



AUG Sub-Committee Introductory Meeting

10th July 2020

engage 

ELECTRICITY | GAS | INDUSTRY EXPERTS

Introductions



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Our Objectives

To provide a service that is:

- ▶ **Effective** – providing fair, equitable outcomes.
- ▶ **Engaging** – involving stakeholders in the process.
- ▶ **Smart** – drawing on our industry expertise.
- ▶ **Trusted** – reliable, high quality, balanced, independent.

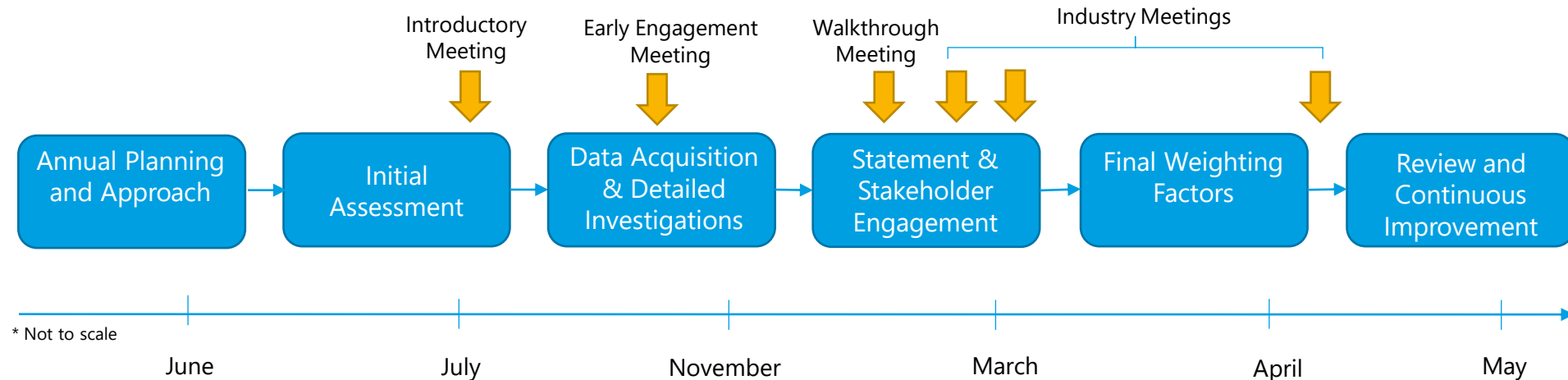
Services

Three service lines:

- ▶ **Core Service – AUG Weighting Factors.**
- ▶ **Innovation Service – Options for more equitable ways of allocating UIG.**
- ▶ **Advisory Service – Expert advice on UIG to stakeholders.**

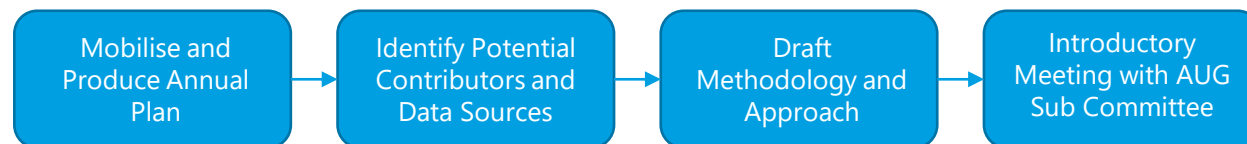
Core Service

- ▶ Encourage stakeholder engagement.
- ▶ Maintain impartiality within what is a complex multi-party environment.
- ▶ Apply our expertise and judgement founded on the principles of fairness and equitability.



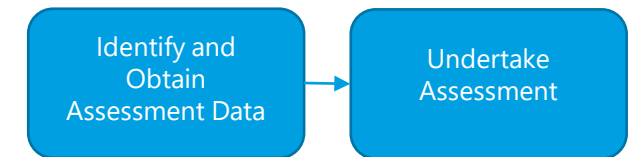
Annual Planning and Approach

- The purpose of the Annual Planning and Approach phase is to mobilise, plan the forthcoming annual cycle and provide our proposed methodology and approach.
- Candidate UIG contributors and the potential data sources available to investigate these are identified and catalogued.
- Changes or modifications in the last year that impact UIG are identified.
- Draft Methodology and Approach is developed.



