

# AUG Sub-Committee Meeting

6<sup>th</sup> April 2021



**engage** 

ELECTRICITY | GAS | INDUSTRY EXPERTS

# Introductions



**Chris Hill**

**Principal Consultant**  
**Service Delivery Lead**



**Jonathan Kiddle**

**Lead Consultant**  
**Subject Matter Expert**

# Purpose of Meeting

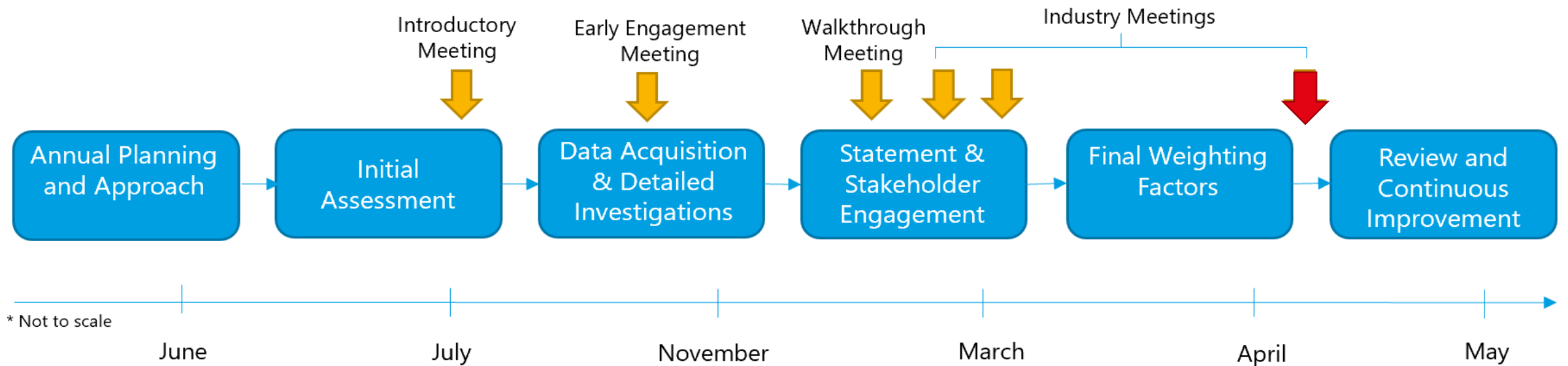
## ▶ The purpose of the meeting is to

- ▶ Provide the Final Weighting Factors and an overview of any changes made to the Final Statement subsequent to the proposed Final Statement published on 5<sup>th</sup> March
- ▶ Provide the draft list of contributors that will be assessed as part of the 2022-2023 initial assessment
- ▶ Revisit our proposals for innovation and agree next steps

# Agenda

- ▶ **Final AUG Statement**
- ▶ **2022-2023 contributors for initial assessment**
- ▶ **Innovation Service**
- ▶ **Industry Issues**
- ▶ **Future Considerations**

# Delivery Timeline



# Weighting Factors

## Action 0301 - Aggregation of the lower EUC bands into single allocation factors

- ▶ To investigate aggregation, we recalculated the balancing factor for each sub-EUC band for last year based on the previous methodology from the 2020-2021 Statement and the TRAS data up to 2019. The table on the right provides our calculated values
- ▶ The percentage of theft for the 01NI band based on the previous methodology and the update of the sub-EUC bands is 15%
- ▶ Our results are lower
- ▶ Therefore, we have decided not to combine the Weighting Factors for any further matrix positions
- ▶ The size of the datasets for the Weighting Factors are significant
- ▶ We have found variations at sub-EUC band level for most of the UIG contributors - this is in keeping with our polluter pays principle

