Utility Regulator

2.1 Introduction

In addition to the work the supplier must undertake with NIE Networks, the supplier is also required to complete market entry in consultation with the Utility Regulator. This involves ensuring that the supplier has systems and processes in place to confirm it can be compliant with its licence and therefore deliver the necessary customer protection. In addition, the supplier must develop codes of practice and ensure that it is capable of complying with the mandatory codes of practice published by the Utility Regulator. The Utility Regulator's supplier readiness questionnaire provides the detail of what is required from the supplier before it can enter the market and take on customers. This work can be done in parallel to the market entry work the supplier undertakes with NIE Networks.

2.2 Activity

The UR will meet with the supplier to discuss the requirements of the market entry questionnaire and the documentation that must be completed by the supplier and in some cases approved by the Utility Regulator before market entry. This set of documents includes (but is not limited to):

- Completed market readiness questionnaire
- Assurance of ability to comply with licence
- Deemed contract scheme
- Arrangements for prepayment customers
- All customer terms and conditions of contract
- Bills, billing information and statements (bills and billing processes must comply with the billing code of practice and be developed in consultation with the Consumer Council for Northern Ireland (CCNI))
- Assurance of ability to comply with the marketing code of practice
- Supplier codes of practice pursuant to the minimum standards, including assurance of ability to comply with the minimum standards (codes of practice developed in consultation with CCNI):
 - Code of practice on the payment of bills
 - Code of practice on provision of services for persons who are of pensionable age or disabled or chronically sick
 - Code of practice on the efficient use of electricity
 - Code of practice on complaints handling procedure
 - Code of practice on Services for prepayment meter customers.

- Retail Energy Market Monitoring (REMM) assurance letter (which includes a statement on the ability of the supplier's processes and systems to provide high quality and accurate data under REMM)
- Any additional documents as deemed necessary by the Utility Regulator in order to undergo market entry.

2.3 Engagement with the Utility Regulator

At the licence application stage the UR will discuss a high-level timeline for market entry with the supplier, based on drafting, review and approval of necessary documentation. The review of the necessary market documentation is a time-consuming process for both parties and as such it will require resources to be allocated appropriately. The exact timeframe for completion will be determined by the input required from the UR and the timeliness with which the supplier responds to feedback from the UR.

3. SEMO

3.1 Introduction

All Parties intending to buy or sell electricity must be registered with SEMO. The registration process consists of two main steps, being a Party registration and a Unit registration.

A Party registration is an accession deed, a contract between the participant and SONI. An applicant becomes a party to the Trading and Settlement Code, which it is then bound by the rules, regulations and obligations as set out in the code.

A Unit registration can then occur where a participant registers Units. This allows the participant to sell or consume electricity into the pool.

3.2 Initial submission

The new entrant will initially kick off the registration process by emailing an application form to registration@sem-o.com confirming their intention to be a participant in the electricity market in Northern Ireland. The initial activity will be to complete an Accession Deed (Party registration) and make the necessary fee.

Following this step, the next phase of work is aligned to completing the Unit Registration agreements. The initial focus of the work involved will then be the preparation and submission to SEMO of a pack of documents, containing the following;

- **Unit data spreadsheet** – forecasting the anticipated units required in line with the new entrant's business plans
- **Participation notice** – containing details of the company and the user(s) being authorised to participate with SEMO

- **Financial data** - primarily the new entrants bank details, bank confirmation letters, authorised signatories, agreements for credit etc..
- **Collateral data** – being information on new entrants collateral arrangements.
- **Defining credit cover arrangements** – focusing on basic day one requirements acknowledging that cover will be extended as trading activity increases.
- **Credit cover** – providing a letter of credit from bank

It should be noted that several documents must be sent and received in hard copy by registered mail e.g. bank authorised signatories, as digital or fax copies are inadequate.

3.3 Consultation and review

Once the above agreements have been signed and completed, SEMO will confirm that all necessary documentation has been completed with NIE Networks and the Utility Regulator.

On the basis that all documentation is in place, SEMO will arrange a meeting or call with all parties to then agree an effective date, essentially the date from which the new entrant will officially join and operate in the NI electricity market.

