

12<sup>th</sup> April 2024

# AUG Sub-Committee Meeting



**engage** 

ELECTRICITY | GAS | INDUSTRY EXPERTS

1. Welcome and process recap
2. Confirmation of final Weighting Factors
3. Gas Year 2025 - 2026
  - a) Context for 2025 - 2026 AUGGE activity
  - b) Scope of assessment
  - c) Topics for consideration
4. Next steps

# Recap and process

The final AUG Statement for Gas Year 2024 – 2025 has been published

- ▶ The draft AUG Statement was published on 29<sup>th</sup> December 2023
- ▶ We consulted on the Weighting Factors and methodology between 31<sup>st</sup> December 2023 to 31<sup>st</sup> January 2024
- ▶ Based on the consultation responses and updated data extracts we have updated our UIG forecasts, our consumption forecast and hence our Weighting Factors
- ▶ The proposed final Statement was published on 1<sup>st</sup> March 2024
- ▶ The final Statement was published on 28<sup>th</sup> March 2024
- ▶ The final Statement will be presented to the UNCC on 18<sup>th</sup> April 2024 to be ratified and the Weighting Factors will apply from 1<sup>st</sup> October 2024.

# Final Weighting Factor Table

## Proposed Final Weighting Factors for Gas Year 2024-2025

		CLASS			
		1	2	3	4
EUC BAND	1ND	51.51	51.51	51.51	107.23
	1PD	51.51	51.51	51.51	107.23
	1NI	5.87	396.20	226.73	450.82
	1PI	5.87	396.20	226.73	450.82
	2ND	66.54	66.54	66.54	116.62
	2PD	66.54	66.54	66.54	116.62
	2NI	5.87	130.40	123.64	199.05
	2PI	5.87	130.40	123.64	199.05
	3	5.87	60.12	60.34	69.60
	4	5.87	59.90	63.63	71.80
	5	5.87	66.17	62.08	68.88
	6	5.87	70.74	59.38	67.86
	7	5.87	73.23	62.12	68.81
	8	5.87	59.71	59.58	58.17
	9	5.87	28.27	26.24	29.45

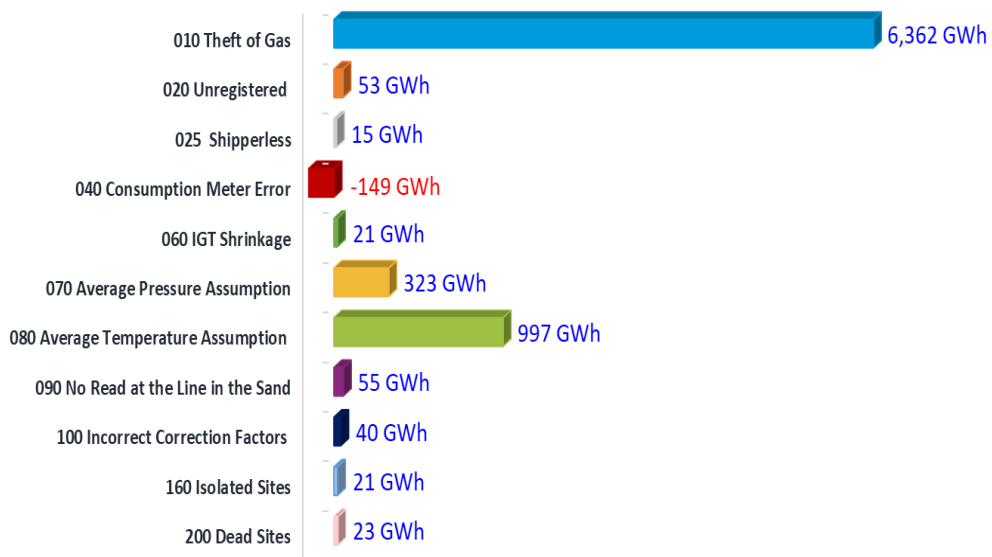
## Change between Final for 2024 - 2025 and Final 2023 - 2024