		CLASS			
		1	2	3	4
EUC BAND	1ND	0%	0%	8%	33%
	1PD	0%	0%	0%	9%
	1NI	0%	0%	0%	34%
	1PI	0%	0%	0%	0%
	2ND	0%	0%	0%	0%
	2PD	0%	0%	0%	0%
	2NI	0%	0%	1%	14%
	2PI	0%	0%	0%	0%
	3	0%	0%	0%	0%
	4	0%	0%	0%	0%
	5	0%	0%	0%	0%
	6	0%	0%	0%	0%
	7	0%	0%	0%	0%
	8	0%	0%	0%	0%
	9	0%	0%	0%	0%

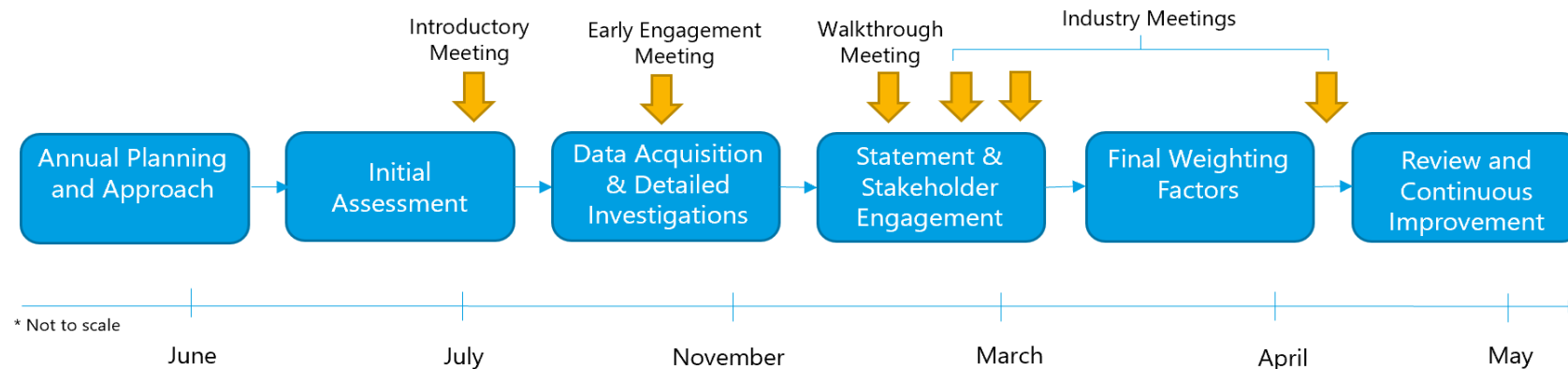
# Weighting Factors

## Final Table

		CLASS			
		1	2	3	4
EUC BAND	<b>1ND</b>	66.75	66.75	66.75	85.20
	<b>1PD</b>	104.33	104.33	104.33	243.73
	<b>1NI</b>	11.44	617.53	600.45	663.21
	<b>1PI</b>	427.54	427.54	600.45	663.21
	<b>2ND</b>	196.82	197.45	196.82	239.97
	<b>2PD</b>	81.14	81.14	196.82	239.97
	<b>2NI</b>	11.44	163.05	169.71	169.71
	<b>2PI</b>	37.88	37.88	169.71	169.71
	<b>3</b>	11.44	62.86	72.23	84.95
	<b>4</b>	11.44	68.66	71.87	92.78
	<b>5</b>	11.44	54.73	65.43	68.63
	<b>6</b>	11.44	48.75	59.29	60.97
	<b>7</b>	11.44	45.91	51.05	56.73
	<b>8</b>	11.44	38.65	45.71	53.99
	<b>9</b>	11.44	25.36	29.56	33.85

# Next Steps

- ▶ The final AUG Statement will be considered at the UNCC Meeting on 15<sup>th</sup> April
- ▶ Engagement with stakeholders will continue throughout the process. We can be contacted at [auge@engage-consulting.co.uk](mailto:auge@engage-consulting.co.uk)





# 2022 – 2023 Statement



# Initial Assessment

## Identified Contributors

- ▶ **20 contributors have been identified for initial assessment next year**
- ▶ **Any further potential contributors for consideration need to be provided to us by 13<sup>th</sup> April**