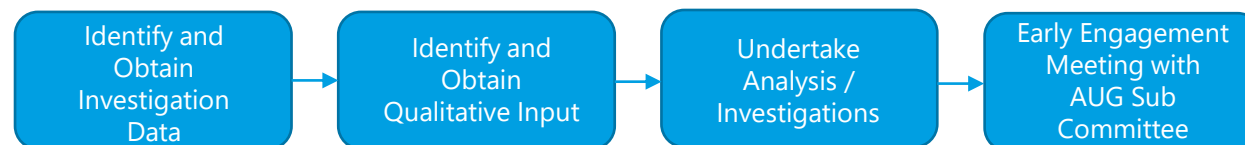
Initial Assessment

- ▶ The Initial Assessment phase will be to identify the contributors to UIG that warrant detailed investigation. Potential Contributors can be identified by us, by the industry or by any other third party.
- ▶ The assessment of actual and potential causes will be assessed for:
 - ▶ Level of contribution;
 - ▶ Uncertainty in the level and / or source of contribution; and
 - ▶ Ability to increase certainty.
- ▶ The Contributors that will receive detailed investigation will be those that have:
 - ▶ A high (or potentially high) level of contribution to UIG;
 - ▶ A low level of certainty in the level or source of contribution; and
 - ▶ A credible means of materially increasing this certainty.



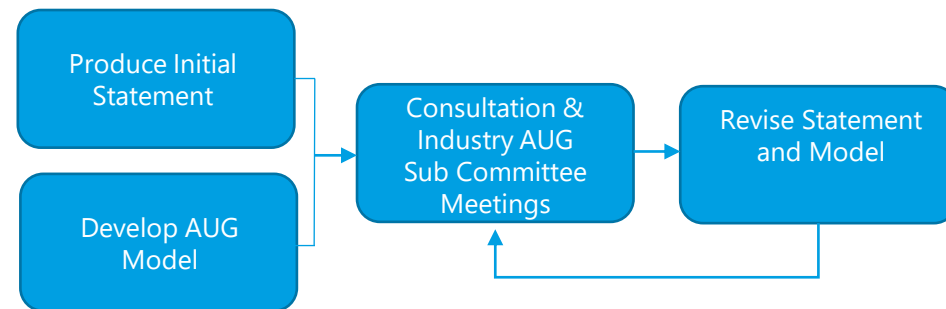
Data Acquisition & Detailed Investigations

- ▶ The purpose of the Data Acquisition and Detailed Investigations phase will be to establish the level and source of the contributors to UIG with a higher degree of certainty than exists currently.
- ▶ We will consider data that already exists in the public or industry domain and whether there is a case for procuring more restricted data or commissioning any specialist research to aid our analysis.
- ▶ Qualitative information from relevant experts within the industry and, where appropriate, external to the industry will be obtained.
- ▶ We will use our industry expertise to format, verify and analyse the data and develop any contributor sub-models required. We will determine the level of UIG attributable to the candidate contributors, the source(s) and the certainty in these – for subsequent use and input to the main AUG Model.
- ▶ A summary of the findings will be provided to the industry on a monthly basis and a walkthrough of the initial findings will be provided at the Early Engagement Meeting in September.



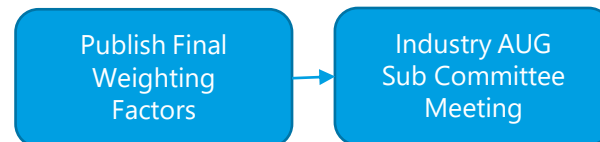
Statement & Stakeholder Engagement

- ▶ The primary purpose of the Statement and Engagement phase will be to describe the methodology and data to be used to produce the draft Weighting Factors and to engage with stakeholders to obtain their feedback.
- ▶ The initial Statement will include the Contributors, the input data, the analysis, any outstanding analysis, the provisional conclusions, any updates to the methodology, draft weighting factors and anything else that the industry needs to be aware of.
- ▶ We will consult with stakeholders on the initial Statement and will collate and assess consultation responses, produce a consultation summary report and identify updates to the Statement that we consider appropriate.
- ▶ Finally, we will update the Statement and Weighting Factors and present these to the AUG Sub-Committee.



Final Weighting Factors

- ▶ The purpose of the Final Weighting Factors phase will be to publish and present the Final Weighting Factors for use following the consultation, publication of the draft Weighting Factors and associated stakeholder engagement.
- ▶ We will make any final revisions arising, publish the final Weighting Factors along with the final Statement for use and attend the AUG Sub-Committee meeting to discuss them, as well as provide a briefing to the UNCC should this be required.