		CLASS			
		1	2	3	4
EUC BAND	1ND	0.0%	0.0%	-0.1%	-0.1%
	1PD	0.0%	0.0%	-0.1%	-0.1%
	1NI	0.1%	-8.6%	1.4%	-3.2%
	1PI	0.0%	0.0%	1.4%	-3.2%
	2ND	0.0%	0.0%	-0.1%	-0.6%
	2PD	0.0%	0.0%	-0.1%	-0.6%
	2NI	0.1%	-3.1%	0.7%	-1.9%
	2PI	0.0%	0.0%	0.7%	-1.9%
	3	0.0%	0.1%	0.2%	0.3%
	4	0.0%	0.0%	0.1%	0.2%
	5	0.0%	0.0%	0.1%	0.1%
	6	0.0%	0.1%	0.1%	0.1%
	7	0.0%	0.1%	0.1%	0.0%
	8	0.0%	0.0%	0.1%	0.0%
	9	0.0%	0.0%	0.0%	0.0%

► Note that the relative numbers are comparable with previous Statements, but the absolute numbers are not

# Total UIG Estimate 2024-2025

## UIG by Contributor and Comparison with 2023-2024 Gas Year



Contributor	2023-2024 Gas Year UIG Volume	Change	2024-2025 Gas Year UIG Volume
<b>Theft of Gas</b>	6,823 GWh	↓	6,362 GWh
<b>Average Temperature Assumption</b>	1,021 GWh	↓	997 GWh
<b>Average Pressure Assumption</b>	326 GWh	↓	323 GWh
<b>No Read at the Line in the Sand</b>	162 GWh	↓	55 GWh
<b>Unregistered Sites</b>	53 GWh	→	53 GWh
<b>Incorrect Correction Factors</b>	53 GWh	↓	40 GWh
<b>Dead Sites</b>	19 GWh	↑	23 GWh
<b>Isolated Sites</b>	19 GWh	↑	21 GWh
<b>IGT Shrinkage</b>	19 GWh	↑	21 GWh
<b>Shipperless Sites</b>	17 GWh	↓	15 GWh
<b>Consumption Meter Error</b>	-15 GWh	↓	-149 GWh
<b>Total</b>	<b>8,497 GWh</b>	↓	<b>7,761 GWh</b>

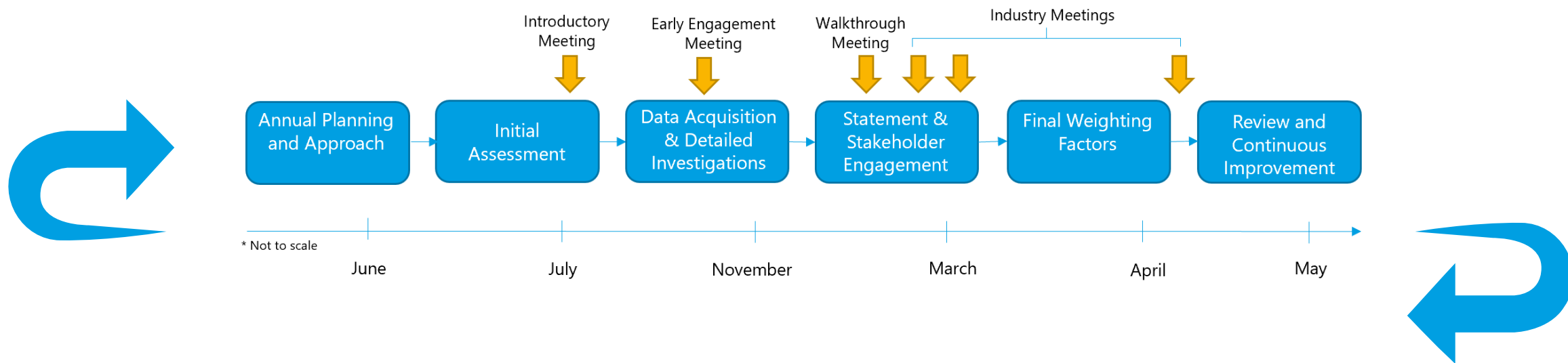
▶ Total estimated UIG for the 2024-2025 Gas Year is **7,761 GWh**