As a guide it is anticipated that the above process will take in the region of 9 months to complete though timelines may be altered depending on the new entrants circumstances.

4. NIE Networks

From an NIE Networks business perspective, the following documentation must be approved and agreed between the Supplier and NIE Networks before certification can be granted.

- **EULLA agreement** – being an agreement on using the Market Operational software for Tibco.
- **Market Registration Agreement** – being an agreement from which the new entrant will adhere to the market operating rules and procedures and signs up to the Market Registration Code (MRC). This agreement can only be made once a Supply Licence has been granted by the Utility Regulator
- **DUoS and PSO agreement** – being the use of system agreements and the public service obligation agreements.
- **Credit cover arrangements** – depending on the proposed business forecasts a credit arrangement may be needed with NIE Networks. If cover is required it must be put in place 10 business days before the Effective Date.

Upon notification of a new entrant wishing to enter the market, NIE Networks through MEPCT will arrange a initial meeting to outline the market operating procedures, confirm the agreements that will be needed to be signed.

5. MEPCT - Market Entry Process

5.1 Overview

Suppliers in the Northern Ireland electricity market are certified by market sector. The certification process for market entry set out in this document applies to new entrants or to existing suppliers wishing to enter additional market sector(s). The following sections describe in overview, the main stages of the Market Entry Process, from initial contact with the Market Entry Process Co-ordination Team (“MEPCT”) to Certification and completion of the entry process.

There are four key stages all of which must be exercised in sequence and completion of all stages is mandated to exit the process except where one or more Dispensations are granted. The market entry process is designed to provide assurance that a new entrant has met the requirements of a particular stage before progression to the next part of the process and ultimately to completion of the process.

In addition the market aspirations of the new entrant are considered when assessing the risk of disruption to the market on initial entry and are included in the determination of the scope of market entry requirements.

