

15th March 2024

AUG Sub-Committee Meeting



ELECTRICITY | GAS | INDUSTRY EXPERTS

Agenda

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1. Welcome and recap
2. Changes made since draft Statement
3. Proposed final Weighting Factors
(and comparisons)
4. Future considerations and
assessment process

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Consultation - Recap

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

- ▶ The draft AUG Statement was published on 29th December 2023
- ▶ We consulted on the Weighting Factors and methodology between 31st December 2023 and 31st January 2024
- ▶ Based on the consultation responses and updated data extracts we have updated our UIG forecasts, our Consumption Forecast and hence the Weighting Factors
- ▶ The proposed Final Statement was published on 1st March 2024
- ▶ These slides provide a summary of the changes from the draft Statement to the proposed Final Statement

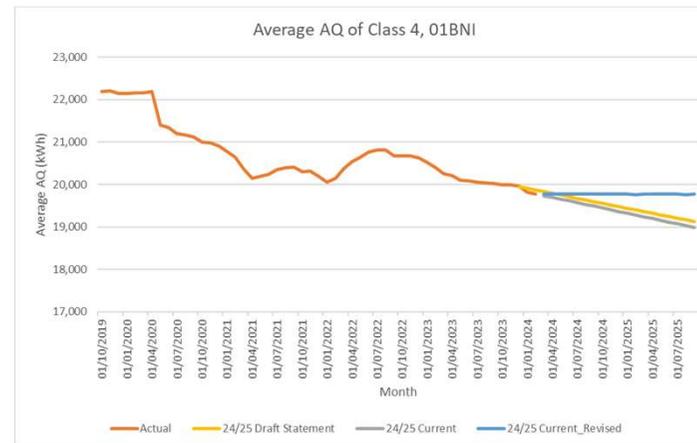
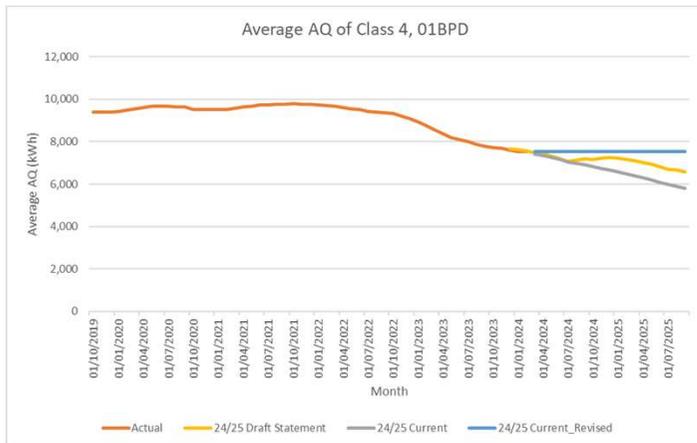
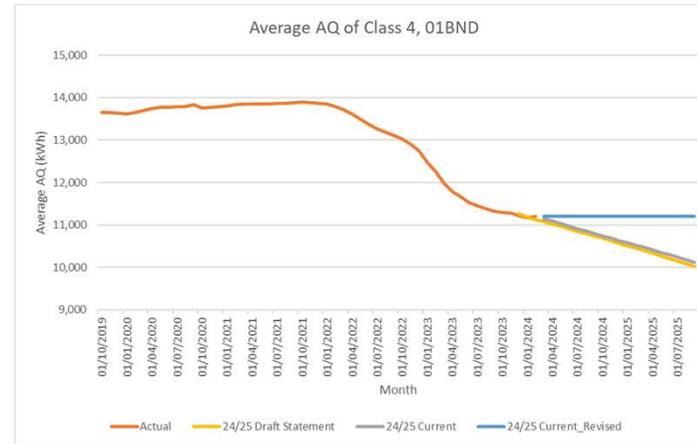
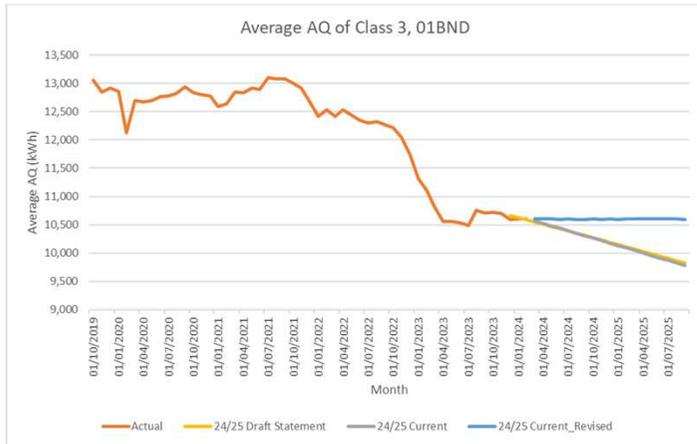
Updates - Summary

