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(by e-mail)

Dear Clive

Allocation of Unidentified Gas Statement – Draft v2

Thank you for your letter seeking clarification on some of the points raised by ScottishPower in relation to the second draft of the AUGS. Responses to each of the points which you raised and the questions you posed are detailed below:

- 1) **“Unknown” supplies** – ScottishPower are not aware of supplies that are currently “unknown”, but were highlighting that obviously there are parties, such as Sohn Associates who have been involved in investigations through their work with consumers, where they have identified sites, which are in the “unknown” category. We therefore welcome the AUGS’s commitment to speaking to Sohn, with a view to identifying these sites.

We would also propose that there may be an opportunity to review siteworks requests from circa 1996 (when Sohn suggested the problem relates to) to check whether requested for siteworks quotes resulted in a record on the Sites and Meters database. In the cases where this did not happen, further investigation could be carried out to determine whether there is a live supply that should have a Sites and Meters record. It is in the Transporters’ interest and in the interest of safety overall to ensure that there are accurate records of live gas supplies across the country.

- 2) **Allocation of Algorithm Error** – Adjustment to the CWV can be made through the year, through the process introduced under MOD204. We want to ensure that the AUGS will consider developments here and look for any issues that might arise and consider if there is any implication for unidentified gas.
- 3) **Allocation of Algorithm Error** – ScottishPower proposed that it might be beneficial to analyse metered volume –v- deemed –v- corrections. Such analysis would consider deemed volume for Demand Estimation sample sites in each NDM EUC band, which could then be compared to what has actually been billed to these customers by the Supplier. In addition if you add in the effect of RbD adjustments over time it will highlight the accuracy of modeling for the SSP and LSP sector and highlight any bias in the process.

- 4) **AQ Details** – The 65% update figure is representative of the information presented by Xoserve at the AQ Operational Forum in November 2010, following the 2010 AQ Review. There are only 65% of sites updating AQ for the LSP market, as there are many categories of site where the site AQ does not update due to the site status categorisation.
- 5) **Unregistered and Shipperless Sites** – not all Shipperless sites will be backbilled over the entire period that gas has been flowing. In particular under the ERA Billing Code the “Big 6” energy suppliers do not back-bill domestic consumers for more than 12 months. We will look to see if we can provide any details to show that Shipperless sites are actually using more energy than their AQ would suggest. However we would propose that it might be productive to ask Xoserve to consider this, by looking at Shipperless sites and considering their AQs pre and post the AQ Review from when they become registered to a specific Supplier. This piece of work could be done by Xoserve for both the SSP and LSP market sectors to consider any differences seen.
- 6) **Shipper Activity/Orphaned Sites** – Our comment about Xoserve not tracking site refers to the fact that the AUGS explained that although Xoserve are monitoring Shipperless/unregistered sites at an aggregate level – they are not tracking which sites have come into the process and which sites have come out. We would suggest that if Xoserve looked at this area in more detail, they could monitor how long sites were in the Shipperless/unregistered position, what associated volume is attributed to each market segment (LSP/SSP) and also consider if any of the sites are reaching the time where reconciliation will time out.
- 7) **Question 3 Pg45** – Xoserve should be able to provide this information quite easily.
- 8) **Question 3 Pg45** – ScottishPower does not have a large proportion of high consuming sites, but we believe that Xoserve or the Transporters would be able to provide examples of theft at large consuming/blue chip sites.
- 9) **Metering Errors** – Our comments relate to the metering at LDZ and our apologies, the statement should have read “.. not a net contribution to unidentified gas from metering errors”. We have details of the LDZ metering errors found and can provide this to you, although such information can be found on the Joint Office website. We would particularly highlight the large number and scale of meter errors, which relate to under-recording of LDZ consumption, particularly relating to orifice plate error.

I hope you find these comments useful and should you wish to discuss further please do not hesitate to contact me.

Yours sincerely,

Karen Kennedy
Gas Operations Manager
ScottishPower