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By email: analytical.services@xoserve.com
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Dear Fiona

Draft AUG Statement Consultation 2021/22

Shell Energy Retail Limited welcomes the opportunity to respond to the above consultation dated 30 December 2020 with regards to industry engagement on the proposed AUG Statement for 2021/22.

Firstly, we would like to praise the new AUGE for the extensive work undertaken during their initial term in this position. We welcome the outlook of the AUGE to bring an evolution to the modelling of calculating UIG. This report is extensively detailed applying pragmatism and transparency which we are fully supportive of. We strongly agree with the three key principles that the AUGE has based the methodology upon:

- **“Polluter Pays”** in that UIG should be allocated to polluters in the same proportions that it is created.
- **“Line in the Sand”** ensuring UIG is only allocated post the final settlement position subsequently allowing any temporary UIG to be resolved prior to line in the sand.
- **“Bottom up Determination”** quantifying actual UIG volumes from all contributors rather than estimating UIG volumes.

The use of publications from the National Retail Federation and Centre for Retail Research to estimate theft of gas is intuitive. The analysis and learnings from the Retail sector including actual theft of electricity and water provides a more realistic view on consumers propensity to steal gas. This analysis is welcome and was not researched by the previous AUGE. We think the outcome is also more distributively fair than has been the case previously, with a better balance as between profile classes 3 and 4.



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We believe the AUGS have conducted a thorough analysis and this is reflected in the UIG weightings table which we fully support. We recommend the AUG Sub-Committee (and subsequently UNCC) accept the AUG Statement for gas year 2021/22.

Please do not hesitate to contact me directly if you have any queries.

Yours sincerely

[not signed]

Carl Whitehouse
Senior Policy & Regulations Manager