Updates to draft Statement incorporated in the proposed Final AUG Statement

Area	Update
Consumption Forecast	New data showing a levelling off of AQs of the smaller EUC Bands combined with the concerns raised in the Consultation of the forecast AQ going too low has led us to take a different approach to forecasting consumption for these EUC Bands. The forecast has also been refreshed with the last 3 months of actual data now feeding in. This has had some impact on estimated UIG and resulting allocation across some Matrix Positions.
Refreshed Datasets	Up to date data refreshes in several areas resulted in small changes to contributors relative to the impact of consumption data.
Weighting Factors	Updated Weighting Factors reflecting the above. We provide comparison between these proposed Final Weighting Factors and the draft Weighting Factors and those for Gas Year 2023 – 2024 later in the slides.

Consumption Methodology Change

The reduction in average AQ for smaller EUC bands is slowing



Consumption Forecast

Forecast consumption has increased in some Matrix Positions and decreased in others vs the draft Statement baseline resulting in a similar total volume

Draft Statement

EUC BAND	CLASS				
		1	2	3	4
1ND	-	-	40,494	193,401	
1PD	-	-	4,867	9,740	
1NI	-	1	1,917	8,616	
1PI	-	-	1	33	
2ND	-	-	63	5,176	
2PD	-	-	2	174	
2NI	-	4	6,141	12,818	
2PI	-	-	1	6	
3	1	49	6,360	11,244	
4	3	323	7,701	10,908	
5	35	289	4,817	7,880	
6	295	1,161	3,274	9,212	
7	985	1,940	3,128	8,000	
8	6,424	3,513	1,293	10,420	
9	47,629	295	127	1,398	
				432,160	



Proposed Final Statement

EUC BAND	CLASS				
		1	2	3	4
1ND	-	-	39,611	210,155	
1PD	-	-	4,331	10,841	
1NI	0	1	2,183	8,686	
1PI	-	-	1	33	
2ND	-	-	56	5,563	
2PD	-	-	2	174	
2NI	0	5	6,790	12,127	
2PI	-	-	2	6	
3	1	100	7,028	10,571	
4	4	327	7,872	10,569	
5	38	323	4,694	7,815	
6	269	1,158	3,293	9,078	
7	1,194	2,118	2,678	8,050	
8	6,540	3,662	1,288	9,681	
9	36,923	387	128	1,037	
				437,389	

Proposed Final Weighting Factor Table

- ▶ These Weighting Factors reflect the latest **Consumption Forecast**, and updated datasets for **Theft, Consumption Meter Error** and **No Read before Line in the Sand**
- ▶ Note that the relative numbers are comparable with previous Statements, but the absolute numbers are not

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

Draft Statement Comparison

Change between draft and proposed Final Statement 2024-2025

(Expressed as percentage change of UIG as a percentage of Consumption Forecast)

		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%	-0.2%	-0.1%	-0.1%
	1PI	0.0%	0.0%	-0.1%	-0.1%
	2ND	0.0%	0.0%	-0.1%	-0.1%
	2PD	0.0%	0.0%	-0.1%	-0.1%
	2NI	0.1%	0.0%	-0.1%	-0.1%
	2PI	0.0%	0.0%	-0.1%	-0.1%
	3	0.0%	0.0%	0.0%	0.0%
	4	0.0%	0.0%	0.0%	0.0%
	5	0.0%	0.0%	0.0%	0.0%
	6	0.0%	0.0%	0.0%	0.0%
	7	0.0%	0.0%	0.0%	0.0%
	8	0.0%	0.0%	0.0%	0.0%
	9	0.0%	0.0%	0.0%	0.0%

