

SEM Committee

Information Note

04 November 2008

Our Ref: 37578

Terms of Reference for the Market Audit each year

The SEM Trading and Settlement Code (the Code) states (in paragraphs 2.133 to 2.136) that the Regulatory Authorities shall consult Parties on the terms of reference for the Market Audit each year at least ten weeks in advance of the commencement of the market audit period (which is normally a calendar year) and that they shall specify the exact terms of reference for each audit at least four weeks before the commencement of the audit period.

The Market Audit for the period ending 31st December 2008 is currently under way and the next annual audit period will commence on 1st January 2009. It is expected that the Audit Report for the current period will be made available to Parties in February 2009. The SEM Committee has considered the provisions of the Code described above and have concluded that they are not appropriate. In order for each year's Market Audit to be most effective, its detailed terms of reference should take account of the results of the previous year's audit. It would therefore not be reasonable to consult on terms of reference for any year's Market Audit before the results of the previous audit are available.

The SEM Committee is therefore issuing this information note to inform Parties to the Code that the SEM Committee (which fulfils the roles set out for the Regulatory Authorities in the Code) intends to consult upon the terms of reference for the next year's Market Audit as soon as possible after the Audit Report for the current audit period is made available to Parties.

The SEM Committee also intends to submit a Code Modification Proposal to correct the incongruity in the Code in due course. Such a correction is not judged to be a matter of any urgency since the Regulatory Authorities are not Parties to the Code and therefore not subject to any obligations therein. However, it is believed to be important that the Code provisions reflect good practice and set out, in respect of the Regulatory Authorities, the steps they plan to take.

Please address any queries or comments on this notice to Philip Newsome (pnewsome@cer.ie).

Commission for Energy Regulation, The Exchange, Belgard Square North, Tallaght, Dublin 24, Ireland
Ph: 353 1 4000800 Fax: 353 1 4000850

NIAUR, Queens House, 14 Queen Street, Belfast, BT1 6ER, Northern Ireland
Ph: 0044 28 90 311575 Fax: 0044 48 90 311740

web: www.allislandproject.org