

The Joint Office, Relevant
Gas Transporters, shippers and other
interested parties

GL Noble Denton

Holywell Park
Ashby Road
Loughborough
Leicestershire
LE11 3GR

AUGE@gl-group.com
www.gl-group.com

Reference: Clarifications following UNCC/AUGE meeting February 6th

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Dear Colleague

During the AUGER(UNCC) meeting on 6th February a number of issues were raised/discussed, some of which would benefit from clarification by us to help you complete your review of the AUGS. This letter provides details of these clarifications where we are able to do so.

1) Theft split using allocations.

The theft split chart shown in Figure 19 (p51) is based on allocation data provided by Xoserve (from the ODR1209 aggregate consumption data set). It does not use the consumptions that we calculated using meter reads and meter consumptions to generate total consumption for the estimation of the top level Unidentified Gas figure.

Whilst looking at this we noted that the first topic under section 4.8.5.1 (p52) regarding use of read units is actually describing a potential improvement to the metered consumption + theft method and not the throughput method since we are not using our calculated consumptions to estimate the theft split. The remaining two items regarding "Exclusion of EUCs and Meter Read Frequency" were investigations specific to the throughput method. We had also not explicitly stated what data the throughput method uses in section 4.8, but I can confirm it is the data from the ODR report mentioned above.

2) Handling of Shrinkage within CSEPS

We have looked at this at a high level to assess whether it is a significant issue or not. From the data we used to calculate total consumptions approximately 5% is consumed by CSEPs and these also consist of approximately 5% of the total number of meter points. The gas distribution networks publish shrinkage estimates each year and the leakage part of this can be used to estimate an upper bound for leakage in the CSEPS.

However, this issue has previously been raised at the Shrinkage Forum and it was noted that CSEPS are generally made up entirely of PTFE connections which have a zero leakage rate. We have no information to prove or disprove that CSEPS contain a mixture of other connections with higher leakage rates.

Earlier in our development of the methodology the issue of shrinkage error was raised and we concluded that this was something to be addressed through the shrinkage forum and it is therefore likely that this too should be treated in the same way.

3) Timescales

With regards the issue raised regarding the time to review the 2nd draft AUGS I noted when I was looking at the timelines for the coming year that the consultation from May 1st - June 15th of 42 days actually only consists of about 33 business days. For this consultation I had provided 42 business days (~59 days) so there are actually two working weeks more than should have been allowed under the AUGS Guidelines (plus 7 working days towards the end of December 2012).

On the same point, the overall methodology has not changed much from the Interim Report that we published in September. There have been some improvements to the way we handle/validate the meter reads / consumption data but the general top down principle is the same as is the approach to using throughput for the theft split. I appreciate that the industry has not had the benefit of the data set we used at that time but there has been plenty of time to consider the potential issues with each method so I don't think the argument of insufficient time to review is valid as in any other year there would have been much less time to review.

4) Methodology

Although not discussed specifically at the meeting, there is a grey line between the provision of information required to back up why a particular method is more robust / fair than another and the end results. I'd like to take this opportunity to remind you that the consultation should be concerned with the theory and approach of the methodology, rather than the figures that it produces.

Once approved, application of the methodology and publication of interim figures then allows the industry time to review issues with data/results.

We look forward to the consultation feedback over the remaining consultation period which finishes on Friday 1st March.

Yours sincerely

Clive Whitehand
Senior Consultant
GL Noble Denton