

**Corona Energy Response to Response to consultation on Allocation of Unidentified Gas Statement 2018/19**

Comment:

In summary, CE is broadly satisfied with the proposed AUGS and believes that the high-level framework which it utilises to derive UG volumes is sound. We would like to see more work undertaken on assessing how gas theft varies between EUC Bands in the market and request the AUGS prioritises this work in time for the commencement of the forthcoming gas year.

*Response 2018\_14:*

*This issue is covered in more detail in our response to the related bullet point below. In summary, we agree that undetected theft should now become the primary focus of the Unidentified Gas analysis – a series of Mods have successfully reduced Unidentified Gas from other sources to very low levels, and so undetected theft now accounts for the vast majority of the total. We have avoided analysing theft by EUC band in the past because such analysis is necessarily dependent on detected theft data, and the levels of detected thefts are very much influenced by the amount of theft analysis carried out by individual Shippers. The introduction of TRAS has mitigated this to an extent, and we are therefore committed to exploring this area to assess whether it will be possible to split theft in this manner in the future.*

Comment:

CE would like in addition to make the following points:

- The methodology seems little changed compared to previous years, but we support this as it seems a robust method to ascertain the level of UG present in each LDZ.
- We also believe that the process for determining UG volume for shipperless and unregistered sites, meter errors and CSEP errors are robust, relying on Xoserve and industry data.
- As there is comparatively little change to the methodology, there seems to be an opportunity to concentrate resources on improving the accuracy and robustness of the Gas Theft calculation. In particular there seems to be a sizable set of information available on detected theft that will allow the AUGS to assess the level of UG per EUC band. In addition Corona Energy has raised UNC Modification 0632 that will require shippers to register all smart and AMR meters in their portfolio, which should aid an assessment on how theft varies by meter type next year.

*Response 2018\_15:*

*The AUGS agrees that this area should be the focus of attention in order to quantify and split it as accurately as possible.*

*The approach adopted for the 2017/18 AUG Statement was based on the data available at the time. In particular, all of the asset data came from the pre-Nexus period and there was no information available on actual Product Class. This necessitated the creation of assumptions and the adoption of rules to split the population by Product Class. The theft calculations were designed to operate at an aggregate level as much as possible and hence avoid the inaccuracies introduced by these assumptions.*

*With regard to the relative levels of theft from Smart Meters and traditional meters, the reason for using the current approach is the unreliable nature of the asset data. The type of meter associated with each theft (by MPRN) could in theory be found in this data if it was reliable. This issue has been documented fully in other consultation periods, but in summary the effect is that the presence of Smart Meter and AMR by MPRN is heavily under-recorded. Therefore, any estimates of the levels of theft from such devices will be extremely inaccurate.*

*As noted, there appears to have been a considerable improvement in the levels of Smart Meters recorded in the asset data, from 700,000 in 2016 to 1.3m in May 2017 and a reported 2.2m in November 2017 (Nov 17 figure not verified using data supplied to the AUG Expert). A further improvement may be expected as a result of the implementation of Mod 632. In addition there are*

*a further 1.8m non-SMETS Smart-type meters recorded in the asset data. Whilst this is some way short of the full population as reported to BEIS, the numbers may now be sufficiently high to enable a robust analysis of theft from Smart Meters and AMR using detected theft information.*

*There are still a number of other unknowns, however, which complicate the analysis and together mean that we cannot guarantee that any such work will yield results that can be used in the Unidentified Gas calculation. The most important of these are as follows:*

- We demonstrate in the AUG Statement that there is a window of approximately 8 years during which any thefts which will eventually be detected are detected. This means that thefts can run for a considerable length of time before detection. The Smart Meter population is young and we are in the early stages of this window for the vast majority of them, meaning that most theft from this source that will go on to be detected has not been detected yet. This in turn means that any analysis of Smart Meter theft that is undertaken whilst the installation phase is still ongoing will under-estimate the level of theft from this source. Whilst every effort will be made to account for this known effect and produce an estimate of overall Smart Meter detected theft, this necessarily introduces additional uncertainty into the calculation.*
- Detected theft is not necessarily representative of overall theft because it is highly influenced by what detection activity is carried out. In short, you will only find theft where you look for it. The introduction of TRAS mitigates this to a certain extent because they apply an even approach to theft detection and supply leads to Shippers. It is still up to the Shippers to decide whether to follow up these leads, however, and so the theft targeting effect still remains. This, again, introduces additional uncertainty into the analysis.*
- Both TRAS and the Smart Meter programme are relatively recent developments, and as described above there is usually a significant time period between the start of a theft and its detection. Based on the combined effect of these phenomena, we took the decision that the data was too immature to attempt a full analysis of detected theft for the current AUGE period.*

*Despite these nuisance factors, the AUG Expert is committed to carrying out a full analysis in this area for inclusion in the 2019/20 AUG Statement. In support of our analysis, we have requested further information from TRAS, as we believe that they hold information about the meter type and method of theft.*

Comment:

- We agree with the AUGE that any issues regarding shrinkage error should be addressed via the shrinkage forum.*

*Response 2018\_16:  
Noted.*