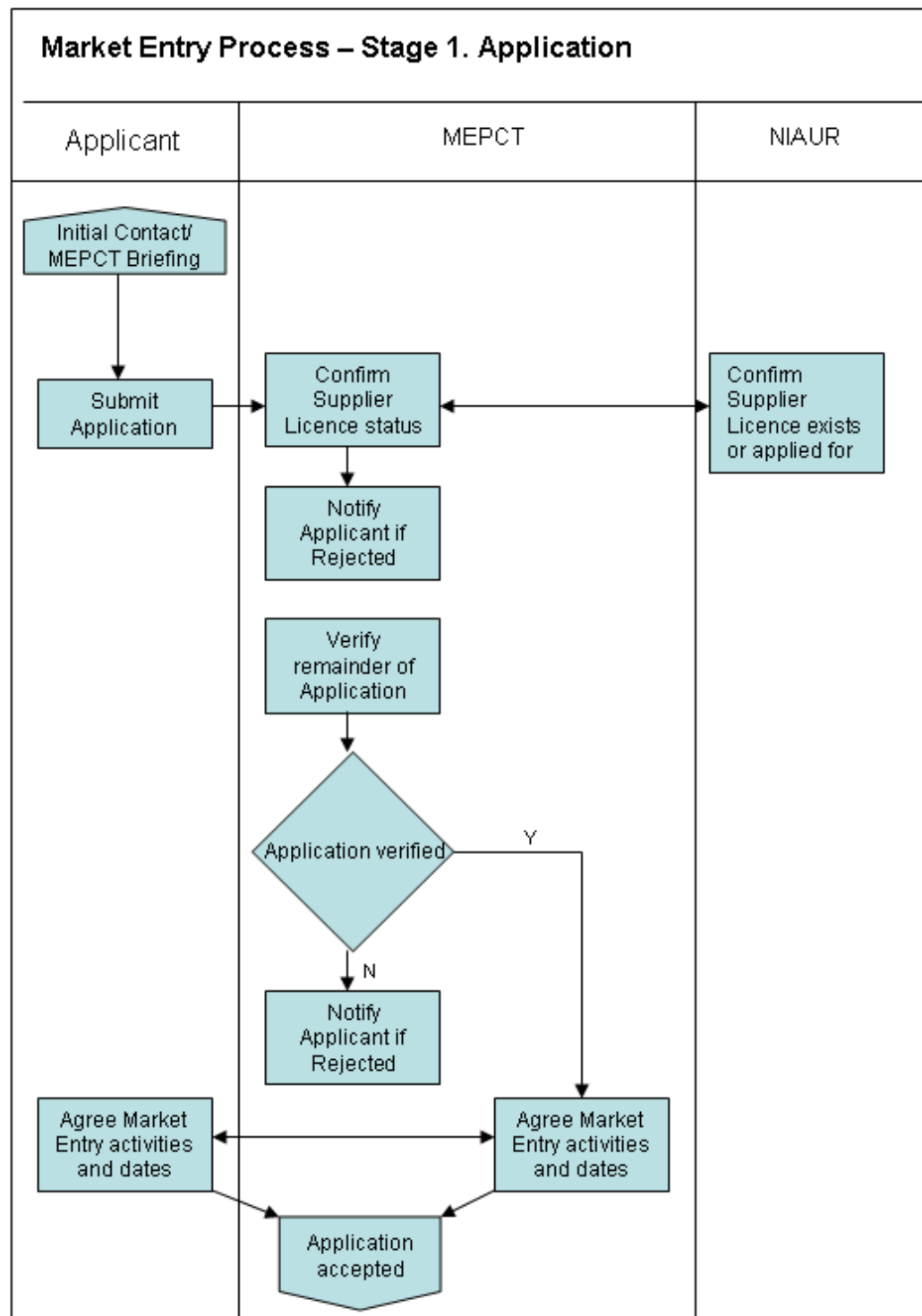
5.2 In Scope

The following are within the scope of this procedure:

5.2.1 Initial market entry for a supplier for one or more sectors

5.3 Stage 1 - Application

5.3.1 Process Flow



5.3.2 Description

This stage is usually initiated when a supplier confirms an interest in entering one or more sectors of the market and exchanges contact information with MEPCT with a view to understanding entry requirements. The certification categories for the various market sectors are:

- Interval Commercial
- Non Interval Commercial
- Non Interval Residential Credit Metered
- Non Interval Residential Keypad Metered
- Unmetered

A prospective Applicant is provided with background information and application forms and is the precursor of the Market Entry Process. There is no obligation on a prospective Applicant to proceed beyond this stage.

5.3.3 Activity

MEPCT will meet with representatives of the Applicant to exchange information in support of the completion of a formal Application. MEPCT will provide a copy of the current market entry process product set and related links to relevant websites. The product set will include:

- Market Entry Application form
- NIE Training Application form
- Dispensation Application
- BDA Checklist
- Readiness Declaration
- Ability Testing logical scripts
- Market Testing logical scripts
- Ability Testing Test matrix
- Market Testing Test matrix
- MP NI 501 Market Entry Process
- MP NI 502 Recertification Procedure
- MP NI 503 Removal of Certification Procedure
- MP NI 504 Dispensations Procedure
- MP NI 505 Dispute & Appeals Procedure
- MP NI 506 Ability Testing Procedure
- MP NI 507 Market Testing Procedure
- MP NI 508 Ability Testing Scenarios
- MP NI 509 Market Testing Scenarios