- ▶ Our Consumption Forecast is slightly higher than for draft Statement, because we have adjusted the approach to forecasting some Matrix Positions
- ▶ Total UIG is lower than for draft Statement owing to data updates to No Read and Meter Consumption error
- ▶ There has been a very slight redistribution of UIG as a result

Year-on-Year Comparison (1)

UIG as a Percentage of Consumption Forecast

Gas Year 2023-2024

	CLASS				
	2023-2024	1	2	3	4
EUC BAND	1ND	0.0%	0.0%	1.1%	2.1%
	1PD	0.0%	0.0%	1.1%	2.1%
	1NI	0.0%	16.2%	3.0%	11.8%
	1PI	0.0%	0.0%	3.0%	11.8%
	2ND	0.0%	0.0%	1.4%	2.8%
	2PD	0.0%	0.0%	1.4%	2.8%
	2NI	0.0%	5.6%	1.6%	5.7%
	2PI	0.0%	0.0%	1.6%	5.7%
	3	0.1%	1.1%	0.9%	1.0%
	4	0.1%	1.1%	1.1%	1.2%
	5	0.1%	1.3%	1.1%	1.2%
	6	0.1%	1.3%	1.1%	1.2%
	7	0.1%	1.3%	1.1%	1.3%
	8	0.1%	1.1%	1.1%	1.1%
	9	0.1%	0.6%	0.5%	0.5%

Gas Year 2024-2025

	CLASS				
	2024-2025	1	2	3	4
EUC BAND	1ND	0.0%	0.0%	1.0%	2.1%
	1PD	0.0%	0.0%	1.0%	2.1%
	1NI	0.1%	7.6%	4.3%	8.6%
	1PI	0.0%	0.0%	4.3%	8.6%
	2ND	0.0%	0.0%	1.3%	2.2%
	2PD	0.0%	0.0%	1.3%	2.2%
	2NI	0.1%	2.5%	2.4%	3.8%
	2PI	0.0%	0.0%	2.4%	3.8%
	3	0.1%	1.2%	1.2%	1.3%
	4	0.1%	1.1%	1.2%	1.4%
	5	0.1%	1.3%	1.2%	1.3%
	6	0.1%	1.4%	1.1%	1.3%
	7	0.1%	1.4%	1.2%	1.3%
	8	0.1%	1.1%	1.1%	1.1%
	9	0.1%	0.5%	0.5%	0.6%

Year-on-Year Comparison (2)

Change between proposed Final for 2024 - 2025 and Final 2023 - 2024 values

		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%	

▶ Class 4 industrial sub-EUC bands ↓ Class 3 in the same EUC bands. ↑

▶ Mainly impacted by

1. Detected **Theft data:**

- ▶ Shift in the 10-year rolling theft dataset (gaining an extra year of recent data and losing the earliest year)
- ▶ Improved data validation
- ▶ Number of thefts in industrial Matrix Positions is relatively small, but with quite significant volume for each theft, driving more volatility year-on-year as the dataset moves

2. Revised **Consumption Forecast** (non-uniform reduction)

- ▶ Particularly Class 3 Matrix Positions significantly lower due to a general reduction in Class 3 sites in recent months

▶ **Consumption Meter Errors & No Read at Line in the Sand** have seen UIG changes compared to last year. However, the relative scale of these contributors to total UIG means that there has been little impact on Weighting Factors

Total UIG Estimate

UIG by Contributor and Comparison to 2023 - 2024 Gas Year

Contributor	2023-2024 Gas Year UIG Volume	Change	2024-2025 Gas Year UIG Volume	Draft Statement Delta
Theft of Gas	6,823 GWh	↓	6,362 GWh	+77 GWh
Average Temperature Assumption	1,021 GWh	↓	997 GWh	+47 GWh
Average Pressure Assumption	326 GWh	↓	323 GWh	+18 GWh
No Read at the Line in the Sand	162 GWh	↓	55 GWh	-58 GWh
Unregistered Sites	53 GWh	→	53 GWh	0 GWh
Incorrect Correction Factors	53 GWh	↓	40 GWh	-4 GWh
Dead Sites	19 GWh	↑	23 GWh	0 GWh
Isolated Sites	19 GWh	↑	21 GWh	0 GWh
IGT Shrinkage	19 GWh	↑	21 GWh	0 GWh
Shipperless Sites	17 GWh	↓	15 GWh	0 GWh
Consumption Meter Error	-15 GWh	↓	-149 GWh	-109 GWh
Total	8,497 GWh	↓	7,761 GWh	-28 GWh

