

UNC Offtake Arrangements Workgroup - Action 0101 (2022)

Action - E.ON (CS/KD) to discuss the rationale for (appointing) two Independent Technical Experts and to reconcile the two separate reports

The following comments were provided by KD/CS for consideration by the OAW (May 2022)

We have considered the multiple ITE approach (and) we have the below suggestions to bridge the governance gaps, we however believe that as a GT owned document (as we understand it) that this shouldn't be edited by Shippers, we therefore wouldn't be in a position to sponsor our suggestions but are happy for them to be utilised for conversation purposes at the workgroup.

Discussion points:

1. Procurement of 2 ITEs
 - Our suggestion would be that once the error is indicated as 'around' [50] GWh (the current threshold) that it should automatically trigger the procurement of 2 ITEs
 - Had that happened for this error it would have reduced the time taken to investigate, it could have potentially concluded by now
 - At this time we are not suggesting amending the [50] GWh threshold, however, we do think that where a medium error is nearing the threshold the Offtake committee should consider 'if' an ITE review is required and where they deem necessary procure the 2 ITEs
 - This acts as a safety net to ensure the committee can trigger a review as well as the arbitrary threshold
2. ITE findings are consistent
 - Where the ITEs conclude the error volumes which, when compared they are within a [X] kWh or [X] % our recommendation is that the lowest of the ITE volumes will be the recommended error to the offtake committee
 - We believe the introduction of a threshold of comparison between the two ITEs conclusions ensures that both experts findings are taken into consideration but indicate they are not contradictory
 - The use of the lower of the two conclusions is a fair and equitable application of the findings
 - We do not believe that an additional expert needs to be called in because through procurement you have chosen the 'experts' and because the outcome might not be ideal the expert status should not be questioned, unless factually backed up
 - We are not suggesting challenging an experts opinion, should anyone want to do that we would expect a mod and clear criteria to be created
 - We recommend that ITE requirements/specification are clear, consistent and if approved take into consideration the processes outlined where thresholds are consistent or contradictory (see following point on the latter)
3. ITE findings are inconsistent/contradictory
 - Where the ITEs conclude the error volumes which when compared are outside of the tolerances outlined and potentially contradictory they are to become a panel of experts to determine and recommend an overall error amount
 - Unlike the consistent outcomes it could be incorrect for industry to automatically apply the lower of the two volumes, therefore it would be

better for the 'experts' to become a panel and outline with their joint skills the volume

- Similar to the above, we want to ensure that an experts knowledge and expertise is utilised and not challenged unless factually backed up, so to pool the knowledge would be a more advantageous approach
- The ITE panel will be required to provide a supplementary report on why their combined findings recommended the final value and should there be a range determined then similar to the consistent outcomes the lower of the range should be taken

4. ITE Requirements scoping

- Consistent requirements issued to both ITEs
- We would also like to suggest the introduction of volume and costing projections (by the ITE or Xoserve) to be completed at each stage, this would allow things like System Average Price (SAP) fluctuations (especially if the error period is now but not identified for 2 years) to be clearly understood by shippers
 - the SAP at a higher cost, when invoiced could be the reason why a Shipper ceases, therefore, the ITE, GTs and Xoserve would be recommended to introduce a clear and robust mechanism to keep Shippers aware of impacts and where it could impact a business to a severe degree there is clear demonstration that something which is outside of a shippers control has been handled in a proactive way with excellent communication

5. Entry error requirements

- The Isle of Grain error re the incorrect temperature wasn't included in the guidance
 - We would also like to suggest that the creation of entry measurement errors is included in the guidance
 - The inclusion could be a complete extension of what is included for offtake, or there could be an enabling clause what where an entry error occurs it is discussed at the workgroup or panel and it directed 'if' it needs to have a formal error raised
 - We believe this approach allows for learning and the document to evolve through experience rather than assumption

We believe that the above suggestions are a starting point but could, if made into a formal change, address some of the issues which were experienced with the recent offtake errors. We are happy to add further clarity to any of the points to ensure our intended suggestion is interpreted correctly. We would also promote a full lessons learned activity to be conducted on any other process/document suggestions are incorporated into any formal change which is taken forward.

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