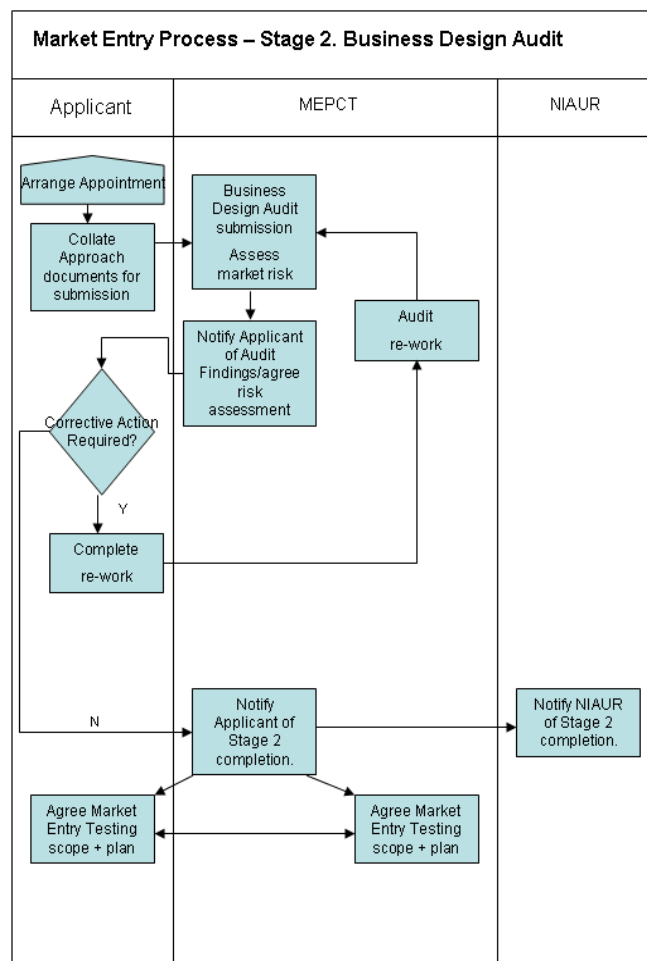
- All other appropriate forms and documents as determined by the Market Entry Process Co-ordinator

5.3.4 MEPCT Resources

At the Application Stage the Applicant will be invited to propose a plan and schedule for the completion of the Market Entry process for all market sectors selected within the Application to enable MEPCT to identify dates on which resources would be required. Before the Stage II Business Design Audit commences MEPCT will agree to commit resources to support Applicant activity on the dates requested. However where there is contention for MEPCT resources they will be allocated in the order requested by the relevant Applicant(s) and agreed by MEPCT. Changes to agreed dates require acceptance by MEPCT before they can be implemented by the Applicant.

5.4 Stage 2 – Business Design Audit

5.4.1 Procedural Flow



5.4.2 **Description**

During the time interval from acceptance of a formal application to the arrangement of an appointment for a site visit the Applicant would be required to have developed business, marketing and IT strategies, and business and management processes to support day to day market operations. After taking into account the market aspirations of the Applicant and audit of the BDA submission, a risk assessment is made of the Applicant's understanding of the Market Entry Process, the industry baseline and market obligations for each relevant sector of the market during the Business Design Audit. In preparation for the Business Design Audit the Applicant will submit a Readiness Statement. The objective of the assessment is to gauge the level of understanding and readiness of the Applicant to move forward to Stage 3 ("Certification Testing") of the process.

5.4.3 **Activity**

The Applicant prepares for and hosts the site visit by collating the necessary documentation and submitting the BDA Checklist for inspection 10 Business Days in advance of the site visit. The MEPCT will coordinate the process and invite the Applicant to demonstrate knowledge and understanding of baseline requirements through presentation and discussion. Where the documentation submitted does not meet baseline or market obligation specification then "Findings" or "Observations" will be discussed, agreed with the Applicant and documented by the MEPCT for corrective action and possible follow up by the MEPCT.