Review and Continuous Improvement

- ▶ The purpose of the Review and Continuous Improvement phase will be to ensure that any lessons learnt, and potential improvements identified throughout the annual cycle undertaken, are fed into and improve the following year's production cycle.
- ▶ Throughout the annual cycle, we will maintain a log of all the observations, ideas and potential improvements we identify that could refine the process in the future. At the end of the annual cycle, we will assess this log, undertake an internal review, suggest potential improvements and make this available to the CDSP to support them in their Review of the AUG Year.

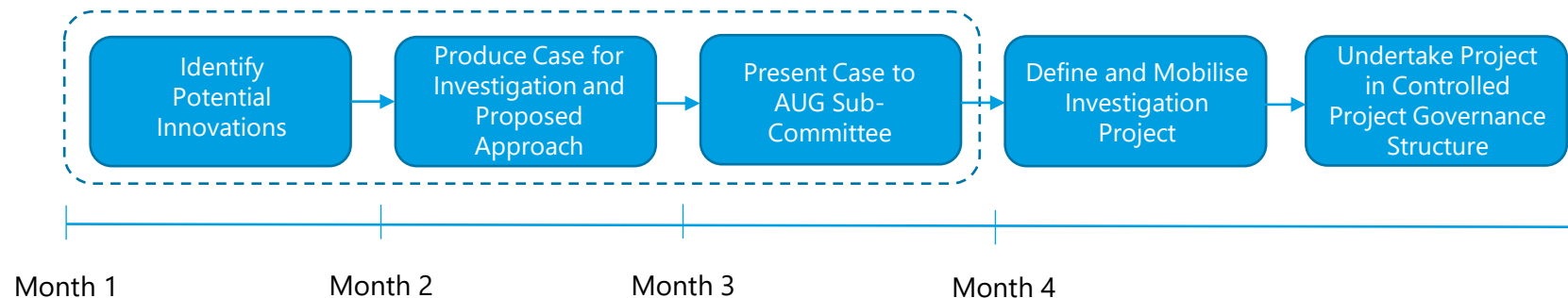


Calculation Methodology

- ▶ **Bottom up calculation of the forecasted energy associated with each UIG contributor.**
- ▶ **This forecast will be the amount of UIG that will exist at line in the sand.**
- ▶ **A forecast of total UIG for the year will be carried out to reconcile against the total of all the UIG contributors.**
- ▶ **A seasonal normal forecast of the consumption for the year will be calculated which will be based on the AQ of sites and potential changes between class and EUCs.**
- ▶ **The Weighting Factors for each matrix position will be calculated based on the aggregated forecasted UIG for the matrix position and the total forecasted consumption for the matrix position.**

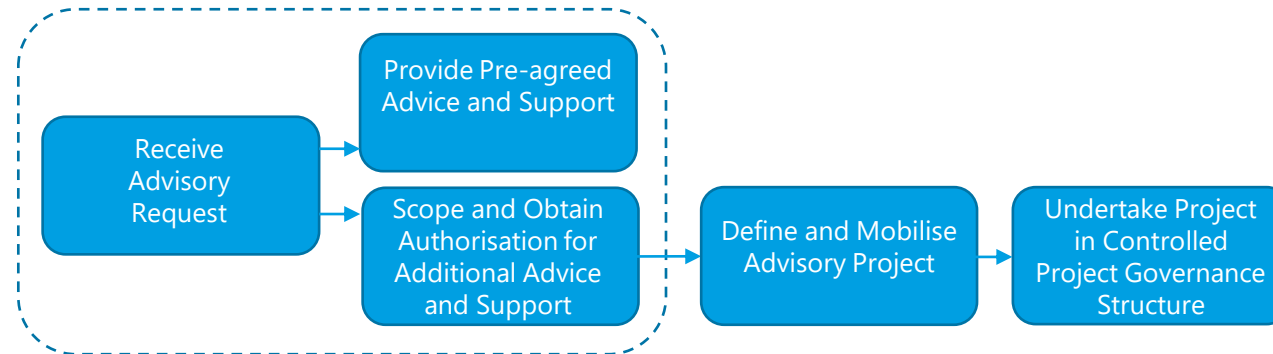
Innovation Service

- ▶ Designed to identify fairer and more equitable ways of allocating UIG.
- ▶ We will use our detailed knowledge of the market arrangements, and the data available and analysis undertaken as part of the Core Service, to identify ways in which UIG could be better and more equitably allocated.
- ▶ The service will identify, assess and propose the innovation that has the most potential for better and more equitable allocation of UIG – and will provide the rationale for our selection.
- ▶ A case for investigating one innovation, a proposed approach, an outline project plan and cost estimates will be provided as part of the service.
- ▶ In Year 1, the Identification of Potential Innovations will take place later this year.

