

## UNCC AUG Sub-Committee

Wednesday 24 July 2019

at Radcliffe House, Blenheim Court, Warwick Road, Solihull B91 2AA

### Attendees

Chris Shanley (Chair)	(CS)	Joint Office
Kully Jones (Secretary)	(KJ)	Joint Office
Andy Gordon	(AG)	DNV-GL
Carl Whitehouse*	(CW)	Shell Energy
Chandima Dutton	(CD)	Waters Wye Associates
Clive Whitehand	(CWh)	DNV-GL
Fiona Cottam	(FC)	Xoserve
James Hallam-Jones	(JHJ)	Xoserve
Mark Bellman	(MB)	ScottishPower
Mark Jones*	(MJ)	SSE
Mark Palmer*	(MP)	Orsted
Stephanie Clements*	(SC)	ScottishPower
Steve Mulinganie*	(SM)	Gazprom
Tony Perchard	(TP)	DNV-GL

Copies of all papers are available at: <https://www.gasgovernance.co.uk/aug/240719>

### 1.0 Introduction

Chris Shanley (CS) welcomed everyone to the meeting.

#### 1.1. Approval of Minutes (12 April 2019)

The minutes of the previous meeting were approved.

### 2.0 Review of Outstanding Actions

**Action 0301:** Xoserve (FC) put forward procurement options for discussion at short notice at the next DSC Contract Managers meeting on 20 March 2019.

**Update:** FC provided an update confirming that there had been two discussions at the DSC Contract Managers meeting on the preferred procurement approach. A Change Proposal will be presented to the DSC Change Management Committee in August. **Closed**

### 3.0 AUG E Annual Review Process with CDSP Update

Fiona Cottam (FC) provided an update on the review of the 2018/19 AUG year carried out by CDSP. She indicated that responses had been received on a number of themes with some respondents happy with the process and some respondents providing suggestions for change. The changes included some process improvements which would require a change to the Framework document and/or the UNC.

A summary of the responses will be presented in a report to the August meeting of the UNC Committee.

In response to a question from Clive Whitehand (CWh) about whether the changes would feed into subsequent years or whether there any quick-wins, FC indicated that it was too early to assess this, as it was unclear what options should be progressed and how they would be

implemented. She also indicated that some of the responses are not complementary so not all of the changes could be introduced. In addition, the changes would need to be supported by all parties. However, the AUG process identifies the end of year review but does not include a process for reviewing and agreeing any changes put forward.

#### **4.0 Procurement Options Update**

This was covered as part of the update on Action 0301.

#### **5.0 AUG 2020/2021 Timeline**

Tony Perchard (TP) provided a walkthrough of the presentation provided for the meeting titled AUG Sub-Committee of UNCC – Introductory meeting for 2019/20.

TP reminded everyone that the first meeting of the 2019/20 year is a scene setting one which allows the AUG to outline the plans for the year and provides an opportunity for industry parties to feed into the process. He then outlined the areas the presentation would cover during the meeting:

- High level approach to developing AUG methodology
- Proposed changes to methodology
- Industry changes and Modifications
- Proposed data sources
- Next steps.

A detailed walkthrough of the timeline generated significant discussion.

Committee members re-visited the earlier discussion on the CDSP end of AUG year review and further comments/observations were made as below:

- a. Steve Mulinganie (SM) asked how the summary of responses to the UNCC will fit in with the 2019/20 AUG timeline. FC indicated that some suggestions would require changes to the AUG Framework. One party suggested that there is insufficient time between publication of the final AUG table in April and the UNCC approval later that month, and this was an example where a change to the AUG Framework would be required.
- b. Mark Bellman (MB) asked what can be done to ensure the UNCC receive regular updates throughout the AUG process. FC said that one other suggestion made was to introduce voting for key decisions like other Committees (Demand Estimation Sub-Committee (DESC) and the Performance Assurance Committee (PAC)) but this would require a UNC change. A summary of views could also be provided at the end of each review cycle. Again, drawing from DESC and PAC awareness could be increased by providing a post meeting summary note of the key messages. Clive Whitehand (CWh) indicated that whilst the AUG already provide monthly updates from an AUG perspective, he did not see any reason why these types of updates could not feed into a wider industry update. A brief discussion took place on the timing of these communications with support for them to continue as monthly. CS added that some Committees also provide pre-meetings notes which are also well received by industry. These notes set out the key areas to be discussed and/or key decisions that are needed.
- c. SM suggested that it would be helpful to have more information from the CDSP on the suggestions provided as part of the review and in particular, he requested a narrative against each proposal. The narrative should include what the suggestion is, what action is required, what the consequences are for example. He also reiterated the need to capture all the issues/suggestions that have been submitted as part of the CDSP review as part of a closure report.
- d. SM highlighted that there was no opportunity before the early engagement meeting on 30 September to discuss the recommendations from the CDSP review and that this