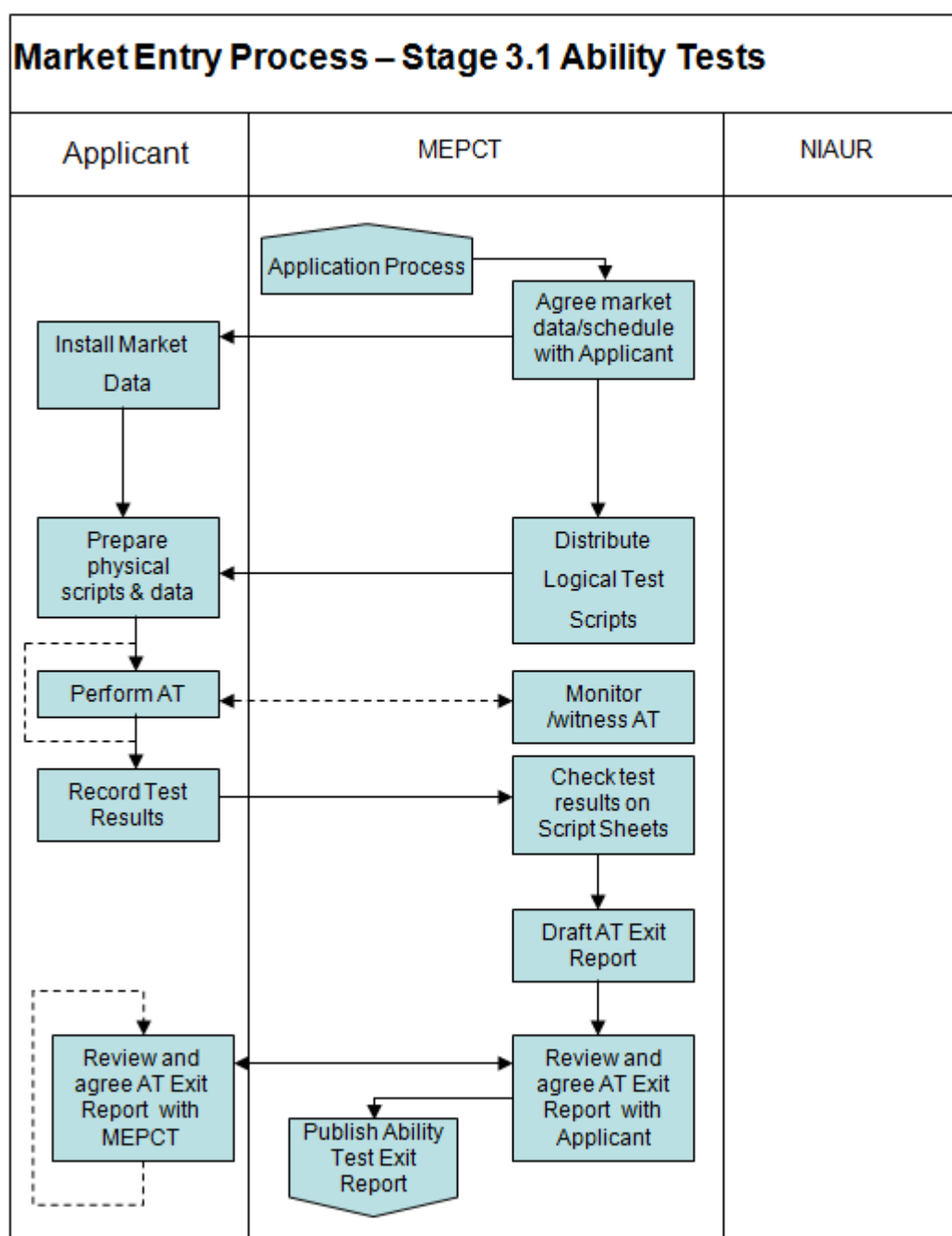
When the Stage 2 assessment work is complete including the discharge of agreed corrective actions the Applicant will review and agree the timetables and schedules for market entry testing as required with the MEPCT. When all arrangements are agreed between the Applicant and the MEPCT, plans and schedules are complete and all pre-entrance qualifications are attained, the MEPCT will recommend that the Stage 3 ("Certification Entry Testing") may commence on the agreed date. The BDA assessment is risk based using audit sampling techniques and serves to demonstrate an understanding of the industry baseline and market operations for Certification purposes. The Stage 2 BDA assessment does not warrant that the documentation submitted by the Supplier is Fit for Purpose or does not contain errors or omissions.

5.5 Stage 3 - Certification Testing

5.5.1 Overview

Certification Testing comprises two stages – Ability Testing and Market Testing. Ability Testing demonstrates an Applicant's ability to communicate using the industry electronic network referred to as the Electricity Market Messaging Application ("EMMA"). Certification Testing provides assurance that the systems and processes to be used by the Applicant in support of day to day operations perform to baseline specifications.