# Gas Year 2025 – 2026

- a) **Context for 2025 - 2026 AUGE activity**
- b) **Scope of assessment**
- c) **Topics for consideration**

# Annual assessment - timetable

With final Weighting Factors determined, we review the year to inform our approach to next year



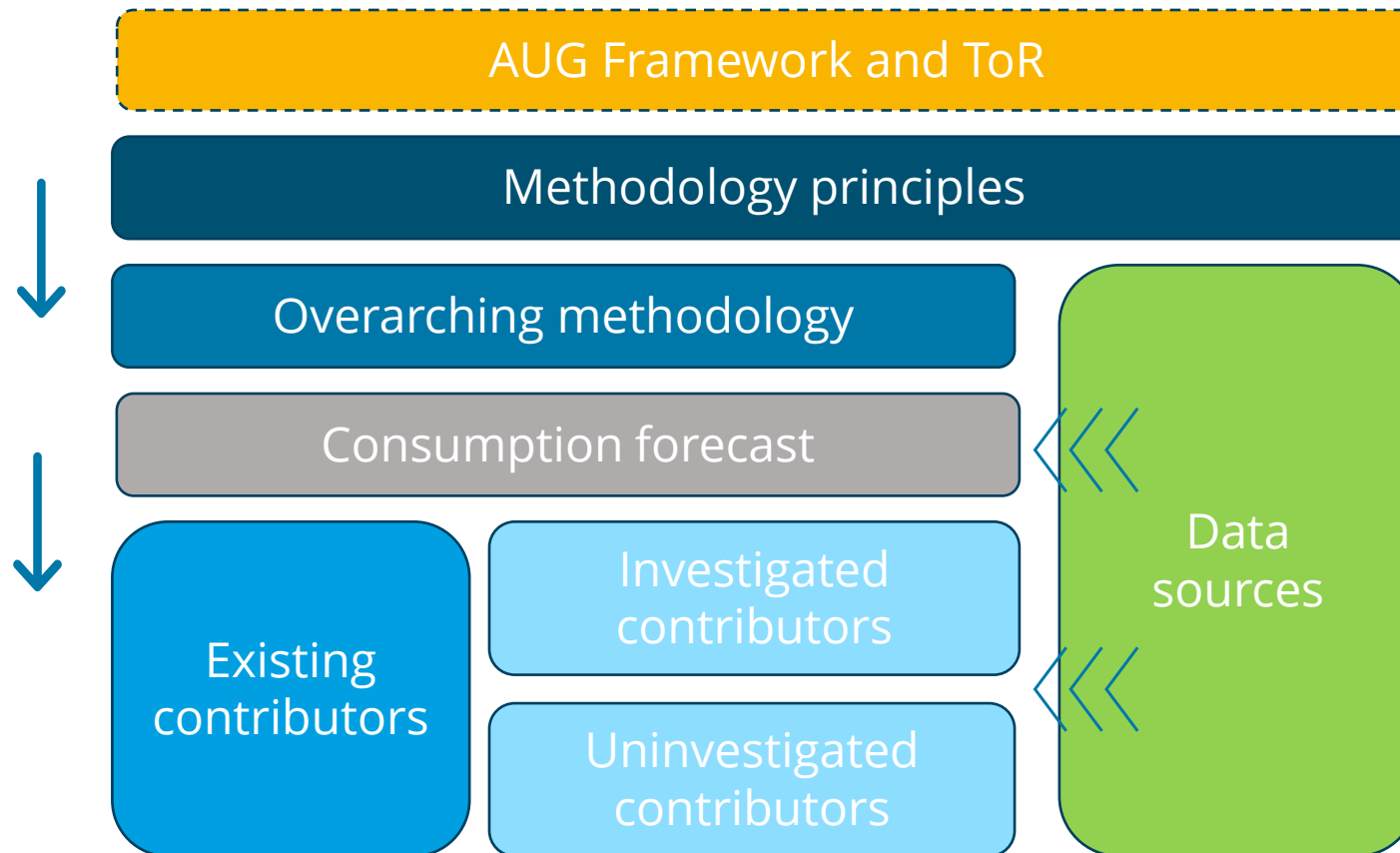
## Last year's activities will shape next year's thinking