was a gap in the timetable. CS reminded Committee members that the AUG sub-committee was created to provide transparency to the AUG process meetings and material and the terms of reference of the sub-committee are limited as a result but they could be updated and amended to allow the AUG subcommittee to investigate matters referred to it by the UNCC/coming out of the review. SM emphasised the importance of providing industry with an opportunity to discuss the suggestions made as part of the CDSP review and also an opportunity for the AUGE to provide input. FC suggested that paragraph 2.2 of the terms of reference could be amended but a sub-committee vote would require a UNC code change.

**New Action 0701:** Xoserve (FC) to propose, as part of the report on the AUG end of year review for the August UNCC, that the AUG Sub-committee can investigate a matter referred to them from the UNCC and/or coming out of the annual AUG process review. This proposal would include any corresponding changes required to the AUG Sub-committee terms of reference. If approved Xoserve to work with Joint Office to arrange an additional meeting date.

- e. Some AUG members also made comments on the UNCC meetings; suggesting that it was not productive to have the meetings immediately after Panel as there was limited time for a quality discussion. In addition, some UNCC panel members have suggested that there is insufficient knowledge, information and briefings being provided to the UNCC on the AUG process until the formal approval meeting.

Other comments raised in discussion of the AUG timeline included:

- f. MB highlighted the 5-month gap between the publication of the final AUGS and table in April and the early engagement meeting in September and raised a concern about whether the issues identified in the previous year continue to be progressed during this period and momentum maintained. TP indicated that whilst the analysis is not progressed during this period discussions take place to get the datasets in place. Andy Gordon (AG) indicated that where possible work is on-going, for example getting data on theft of gas from TRAS but in the case of temperature studies the AUGE are reliant on other discussions so the pace of progress can be impacted.
- g. AG highlighted that Temperature data is required by November to be included in the 2019/20 analysis. A brief discussion took place on the temperature data with SM suggesting that it may be unlikely that the lessons learned from the temperature analysis will be able to feed into the 2019/20 analysis.

## 6.0 AUGE Approach and considerations for 2020/2021

TP took members through slides 4 to 16. He briefly described the approach to be adopted (slide 4) highlighting that the consultation period is short and towards the end of the process. He suggested that industry provide feedback as early in the process as possible. No comments or concerns were raised about the approach.

In terms of monthly reporting, TP confirmed that the AUGE will continue to send out a communication to signal that the monthly reports are available. The next report will be provided by the end of July.

TP then took members through the log of topic areas and explained the key and that the log includes a record of everything investigated by the AUGE post Nexus. He asked for a view on whether issues should stay on the log from previous years. The following comments were made in discussion:

- a. An archive facility was suggested by FC
- b. SM suggested that the ability to filter the spreadsheet would be helpful. He added that it was important to know when an issue was first raised and items that cross an AUG year should not be closed.

- c. The date the status is closed would also be helpful.
- d. An indication of what stage the analysis is at or the next milestone would be useful.

**New Action 0702:** DNV-GL (TP) to update the log of topic areas taking into consideration the feedback provided at the meeting.

Data Status (slide 7) – TP explained that the data provision is colour coded with a traffic light system and clarified the difference between the amber and red status. Amber indicates that there is a delay but the analysis can still be completed whereas a red status indicates there is a delay but there will be a knock-on effect on the analysis.

When asked by CS, TP indicated that there is a key in the topic log spreadsheet and that he would add this to the data spreadsheet going forward.

Proposed changes to the methodology – TP confirmed that the overall methodology is unchanged and that there are currently 11 topics on the list for investigation. A more detailed discussion then took place on the topics carried forward from 2018/19 (slides 9-11). The following comments were made against the individual topics:

#### More detailed theft analysis

Additional data requested from TRAS has been approved but it is not sure when it will be received. DNV-GL had a meeting with British Gas revenue protection unit and more work is planned to undertake a detailed assessment of the data provided. AG indicated that in terms of Modification 0677R theft from ETMs is a key area so the AUGEs are actively recommending that a fiscal theft temper code is included in the outcome files as this is a potentially a significant benefit to the AUGEs analysis on theft. He highlighted that not all zero assessed losses are fiscal theft and the fiscal theft tamper code will help to provide a definitive position.