5.5.2 Stage 3.1 Ability Testing



5.5.3 **Description**

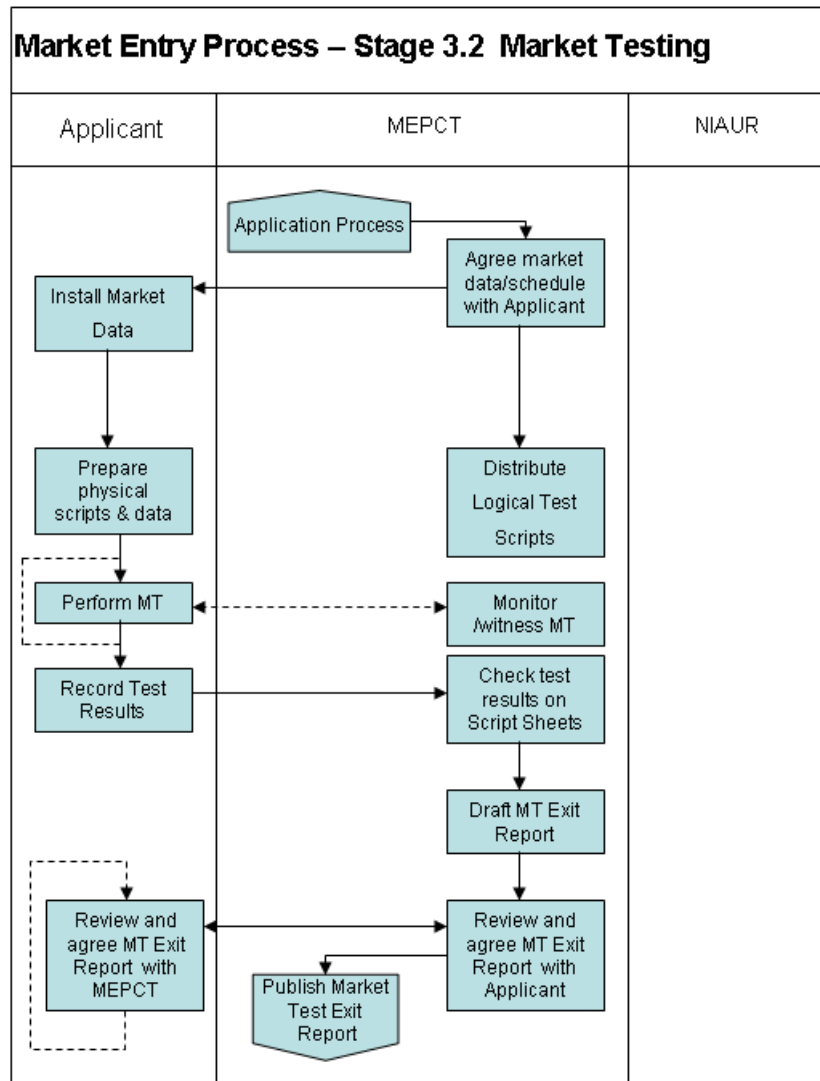
Ability Tests are designed to exercise an Applicant's ability to connect to EMMA for data transfers using the EMMA infrastructure and to demonstrate the correct sending and receiving of market messages. AT will be managed, administered and operated in accordance with the AT Approach. As part of preparation for AT the Applicant will submit a Readiness Statement. Ability testing is executed with less business context than Market testing.

5.5.4 **Activity**

5.5.4.1 The MEPCT will act as testing partner for new entrants using EMMA facilities provided by NIE. The Applicant will prove its systems and procedures against the market within the time scales and schedules agreed with MEPCT. MEPCT may arrange to witness Ability testing at the time of execution

5.5.4.2 The MEPCT will agree the test outcomes with the Applicant and provide an AT Exit Report to the Applicant. The MEPCT will act as initial referee with regards to any disputes relating to performance or outcome as provided for under MP NI 505 Disputes and Appeals Procedures.