- ▶ Because we have now been in post for four years, we are increasingly able to consider actual historical data for use in our analysis, rather than using estimates.
- ▶ Availability of sufficient robust data will always prevent meaningful evolution of our existing methodology, unless we think more broadly about our methodology principles.
- ▶ Shrinkage Error, Theft and Unfound (and probably others?) are complex and closely interlinked. There may be a need for a more holistic view of UIG contributors.
- ▶ Consumption Forecast is a fundamental input to our current methodology and warrants strong focus each year.
- ▶ There continues to be some industry appetite to think about changes to AUGÉ framework and processes. Understanding the motivations for this should factor into our thinking.

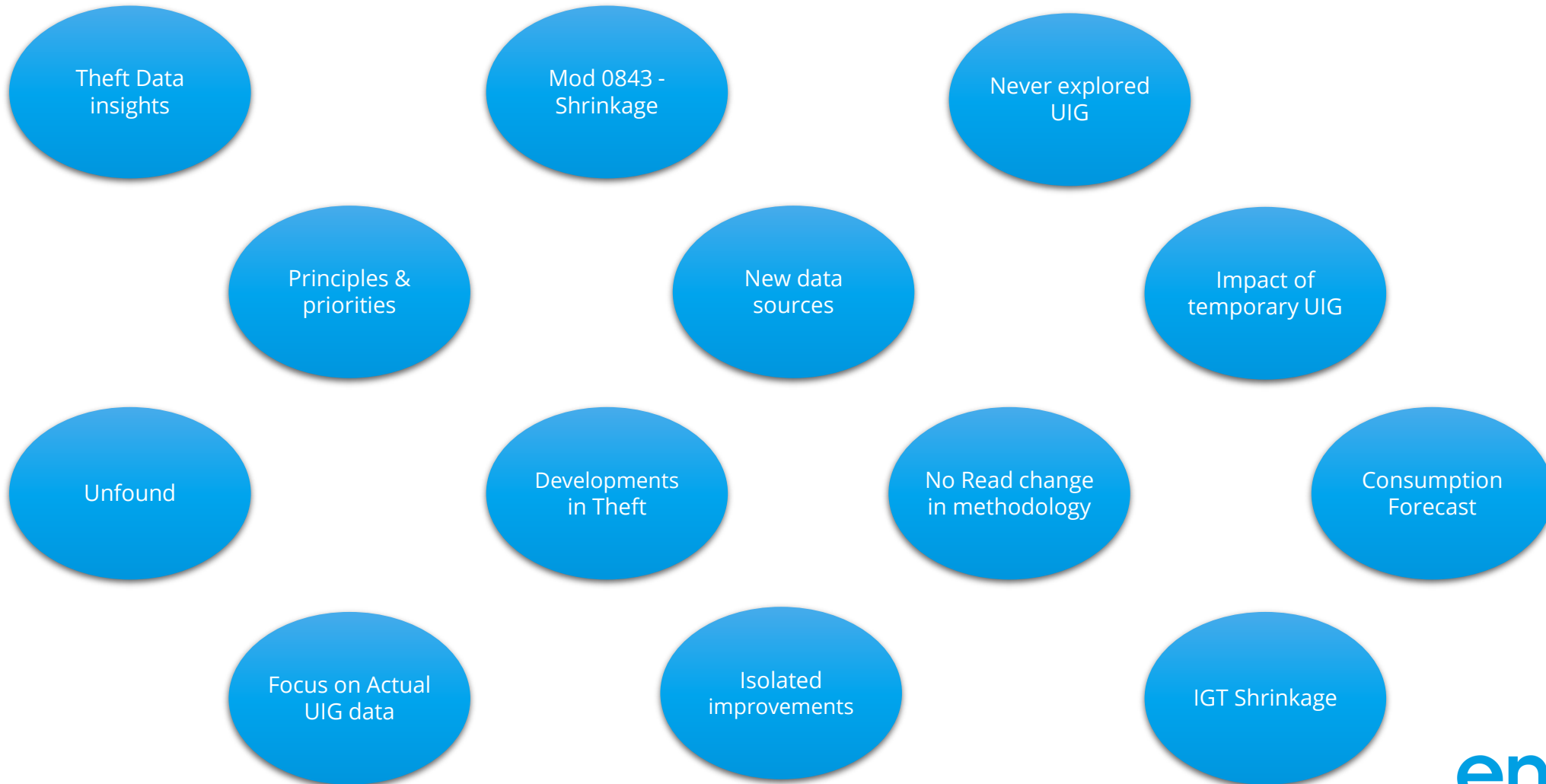


# Assessment areas

There are several moving parts to consider when thinking about areas of focus for next year