DNV-GL intend to follow up with British Gas on the information on fiscal theft and also on the information on qualified outliers from non-domestic meters.

#### Level of Permanent UIG Post-Nexus

AG suggested that the level of permanent UIG from data published by Xoserve is at 1.5%. MB asked if this is a projected figure. FC clarified that it is an estimate. There is a step change in the current initial UIG allocation figures

FC added that the first step change was due to the weather change introduced in May 2018.

James Hallam-Jones (JHJ) clarified the 1.5% figure confirming that it is actually an average of 2.2% and immediately post-Nexus it was 3%. He added that the step change was also due to the DAF and ALP uplifts and that from this October DESC decision is to continue with the DAF only uplift to try and stop UIG being -ve over the winter.

#### Accuracy of NDM Algorithm

The accuracy of the NDM algorithm is important in the level of UIG And the impact and benefit of machine learning in this area need to be assessed.

A new issue identified at the end of the last AUG year was incorrect customer information in relation to pre-payment meters and also the winding on of meters. Views were sought on how the issue of incorrect customer information, for example the address could be improved to increase accuracy. FC indicated that Xoserve hold data on address amendments and suggested there is only a contribution to permanent UIG if the postcode is not in the correct LDZ. There issue is whether the meter is read or not and if the address is in the wrong LDZ, This would result in the AQ being calculated in the wrong LDZ. She added that in 2016,

Xoserve undertook a data cleanse exercise to update addresses using a nationally approved data list.

JHJ suggested it would be worth looking at the relationship between the address amendments data held by Xoserve and the LDZ boundary.

CS also suggested that DNV-GL follow-up with SGN to get more insight to the information they published.

### Creation of new EUCs

FC confirmed that a UNC code change would be needed for any of the new EUCs to be reflected in the AUG weightings table. DNV-GL suggested that it would be helpful to receive this year's data from Xoserve split correctly for the new EUCs. If no code change was made, the AUG could easily manipulate the data to the EUCs that they are required to use.

### Use of Flat Shrinkage Profile

TP reiterated that shrinkage is out of scope, but British Gas have raised the question about whether the use of flat shrinkage profile is contributing to UIG.

CS suggested that this issue is not being raised at the right forums and encouraged Shippers to raise the issue at the Shrinkage Forum meetings with the next meeting being on 27 August 2019.

### Meter Locations

The importance of the information from the temperature study was noted.

MB asked if there was enough insight on the differences of the temperature of gas at the various types of meter locations as there could potentially be erroneous levels of inaccuracy against the standard temperature. He suggested that sensitivity analysis could be provided to inform the discussion at review group 0693R *Treatment of kWh error arising from statutory volume-energy conversion* would be helpful. For example, to help to understand the impact for different meter locations what is the sensitivity to temperature for meters in the shade/in the sun for a number of historical years.

DNV-GL agreed that even though they did do some work last year around this it would be helpful to explore this further.

It was also suggested that the commercial impact needs to be considered. In addition, CS suggested that the outcomes of the field study work might inform the review group.

Chandima Dutton (CD) asked DNV-GL about the confidence of the inaccuracy of ground and air temperature data. AG confirmed that the issue is there is very little information available of the gas temperature at the meter point itself.

CS suggested that the planned work on meter locations may be a lower priority to the other topics as the outcome of the temperature study needs to be available and the procurement process for the study may not even be completed by the end of the year.

MB felt the chair's comments were unhelpful suggesting that the sensitivity analysis was of value. AG and CW provided clarification saying that there is no issue in undertaking the sensitivity analysis, but the results of the temperature study are needed for greater understanding of meter location impacts on temperature and UIG.

TP suggested that it is important to understand if the net UIG is different over a period of time. In addition, CWh stated that one scenario is that the conditions at the meter location could

lead to more UIG or less or net out overall. He also suggested that analysis could be targeted to look at day 1, day 5, day 30, line in sand, which may lead to different factors but would add a layer of complexity to the process.

MB challenged this suggesting that information is not known about the temperature of pipes in the ground, but a shrinkage model has been developed, nevertheless. AG explained that for shrinkage and leakage there is data available from the national leakage test.

