EXPLANATION OF MARKET-LEVEL GUEE AND SEAE LARGE EAC/AA GRAPHS

1. Background

1.1 Large EAC/AA has been monitored by ELEXON since 2000, when the presence of high levels of EAC/AA error resulted in a qualified BSC Audit opinion. Both the Trading Disputes Committee (TDC) and the Performance Assurance Board (PAB) use a view of the data to assist them in making decisions about the operation of Settlement.

1.2 The TDC use the data to determine if GSP Group level availability of a Post-Final Reconciliation (PFSR) /Dispute Final (DF) Run is required to allow correction of high levels of large EAC/AA error post Final Reconciliation (RF).

1.3 The PAB use the data to monitor the performance of individual Suppliers. Large EAC/AA is considered a 'top' Settlement Risk under the Risk Evaluation Methodology (REM), and is therefore monitored on a monthly basis through Business Unit Settlement Risk Ratings (BUSRRs), which are a 'traffic light' indication of the Settlement risk that a given Supplier ID poses.

2. Supplier Energy Allocation Error (SEAE)

2.1 SEAE is intended to represent the impact that a given Supplier ID's large EAC/AA error is having on the rest of the market. It is therefore a 'net' value, i.e. negative and positive error are netted off against one another, to produce a residual error value. After netting, error is also adjusted to account for the effects of GSP Group Correction Factor, i.e. a Supplier would absorb a percentage of their error back, depending on their NHH energy share, through the effects of GSP Group Correction Factor.

2.2 Because the TDC are concerned with how Settlement error impacts the rest of the market, they rely on SEAE to make their decisions.

3. Gross Uncorrected Energy Error (GUEE)

3.1 GUEE is intended to represent the extent of large EAC/AA error. It is therefore a 'gross' value, i.e. the sign of error is ignored, and it is all just added together. It is not adjusted in any way for GSP Group Correction Factor.

3.2 Because the PAB are concerned with whether or not individual Suppliers are meeting their obligations under the BSC, and to what extent individual Supplier IDs might be contributing disproportionately to a top Settlement Risk, they rely on GUEE to make their decisions. No error is 'hidden' through netting or adjustments for Correction Factors where GUEE figures are used.

4. Key for the Graphs

4.1 The two graphs (GUEE and SEAE respectively) are structured in the same way. The x-axis plots a sequence of Settlement Months, extending from months that are post-DF through to months that are still pre-RF. The y-axis plots error levels (SEAE or GUEE) in KWh. The graphs are showing a snapshot, taken on a particular calendar date, of data held by NHHDAs for use across the Settlement Dates included.

4.2 The plots on the graphs are as follows:

Crystallized DF

The Crystallized DF plot represents Settlement Months which have already passed their DF Run dates, and are therefore completely crystallized in Settlement. DF Runs are scheduled to occur approximately 14 months after the RF Run, but are not performed unless the TDC instruct the Supplier Volume Allocation Agent (SVAA) to do so, in order to rectify Settlement error associated with an upheld Trading Dispute.

Projected DF (Upper)

Projected DF values are a view of what DF error levels would look like for a given Settlement Month, if the DF Run were performed against the snapshot of data provided by NHHDAs.

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We divide the view of error into two parts – 'upper' and 'lower'. The upper plot includes large EAC/AAs that have appeared in our reporting for the first time this reporting month. Not all of these large EAC/AAs will remain in reporting, as many will be marked as genuine consumption by the responsible Supplier.

Projected DF (Lower)

The Lower Projected DF plot only includes error that has been in reporting for more than one month. It is therefore more indicative of actual error levels, and is less volatile than the upper plot.

Crystallized RF

The Crystallized RF plot represents error levels as they were for a given Settlement Month when it was going through RF. It allows a comparison to be made between RF and DF error levels for a Settlement Month. The TDC would use this comparison against SEAE to determine if a particular month of DF Runs should be authorised, in a GSP Group with an open large EAC/AA Dispute.

Projected RF (Upper)

As for its DF equivalent, this plot represents what RF error levels would look like for a given Settlement Month, if the RF Run were performed against the snapshot of data provided by NHHDAs. The 'upper' plot includes large EAC/AAs that have appeared in our reporting for the first time this month, and that may not be error once Suppliers have had a chance to investigate them.

Projected RF (Lower)

The Lower Projected RF plot only includes error that has been in reporting for more than one month. It is therefore more indicative of actual error levels, and is less volatile than the upper plot.

Threshold

This is an acceptable value of error, which is based on BSC Auditor targets for overall error in the market. It is a target value of error that we would expect the market to achieve, if large EAC/AA error is being managed effectively.

5. Interpreting the backing data

5.1 The backing data for the graphs can be found in the same spreadsheet, under the 'Input Data' worksheet.

5.2 Columns A-H provide the SEAE plots for the reporting month, and Column O provides the applicable threshold.

5.3 Columns I-N provide the GUEE plots for the reporting month, and Column P provides the applicable threshold.