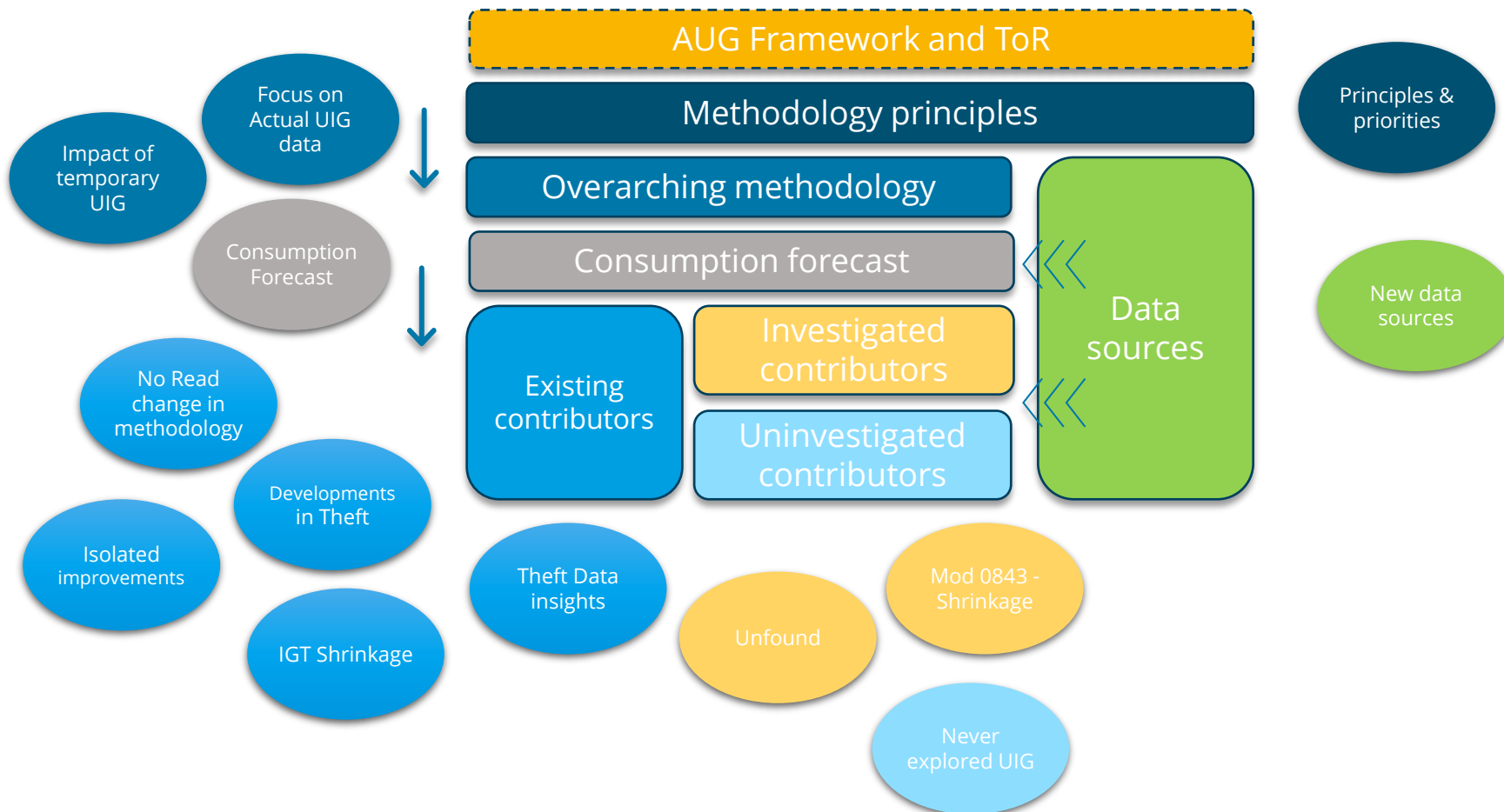


# Initial themes for consideration (2025 - 2026)



# Broadening thinking

We have much more to consider than identification of discrete contributors to UIG

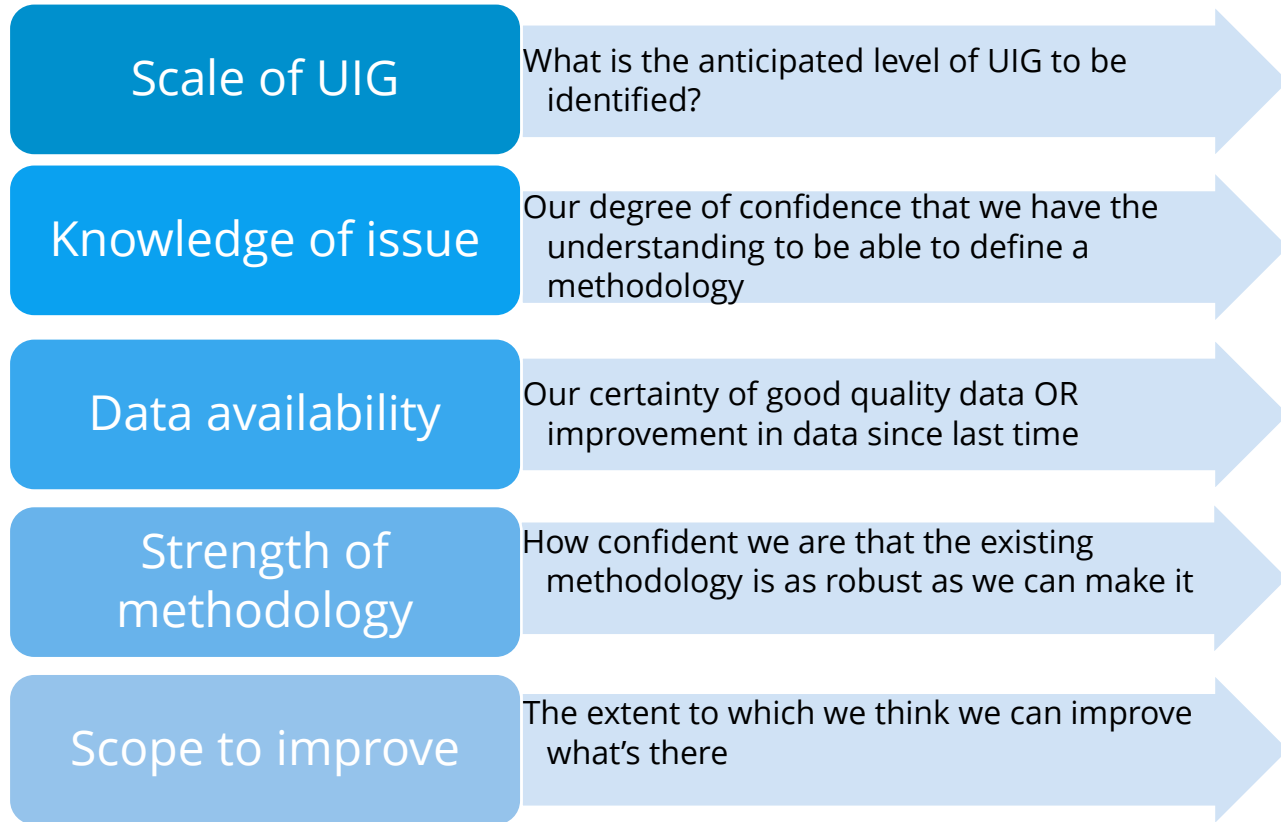


- ▶ The first step each year is to consider areas of focus for improving existing methodology
- ▶ We also review all potential contributors that have been identified but have no calculation methodology
- ▶ This is because the landscape and available data may have changed, as well as industry priorities