#### Review of approach to calculate CSEP consumption

TP indicated that CSEP consumption was a big area of uncertainty in the calculations and system consumption could be as much as 10%. AUGE have therefore proposed this as a new topic to understand the impact on total UIG and the balancing factor of inaccuracy

FC suggested that post-Nexus there is an opportunity to do more work to calculate the CSEP consumption and it might reveal that AQs were inaccurate pre-Nexus as whilst there have always been physical meters on sites within the CSEPs there are no meters at the offtake point.

There was support for DNV-GL to carry out an initial assessment to establish what analysis is possible from the data available.

#### New topic areas

TP then invited the AUG Sub-Committee to propose other new topics for consideration in the 2019/20 AUG year.

Mark Palmer (MP) suggested 2 areas for consideration which were both supported. The first was in relation to volume converters. He asked what temperature data was available on this equipment and if this data could be used in addition to and/or until the temperature study becomes available. A discussion was had on how the converters work and how this might differ for large and small sites.

The second area was in relation to a comparison of corrected and uncorrected meter readings to help validate if volume converters could be a source of UIG.

CWh indicated that a data request to industry has been drafted and this will be updated to include a request for an indication of whether the temperature measurement is in the pipe or the vicinity of the meter before it is issued to industry.

MP also suggested this study of meters could be mapped to the converters in different geographical locations.

MB suggested another area of investigation might include the level of read reconciliation at line in the sand. AG suggested that this has been previously considered so MB suggested that it would be helpful for a future monthly update to provide an reminder of why it was not taken forward.

A further suggestion from MB was to consider meter by-pass. He suggested that where a site is sufficiently critical that it cannot be without supply then the meter is bypassed to undertake any necessary work and that in this scenario there could be a contribution to UIG. FC indicated that there is a UNC obligation to notify when a site is closed, opened and the volume of energy used in KWh. MB asked if a volume adjustment is done for every instance of by-pass. CS said it was his understanding that a meter by-pass adjustment process had been in place for some time. MB questioned if it was the role of the chairman to make such a point and CS acknowledged his view.

CWh agreed to investigate with Xoserve and provide an update within the monthly update notices on proposed next steps.

Industry changes and Modifications

TP then indicated that slides 12 and 13 provide a list of all the industry changes and Modifications that DNV-GL are aware of. He added that they are aware of the recent Urgent Modification 0700 *Enabling large scale utilisation of Class 3* which will be added to the list.

TP concluded the presentation by briefly outlining the proposed data sources which are mainly being provided by Xoserve.

He confirmed that the new topics will be added to the topic log. He also reminded everyone that feedback can be provided at any time.

**7.0 Any Other Business**

None.

**8.0 Next Steps**

CS concluded the meeting by advising that the next steps are for the AUG to report back at the early engagement meeting in September 2019 and publish the monthly reports in the meantime.

**9.0 Diary Planning**

Further details of planned meetings are available at: <https://www.gasgovernance.co.uk/events-calendar/month>

Workgroup meetings will take place as follows:

Time/Date	Venue	AUG Sub-Committee Agenda
10:30 Monday 30 September 2019	Radcliffe House, Blenheim Court, Warwick Road, Solihull B91 2AA	Agenda items to be agreed.
10:30 Friday 10 January 2020	Radcliffe House, Blenheim Court, Warwick Road, Solihull B91 2AA	Agenda items to be agreed.

**Action Table (as at 24 July 2019)**

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0301	15/3/19	4.1	Xoserve (FC) put forward procurement options for discussion at short notice at the next DSC Contract Managers meeting on 20 March 2019.	Xoserve (FC)	<b>Closed</b>
0701	24/07/19	5.0	Xoserve (FC) to propose, as part of the report on the AUG end of year review for the August UNCC, that the AUG Sub-committee can investigate a matter referred to them from the UNCC and/or	Xoserve (FC)	<b>Pending</b>

**Action Table (as at 24 July 2019)**

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
			coming out of the annual AUG process review. This proposal would include any corresponding changes required to the AUG Sub-committee terms of reference. If approved Xoserve to work with Joint Office to arrange an additional meeting date.		
0702	24/07/19	6.0	DNV-GL (TP) to update the log of topic areas taking into consideration the feedback provided at the meeting.	DNV-GL (TP)	<b>Pending</b>