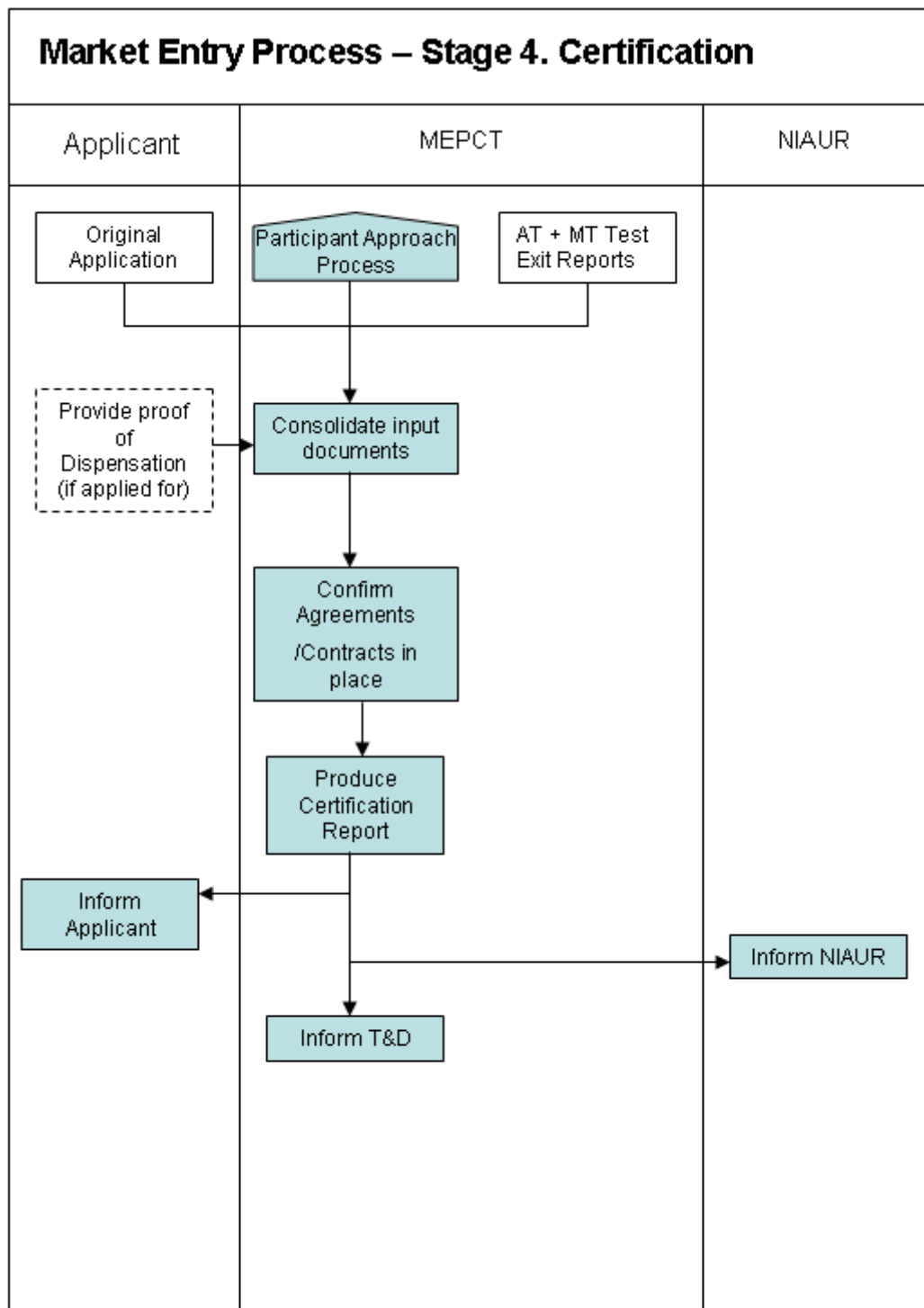
5.5.5 **Stage 3.2 Market Testing**



5.5.6 **Description**

Market Tests are designed to exercise an Applicant's systems, processes and staff as they would operate during normal trading conditions for each relevant market sector. Applicants will require a full EMMA capability to be in place which will be tested by NIE, and each Applicant will submit a Readiness Statement in advance of such testing. Furthermore, the Applicant will test systems and processes in a self contained manner by simulating all external messages from other market roles. If the Applicant wishes to include other certified Market Participants in the testing programme this arrangement must be discussed and agreed with MEPCT. All market testing may be subject to on-site witnessing by MEPCT, the dates and times to be agreed with MEPCT.