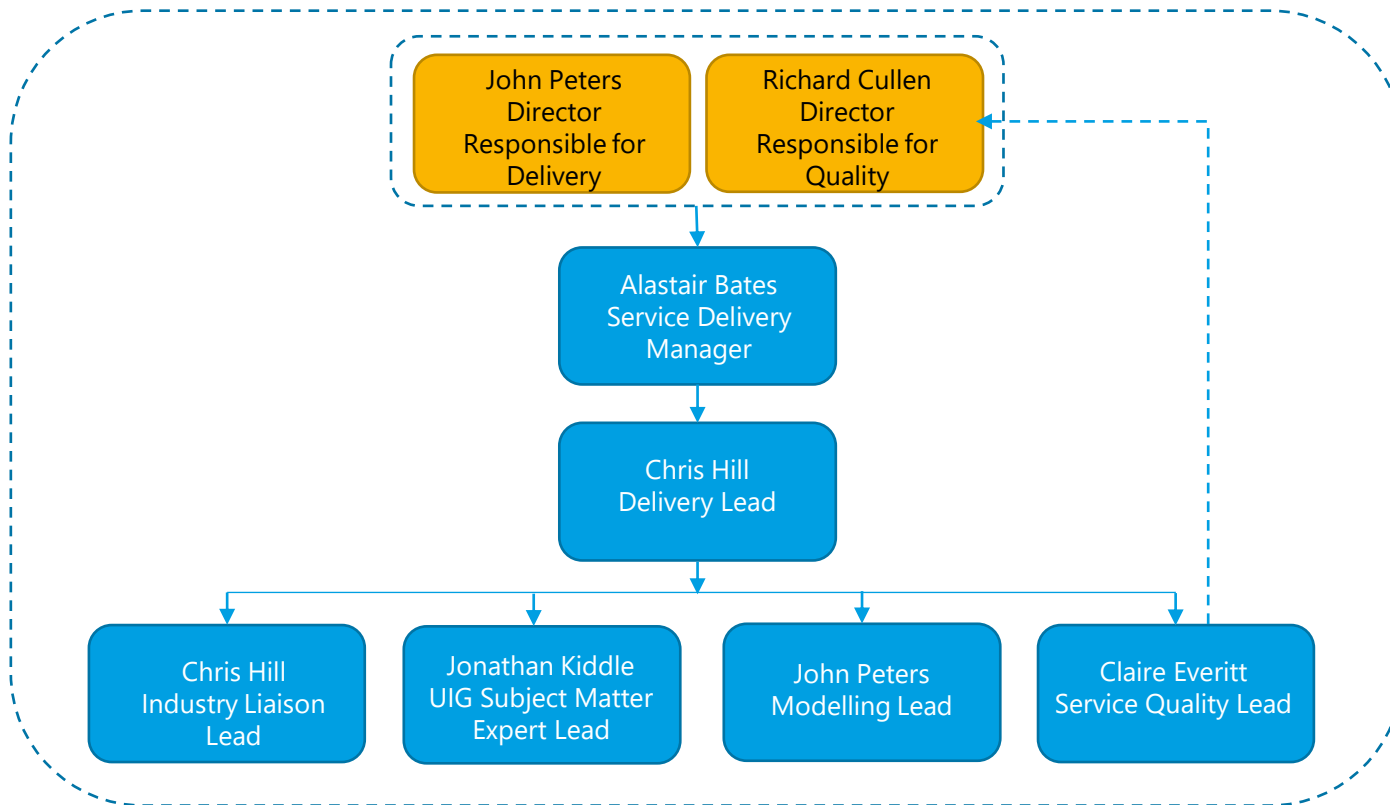


Advisory Service

- ▶ Our Advisory Service will be designed to provide stakeholders, including relevant industry groups, with expert advice from the AUGE.
- ▶ Fixed and demand led element.
- ▶ Set number of days in the base (fixed) service – additional days available on the basis of agreement with Xoserve, taking input from the AUG Sub-Committee.



Delivery Team



- ▶ Director level delivery and quality commitment.
- ▶ Proven delivery infrastructure.
- ▶ Expert team with capacity, knowledge and skills resilience.

