

Gas Transporters

DNV GL Software  
Asset Optimisation  
Holywell Park  
Ashby Road  
Loughborough  
LE11 3GR  
Tel: +44 (0)1509 282000

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**Clarification of difference between interim and final AUG tables for 2014/5**

At the UNCC meeting on 16 Jan 2014, the final UG figures for the 2014/15 formula year were discussed and adopted. However, it was noted that they differ from the interim figures and the AUGE was requested to provide a more detailed explanation for this.

There are three reasons for the differences, as follows

1. The interim UG calculation used a version of the EWCF (Estimated Weather Correction Factor) data in the consumption calculation which had insufficient accuracy (some decimal places had been truncated). Updated data was used for the final figures
2. An error was corrected which had resulted in some unregistered UG from DM sites being treated as permanent instead of temporary in the interim figures
3. Amendments to the AQs of five sites in the unregistered calculations.

The effects of the first two of these changes are in opposite directions such that the overall effect is small. Therefore, the issue that is predominantly responsible for the upward shift in the estimate of permanent UG is the correction of anomalous very large AQs in the unregistered sites snapshot data. This issue was raised by British Gas during the query process and the AUGE responded on 10 December 2013, having already presented the response at the UNCC meeting of 19 November 2013.

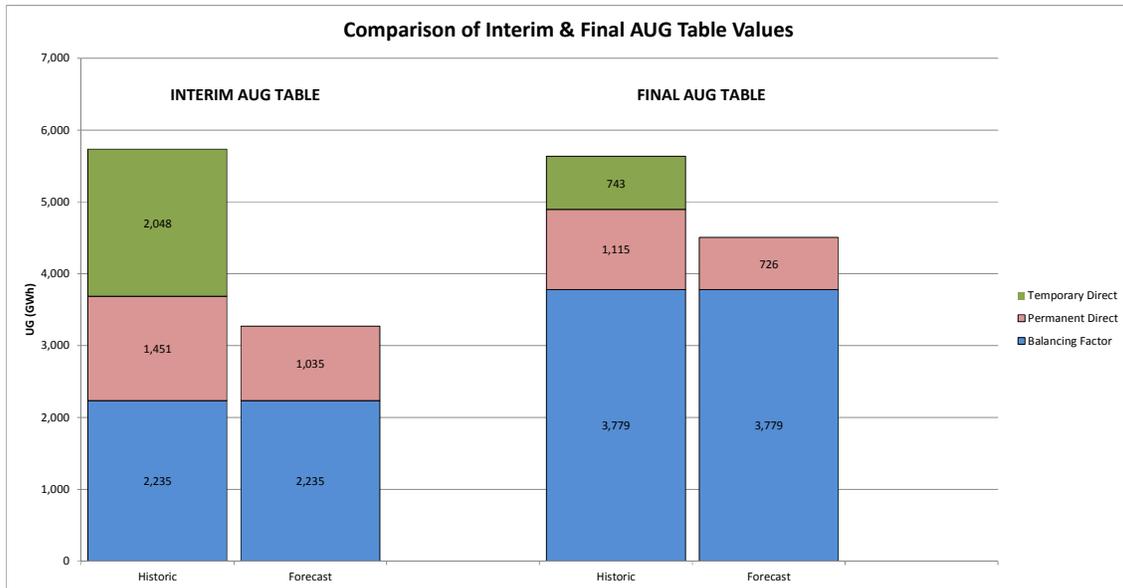
The query is referred to as Query 8 and relates to five sites that each have a requested AQ greater than the VLDMC threshold and a combined AQ of almost 30TWh. Based on the approved AUGS methodology, such sites should not contribute to permanent UG at all because it is assumed that all DM sites will be back-billed for any gas taken whilst unregistered. However, in response to Query 8, the fact that these very large AQs are incorrect was recognised and it was proposed that an AQ of 1,022,081kWh be used for each of these sites (see query response for more details). The result of this is that these sites are no longer DM and do not therefore contribute to temporary UG.

At the UNCC meeting of 16 Jan, the increase in "Total UG" from 3,270GWh to 4,506GWh was questioned. To clarify this, the difference between the actual total UG (i.e. permanent plus temporary) and the total **permanent** UG must be recognised. Total UG (permanent plus temporary) has in fact changed very little (it has reduced slightly due to points 1 & 2 above). The line item in the AUG table

labelled "Total (inc Independents)" represents the total **permanent** UG, which has increased for the reasons above. All of the figures shown in the AUG table are for permanent UG only.

A more detailed comparison of the interim and final UG calculations is shown in the following chart. The pair of bars to the left represent the interim results, with the final results shown to the right. In each pair, the left-hand bar shows the result of historic calculations (i.e. results from the historic data, which is an average of 3 years). The total height of this bar represents the total UG (permanent plus temporary). The directly measurable components of UG are estimated separately and split into their permanent and temporary parts. The balancing factor is then calculated by difference. To forecast the UG, it is assumed that the balancing factor component remains constant over time, whilst the permanent portion of the directly measured UG is projected forward as described in the AUGS. Temporary UG is not projected forward because it is not of interest.

This chart clearly shows the increase in the balancing factor (and hence in the total permanent UG) for the final AUG table. This is the result of the reallocation of a large quantity of energy which was incorrectly being treated as temporary due to the erroneous very large AQs, and has now been correctly reclassified as permanent.



In summary, the change between the interim and final UG figures is predominantly due to correcting the anomalous very large AQ values for five sites, and this represents a significant increase in accuracy. Any further questions regarding this area should be addressed to the AUGS at [AUGE.software@dnvgl.com](mailto:AUGE.software@dnvgl.com).

Sincerely

Tony Perchard  
Consultant

Direct: +44 (0)1509 282674  
[tony.perchard@dnvgl.com](mailto:tony.perchard@dnvgl.com)