5.6 **Stage 4 – Certification**



5.6.1 Description

The final Stage 4 of the process is an assessment of the Applicant's active involvement and success in the first three stages of the Market Entry Process when considered against the original Application and additional submissions.

5.6.2 Activity

The MEPCT provides Stage Exit Reports throughout the entry process. The BDA Exit Report may be deferred to Stage 4 to include amendments arising from Stage 3 testing activity. The MEPCT makes the Certification Decision based upon the Stage outcomes. While granting a Certification for a particular market sector, the MEPCT shall set out the restrictions that the Applicant may have requested, and is permitted to apply without obtaining a Dispensation, in the Market Entry Application, and any Dispersations that an Applicant may have applied for and were allowed by MEPCT. If it decides to grant a Certification, it will request NIE to update the market data appropriately. If an Applicant is dissatisfied with a Certification Decision, including a refusal to grant a Certification, it can appeal under MP NI 505 Disputes and Appeals Procedure.

5.6.3 Timescales

All timescales in section 2 are indicative and based on there being no iterations, rejections or testing failures. The MEPCT estimates are indicative and the elapsed time taken to Certify will more accurately be reflected in the initial discussions at Stage 1 in the process.

6. Procedural Steps

6.1 Stage 1. - Application

No	Applicant	MEPCT	The Authority	Business Days
1.	Initial contact/request information from MEPCT			
2.		Issue an information pack and Entry		2
3.	Agree appointment for Applicant briefing session	Provide briefing and confirm Licence status with NIAUR		
4.	Exchange contact details + other information			5
5.	Complete and Submit to the MEPCT the Market			
6.		Receive Market Entry Application, verify content for completeness and purpose, confirm with NIAUR that the Applicant holds or has applied for a Supply Licence and accept or reject the Application accordingly.	Confirm Applicant's Supply Licence status	3
7.	If the Market Entry Application is rejected			
8.		Confirm acceptance of the Market Entry		2
9.	Applicant accedes to MRC			
10.	Assist MEPCT in confirming Market Entry activities and dates.			
11.		Receive the Market Entry Plan		
12.	Re-work Market Entry Plan as required to reach agreement with MEPCT			
13.		Confirm acceptance of the Market Entry	Progress report from MEPCT.	
14.	End of Procedure			

6.2 Stage 2. – Applicant Plan Audit

No	Applicant	MEPCT	The Authority	Business Days
1.	Prepare for Business Design audit visit			
2.		Complete Business Design audit – may be iterations for corrective actions		10+
3.		Confirm Stage 2 completion to Applicant	Progress report from MEPCT.	

6.3 Stage 3. - Market Testing

6.3.1 Ability Testing

No	Applicant	MEPCT	The Authority	Business Days
1.	Prepare for AT	Prepare for AT		
4.	Execute the requirements of the AT Approach	Execute the requirements of the AT Approach & Plan.		10
5.		Prepare the AT Exit Report		
6.		Forward AT Exit report to Applicant	Progress report from MEPCT.	

6.3.2 Market Testing

No	Applicant	MEPCT	The Authority	Business Days
7.	Prepare for MT	Prepare for MT		
8.	Execute MT per agreed schedule and plan	Perform witness and checking activities during MT		30+
9.		Prepare the MT Exit Report		
10.		Forward MT Exit report to Applicant	Progress report from MEPCT.	

6.4 Certification

No	Applicant	MEPCT	The Authority	Business Days
1.	Forward documentation in support of Dispensations, evidence of signed industry agreements etc. as required for „live“ market operations and signed Readiness Declaration.	Receive documentation for examination		

2.		Consolidate: AT Exit Report, MT Exit Report any Dispensations, restrictions, other supporting documentation and Market Entry Application details for Certification Report		10+
3.		Produce Certification Report.		

4.		Make and publish the Certification		1
5.	Receive Certification Decision	Issue Certification Decision to Applicant		1
6.	If Certification rejected	If Certification rejected		
7.		If Certification granted		1
8.	Receive Certification Decision.	Issue Certification Decision to Applicant	Progress report from MEPCT.	1
9.	End of Procedure	End of Procedure		