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25 January 2022

Dear Xoserve

**The draft Allocation of Unidentified Gas (AUG) Statement for the Gas Year 1st October 2022 to 30th September 2023 - Consultation**

Thank you for the opportunity to provide views on the draft Allocation of Unidentified Gas Statement.

**Consultation Questions:**

1. Our overarching methodology is detailed within Section 4 (“Overarching Methodology”) of the draft AUG Statement. This methodology is based on the following principles:
  - **Bottom-up Determination:** we quantify UIG for each identified contributor and add these together, rather than estimating the overall UIG and apportioning it or using it as a means of differencing.
  - **Polluter Pays:** we interpret “fair and equitable” to mean that UIG should be allocated in the same proportions as it is created. As the UNC does not permit the allocation of UIG at a Supply Point level, the best current attainment of this principle is that each position on the matrix of EUC Band and Class attracts its appropriate proportion.
  - **Line in the Sand:** we only include in our calculation of Weighting Factors the UIG that will exist at the Line in the Sand (the final Settlement position) and not UIG that exists temporarily prior to this.

**Bottom-Up Determination**, SP would like to see a Top-down assessment using one or two suitable modelling methodologies for comparison with bottom up. SP believes there will be value in assessing how complete is the bottom-up analysis. If AUGE don't agree this is part in AUGE scope, then SP propose that AUGE is asked to carry out under their value-added services.

**Line in the Sand** - The methodology considers UIG that will exist at the Line in the Sand (the final Settlement position) and not UIG that exists temporarily prior to this. Given initial cash flows are based on earlier views of UIG, it would be useful to see a version of the analysis the considers UIG that exists earlier at initial allocation stage and how that then translates to line in the sand position.

**Polluter Pays** -SP agrees with the statement

2. Our results for the two new contributors and two refinement investigations are contained within Section 5 ("Detailed Investigations") of the draft AUG Statement. For each of these contributors, please highlight any assumptions, methodology aspects, calculations, and results which you disagree with and which you believe materially affect the Weighting Factors contained within the AUG Table. Where possible, please provide your rationale, suggestions for improvement and supporting evidence:

- 2.1 140 – Meters with a By-Pass Fitted (**NEW**)
- 2.2 160 – Isolated Sites (**NEW**)
- 2.3 010 – Theft (AMR only) (REFINEMENT)
- 2.4 090 – No Read at the Line in the Sand (REFINEMENT)

- 2.1 140 – **Meters with a By-Pass Fitted (NEW)** – SP agree meters with a by-pass fitted contributes to UIG through incorrect Consumption Adjustments before LIS.

There are many causes including incorrect central records and lack of notification to CDSP of open closed status (each of which prevents CDSP following up with the site or validating the CA). SP also recommends that CDSP convenes a clean-up exercise and AUGE is kept up to date on the impact of progress on its assumptions.

SP would like CDSP to provide a monthly report on CAs to PAC and AUGE for review. The objective being to identify any required controls and process definitions to ensure that CAs are being made when required and as accurately as possible.

- 3 Our results for the eight contributors not under detailed investigation are contained within Section 6 ("Other Contributors") of the draft AUG Statement. These contributors to UIG were investigated last year and are repeated this year. Dataset refreshes have occurred for all eight contributors. In some cases, small improvements have been made to a step in the methodology or calculations, and we highlight these instances.

For each of these contributors please highlight any methodology aspects, calculations and results which you disagree with and which you believe materially affect the Weighting

Factors contained within the AUG Table. Where possible, please provide your rationale, suggestions for improvement and supporting evidence, with a particular focus on sharing new insight and commentary not previously provided:

- 3.1 020 - Unregistered Sites
- 3.2 025 - Shipperless Sites
- 3.3 040 – Consumption Meter Errors – Inherent Bias
- 3.4 050 – LDZ Meter Errors
- 3.5 060 - IGT Shrinkage
- 3.6 070 - Average Pressure Assumption
- 3.7 080 - Average Temperature Assumption
- 3.8 100 - Incorrect Correction Factors.

**No further comment**

4. If there is any other relevant matter in relation to this consultation that you would like to raise which you believe materially affects the Weighting Factors contained within the AUG Table, please explain this and provide your rationale and, wherever possible, supporting evidence.

**No further comment**

Please do not hesitate to contact me or Mark Bellman if you have any questions arising from this response. [Clairelouise.Roberts@ScottishPower.com](mailto:Clairelouise.Roberts@ScottishPower.com)  
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Yours sincerely,

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