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

Future Considerations

To be taken forward in preparing 2025/2026 Weighting Factors

AUGE Action	
24/1	Consider any iteration or updates to Theft Estimation Methodology (TEM) from RECCo
24/2	Consider the broader context of principles, ToR and desired outcomes that shapes AUGE delivery in the context of Unfound UIG
24/3	Discuss and consider iGT Shrinkage assumptions alongside INA
24/4	Consider continued use of average AQ approach to consumption forecast across all Matrix Positions

Initial Assessment - Process

Reminder: last year's outcomes

Contributor ID	Contributor	Score
010	Theft of Gas (Total Theft)	45
090	No Read at the Line in the Sand	40
131	Consumption Adjustments (Incomplete)	36
180	Unfound Unidentified Gas Contributors	35
150	Meterless Sites	22
080	Average Temperature Assumption	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	Average Pressure Assumption	16
160	Isolated Sites	16
200	Dead Sites	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	IGT Shrinkage	12
040	Consumption Meter Errors (Inherent Bias)	11
110	CV Shrinkage	9
100	Incorrect Correction Factors	8
190	Issues with Xoserve system	7
050	Meter Errors at LDZ input	3
140	Meters with Bypass Fitted	3
020	Unregistered Sites	3
025	Shipperless Sites	3

- ▶ First step each year is to consider areas of focus for improving existing methodology
- ▶ Industry views are important and we welcome any engagement to support our thinking

Themes for consideration

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Exploring principles & priorities

New data for previously explored UIG sources

Focus on Actual UIG data

Theft Data insights

Consumption Forecast

Unfound Contributor

Mod 0843 - Shrinkage

Developments in Theft regime

IGT Shrinkage - INA engagement

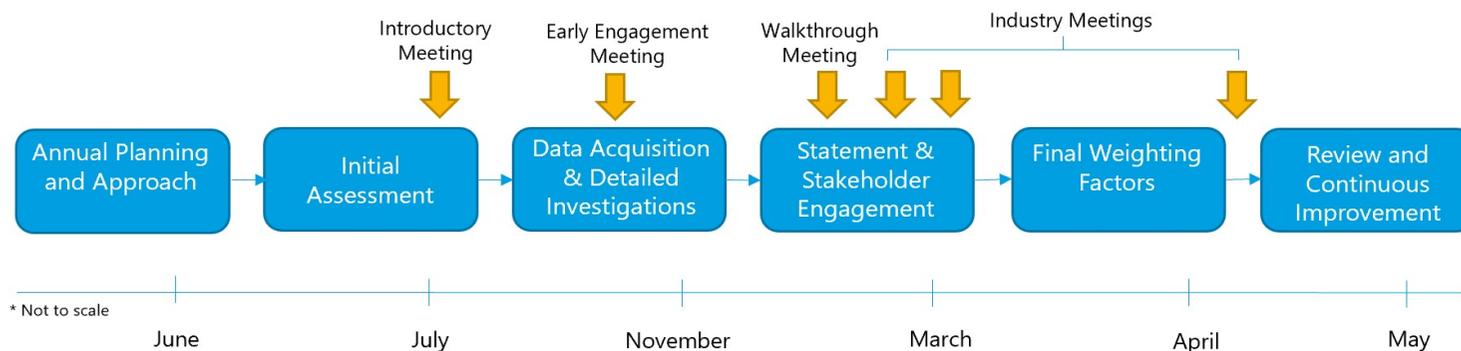
Isolated improvements

Data for never explored UIG contributors

No Read change in methodology

Next Steps

- ▶ The final AUG Statement will be published by 31st March 2024 and presented at the 12th April AUG Sub-Committee Meeting, prior to consideration at the UNCC Meeting on 18th April 2024
- ▶ We will lead a discussion on approach for next AUG year at the 12th April AUG Sub-Committee Meeting
- ▶ Engagement with stakeholders will continue throughout the process. We can be contacted at auge@engage-consulting.co.uk



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