Contributor ID	Contributor	Score
010	<b>Theft of Gas (Total Theft)</b>	45
090	<b>No Read at the Line in the Sand</b>	40
131	Consumption Adjustments (Incomplete)	36
180	Unfound Unidentified Gas Contributors	35
150	Meterless Sites	22
080	<b>Average Temperature Assumption</b>	21
011	Theft of Gas (Roll Out)	18
210	Shrinkage Error	18
041	Consumption Meter Errors (Faulty Meter)	16
042	Consumption Meter Errors (Extremes of Use)	16
070	<b>Average Pressure Assumption</b>	16
160	<b>Isolated Sites</b>	16
200	<b>Dead Sites</b>	16
012	Theft Of Gas (Last Read)	13
120	Meter Exchanges	13
130	Consumption Adjustments (Incorrect)	13
170	Incorrect Meter Technical details on UK Link	13
060	<b>IGT Shrinkage</b>	12
040	<b>Consumption Meter Errors (Inherent Bias)</b>	11
110	CV Shrinkage	9
100	<b>Incorrect Correction Factors</b>	8
190	Issues with Xoserve system	7
050	Meter Errors at LDZ input	3
140	Meters with Bypass Fitted	3
020	<b>Unregistered Sites</b>	3
025	<b>Shipperless Sites</b>	3

# Previous assessment criteria

Our formal scoring process works well for assessing contributors but not for other elements



- ▶ Our list of considerations for next year extends beyond contributors
- ▶ A methodology and sub-model would not be applicable to some of our key themes this year, as they are broader in scope than assigning UIG.
- ▶ **A change to the way we assess our priority areas of focus is now required** to account for the changing nature of our list for consideration.

## Assess Principles & Priorities

- ▶ Our investigation with Unfound was not able to progress due to application of our principles. If we want to progress we will need to potentially change those principles

## Impact of Temporary UIG

- ▶ We currently ignore temporary UIG completely
- ▶ Does consideration of temporary UIG give any benefit to methodology or insights for UIG reduction?

## Confidence levels applied to UIG Calculation

- ▶ Taking a very different approach to assessing the contributors, weighting their impact on the allocation methodology according to our judgement of certainty in inputs and outputs

## Work with observed UIG data

- ▶ Previous gas years we estimated are now reconciled enough to do more analysis on actual UIG, allowing a meaningful top-down style comparison

# Considerations: Existing Contributors

<b>Theft of Gas – Total Theft/AMR</b>	<ul style="list-style-type: none"> <li>▶ More insight from shippers on how they detect and report theft to enhance validation?</li> <li>▶ Monitor further RECCo activity and outputs</li> </ul>	<b>No Read at Line in the Sand</b>	<ul style="list-style-type: none"> <li>▶ Improve understanding of trends and reasons for problems</li> <li>▶ Methodology simplification</li> </ul>
<b>Unregistered</b>		<b>Average Temperature Assumption</b>	<ul style="list-style-type: none"> <li>▶ Further temperature studies could improve estimates</li> </ul>
<b>Shipperless</b>		<b>Incorrect Correction Factors</b>	<ul style="list-style-type: none"> <li>▶ Reviewing all specific Correction Factor sites</li> </ul>
<b>Consumption Meter Errors – inherent bias</b>		<b>Isolated Sites</b>	<ul style="list-style-type: none"> <li>▶ Improve forecasting of portfolio &amp; AQ at Risk</li> </ul>
<b>IGT Shrinkage</b>	<ul style="list-style-type: none"> <li>▶ Engagement with INA to validate data inputs</li> </ul>	<b>Dead Sites</b>	
<b>Average Pressure Assumption</b>	<ul style="list-style-type: none"> <li>▶ Additional weather &amp; pressure data may improve estimates</li> </ul>		



## Data inputs to Consumption Forecast

- ▶ Assessment and application of different options for generating our Consumption Forecast
- ▶ Additional sources for assumptions have been suggested for investigation

## Future plans of shipper portfolios

- ▶ Is there any intelligence out there to help us forecast different Matrix Position populations?
- ▶ Does CDSP have insights on this?