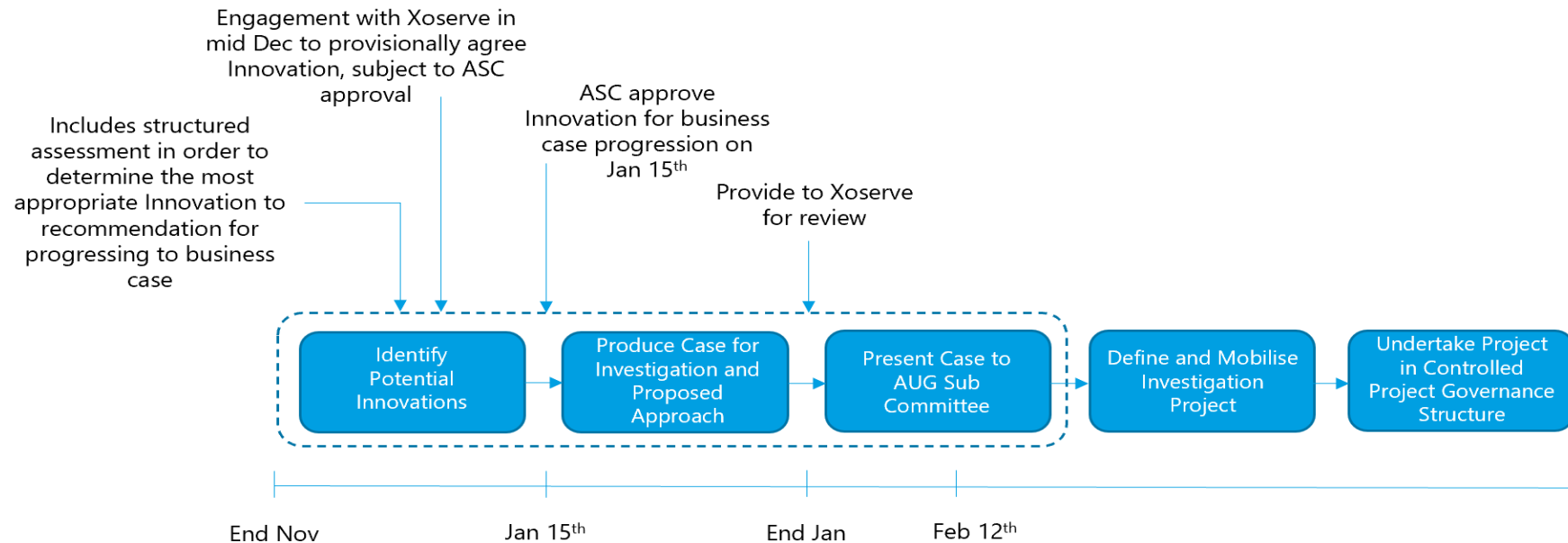
2022 List	
Contributor ID	Contributor Description
10	Theft Of Gas
20	Unregistered Sites
25	Shipperless Sites
40	Consumption Meter Errors - Inherent Bias
41	Consumption Meter Errors - Faulty Meter
42	Consumption Meter Errors - Extremes of Use
50	LDZ Meter Errors
60	IGT Shrinkage
70	Average Pressure Assumption
80	Average Temperature Assumption
90	No Meter Read at the Line in the Sand
100	Incorrect Correction Factors
110	CV Shrinkage
120	Meter Exchanges
130	Consumption Adjustments
140	Meters with By-pass Fitted
150	Meterless Sites
160	Isolated Sites
170	Incorrect Meter Technical Details
180	Unfound Unidentified Gas Contributors

# Innovation Service



# Innovation Service

- ▶ The proposed timeline for our innovation service presented at the 15<sup>th</sup> January AUG Sub-Committee meeting was as follows:



