

Commentary on minutes UNC Workgroup 0828R Minutes from meeting held on 02 December 2022

1. There's no mention in the minutes of how any findings made under the DPLA will not make their way into the SLM for several years 5-10 years.
 - a. I noted within the session that this is too long
 - b. SM noted that the ISE could use go early and use DPLA data as it becomes available
 - c. It is not appropriate to delay as this impacts:
 - i. Greenhouse gas emissions
 - ii. Customer bills
2. In section 2.1.3 we were to consider intended benefits to consumers. After the note "*DMo clarified his understanding that this is covered in pass-through costs, but at the very least Transporters would be incentivised to repair gas leaks for efficiently due to regulatory oversight*" please insert:
 - a. I believe that I noted that depending on the volume of shrinkage a proportion of shrinkage will be able to be passed through to shippers to bill customers. However, accurately accounting for Shrinkage in the SLM will allow Ofgem via RIIO to set the cap at a rate which they deem to be economically and environmentally efficient. Depending on the level of UIG that is pushed into Shrinkage via the actions of the ISE, and how the cap is set by Ofgem, will dictate the savings that can be passed through to customers via Shippers. This in turn should incentivise GDNs to repair gas leaks.
3. 2.1.3 also notes: "*DMo challenged that the benefit would be dependent on further actions which could be potentially be expensive and would have to be justified on the basis of the benefit, which is not necessarily a direct benefit to consumers*"
 - a. I recall I noted that UIG is decided at Line in the sand. My point here is that creating a more accurate picture of Shrinkage will allow Ofgem to incentivise accurately. There is no negative cost to customers, unless the ISE discovers that GDNs have been overestimating Shrinkage rates, which is proven to not be the case.
 - b. "*further actions which could be potentially be expensive*" may have been referring to the actions that GDNs may take eg mains replacement and the values that are applied to GDNs under RIIO-GD2.
4. "*SM noted that a plus or minus UIG is a margin of error, the outcome may be more or less gas in UIG, but the Shrinkage % would be less if accurately identified and targeted.*"
 - a. Is this accurate?
5. "*Workgroup agreed that communication, in principle, with other groups such as AUG Committee, AUGE, PAC and REC (Retail Energy Code) performance board would be of benefit.*"
 - a. Should this have been an action?
6. "*When RP asked if the Independent Shrinkage Expert will use innovative means, is it envisaged that they only assess work (mains replacements) already done, DMO confirmed he is not suggesting the role is a consultative one.*"
 - a. This is not correct. My proposal is that the ISE uses the National Leakage Tests, yes (if they deem them to be fit for purpose), and also innovative means, such as direct air measurement and other methods proposed under the DPLA.