Our Stakeholder Engagement Approach

A proactive approach to stakeholder engagement:

- ▶ **AUGE Sub-Committee meetings;**
- ▶ **Bilateral (with industry approval) or representative group meetings;**
- ▶ **Consultations;**
- ▶ **Monthly updates; and**
- ▶ **Supporting change.**

Industry Issues

Industry Issues Log

ISSUE NUMBER	ISSUE	LATEST UPDATE	STATUS	DATE OPENED	DATE CLOSED
1	Modification 0711 - Update of AUG Table to reflect new EUC bands	Carrying out Impact Assessment	Live	01/06/2020	
2	COVID 19	Will be considered during the analysis	Live	01/06/2020	

Items Carried Over From Previous AUGÉ

ITEM NUMBER	ITEM	UPDATE	PROPOSED STATUS
1	Meter Exchange (Topic 35)	Added to contributor list for assessment	Minded to Close
2	New EUC bands (Topic 55)	Modification 0711 implemented – added to industry issues log	Minded to Close
3	New CWV/SNCWV definition (Topic 65)	Will be considered in normalisation of years within the methodology	Minded to Close
4	Assessment of TRAS leads data (Topic 66)	Will be used in the assessment of the theft of gas contributor	Minded to Close
5	LDZ Level Factors	Included in the potential innovation investigations log	Minded to Close
6	Improved Factors to account for temporary UIG	Included in the potential innovation investigations log	Minded to Close
7	Industry Temperature Study	The value of the study will be assessed in the temperature contributor	Minded to Close
8	Support of Mod693R	Further support can be provided as part of our advisory service	Minded to Close
9	Study NDM sample sites to support Volume Conversion investigations	Value of analysis will be assessed as part of the investigation into volume correction error	Minded to Close

UIG Contributors

- ▶ As part of the approach a list of UIG contributors was identified. These can be split into two types:
 - ▶ Contributors that were included in the current AUGS
 - ▶ Contributors that were not and have been included by Engage as potential sources
- ▶ The Contributors in the current AUGS are:
 - ▶ Theft of gas, Shipperless and Unregistered sites, IGT Unknown Projects, Consumer Meter Error, IGT Shrinkage, Atmospheric Pressure Assumption, Average Temperature Assumption, Large sites with incorrect correction factors
- ▶ The potential Contributors identified by Engage are:
 - ▶ Meter Error at LDZ input, No meter read at line in the sand, CV shrinkage and meter exchanges
- ▶ Each Contributor was scored 1-5 in the 3 dimensions of: level of contribution, uncertainty in this level, and means of materially increasing this certainty – to give an overall score out of 125.

Initial Assessment UIG Contributors

CONTRIBUTOR ID	CONTRIBUTOR NAME	SCORE	INVESTIGATION
010	Theft Of Gas	60	Y
020 025	Unregistered Shipperless	13	N
030	IGT Unknown Projects	22	N
040	Consumption Meter Errors	56	Y
050	Meter Errors at LDZ input	40	Y
060	IGT Shrinkage	5	N
070	Atmospheric Pressure Assumption	9	N
080	Average Temperature Assumption	18	N
090	No meter read at line in the sand	35	Y
100	Large sites with incorrect correction factors	22	N
110	CV Shrinkage	20	N
120	Meter Exchanges	17	N

UIG Potential Data Sources

➤ Aspects that we will consider will include (but not be limited to) those detailed below:

DATA
Theft
Meter Accuracy
Historical levels of initial UIG
Historical allocation volumes
Meter reads
Historical reconciliation volumes
LDZ offtake errors
Shipperless / unregistered sites
AQ Values

POTENTIAL SOURCES
Xoserve
Previous AUGÉ (DNV GL)
SPAA
TRAS
Shippers
Meter Manufacturers
Transporters
Ofgem
Relevant public domain

SUITABILITY
Relevance
Availability
Timeliness
Format
Ability to analyse
Cost effectiveness
Insight provided
Authoritativeness

Proposed Monthly Report Structure

- ▶ Update on overall status of AUG Statement development – On Target / Behind Schedule together with reasons in cases where status is the latter as well as an action plan for mitigation.
- ▶ Top 3 risks and issues.
- ▶ Progress summary over previous month (sub-reports):
 - ▶ Any publications in relation to AUG Statement;
 - ▶ Any issues raised by stakeholders;
 - ▶ Any new UNC Modifications / SPAA Change Proposals likely to impact UIG / AUG process;
 - ▶ Any requests for data and progress with receipt, collation and analysis of such; and
 - ▶ Any meetings attended by AUGE during that month.
- ▶ Plan of activities for the next month.
- ▶ Potential contributors can be raised at any time, please contact us at auge@engage-consulting.co.uk.

Our Commitment

We will provide a service that:

- ▶ **Is robust, reliable, high quality, balanced, independent.**
- ▶ **Delivers fair, equitable outcomes.**
- ▶ **Engages stakeholders in the process.**



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