**Meters with Bypass Fitted**

**LDZ Shrinkage Error**

**Unfound Contributor**

- ▶ Does consideration of principles, data sources offer an opportunity for re-assessing previous conclusions?

# Considerations: Uninvestigated Contributors

Consumption Meter Errors – Faulty Meter

Consumption Meter Errors – Extremes of Use

Meterless Sites

Meter Errors at LDZ input – inherent bias

CV Shrinkage

Meter Exchanges

Incorrect Meter Technical Details on UK Link

Consumption Adjustments (incomplete)

Consumption Adjustments (incorrect)

Unchecked Meter Read drift by LiS

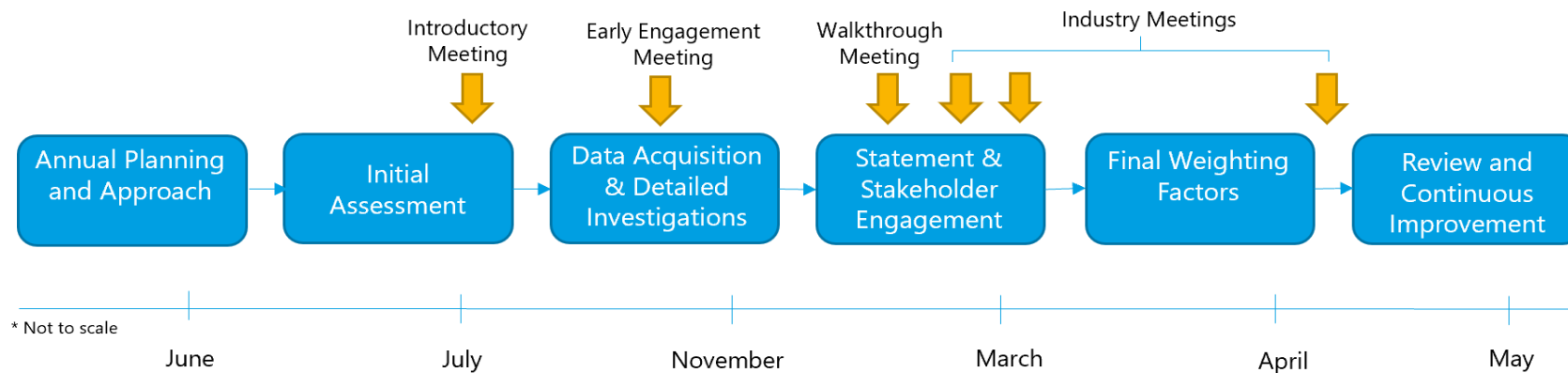
- ▶ For the majority, some data has been gathered for scoring and initial assessment in the past
- ▶ None has been subject of focussed investigation
- ▶ May merit re-assessment of data sources and viability

## Alternative inputs

- ▶ Continued reliance on CDSP as master source of data
- ▶ Are we exhausting CDSP sources and expertise?
- ▶ Where else could we or should we look?

# Next Steps

- ▶ Shape and undertake Initial Assessment process
- ▶ Stakeholder Engagement – INA, Theft data, CDSP, shippers
- ▶ (Sub-Committee) Early Engagement/Introductory Session – 28<sup>th</sup> June 2024
- ▶ Always happy to take input from or hold discussions with anyone at any point in the process. We can be contacted at [auge@engage-consulting.co.uk](mailto:auge@engage-consulting.co.uk) or through details on the next slide



# AUGE key contacts



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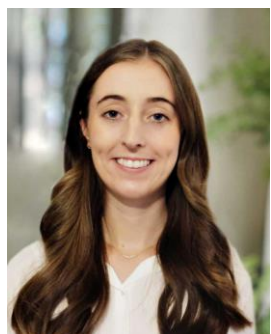
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