- ▶ Timeline progression is dependent on approval to proceed with an investigation business case for one of the proposed innovations. However, due to stakeholder focus on the AUG Statement itself, this has resulted in slippage to the above timetable. It was agreed at the 12<sup>th</sup> March AUG Sub-Committee meeting that we would discuss with the Joint Office how best to move forward, including considering hosting a workshop to discuss all innovations considered with industry

# Identified Innovations

Proposed Innovation	Detail	Investigation
<p><b>Investigation into the Temperature of Gas in the Meter</b></p>	<p>The temperature studies used for the Average Temperature Assumption contributor were conducted almost 20 years ago and details of the conditions of those studies are limited.</p>	<p>Any investigation would consider the benefits of organising a study into the temperature of gas under different conditions including air temperature, meter location and service material.</p> <p>Given that we identified this as the second largest contributor to UIG after Theft of Gas, we believe that this would potentially provide the greatest benefit to UIG reduction of the three proposed innovations described if the temperature was used in the Settlement process.</p>
<p><b>Audit of the Correction Factors</b></p>	<p>Site-specific correction factors are used to take account of the altitude of a site, the average temperature assumption and the inlet pressure of the gas.</p>	<p>We have identified that there are a small number of correction factors that are too low and a larger number that have incorrectly been set to the standard correction factor.</p> <p>Any investigation would assess the benefit to UIG reduction of conducting an audit, as well the party best placed to carry out this work and any related funding issues.</p>
<p><b>LDZ-Specific Weighting Factors</b></p>	<p>LDZs have varying levels of UIG, as well as different proportions of domestic and commercial properties.</p>	<p>The current usage of national-level weighting factors could be leading to inaccurate allocation of UIG. Any investigation would assess whether the usage of LDZ-specific weighting factors would be likely to result in more equitable allocation.</p> <p>However, there may be a potential issue in obtaining a significant sample size due to potentially small datasets. This will also not lead to any direct reduction in UIG.</p>

# Industry Feedback

- ▶ The innovations were presented at the AUG Sub-Committee meetings of 15<sup>th</sup> January and 12<sup>th</sup> February, with feedback requested from stakeholders as to which of these should be progressed to innovation investigation business case stage
- ▶ It was agreed at the 12th March AUG Sub-Committee meeting that we would discuss with the Joint Office how best to move forward, including considering hosting a workshop to discuss all innovations considered with industry

# Industry Issues



# Industry Issues Log

Issue Number	Issue	Latest Update	Next Steps	Status	Date Opened	Date Closed
1	Modification 0711 - Update of AUG Table to reflect new EUC bands	Approved by the CDSP, work to reflect this in the AUGS and Table is ongoing	Remove the issue at the completion of this Statement	Closed	01/06/2020	30/12/2020
2	COVID	Potential impacts assessed and included in the 2020/21 draft Statement where appropriate	Continue to consider the impact of COVID-19 for forecasts in subsequent years.	Live	01/06/2020	
3	Changes to theft arrangements due to REC v1.1	There is no immediate impact on our existing methodology	Await further information as to RECCo's progress in the development of a Theft Reduction Strategy and theft methodology	Live	22/10/2020	
4	Faulty Meters	Potential issue around energy associated with faulty meters not entering Settlement. Identified as part of the 2020/2021 Investigation	Passed to industry to progress	Live	01/03/2021	
5	Must Reads	Our investigation into must reads provided very limited results. Therefore, we would suggest a more detailed review into why must reads for monthly read sites were not being completed before the Line in the Sand. Recent outcome of must reads could also be used as a feed into the error percentage	Passed to industry to progress	Live	01/03/2021	
6	AQ corrections on Supply Meter Points with no read	Supply Meter Points with no read for a substantial amount of time are allowed to submit AQ corrections for change of use with no validation	Passed to industry to progress	Live	01/03/2021	



# Future Considerations



# Future Considerations (1)

Action Number	Future Consideration	Latest Update	Status	Date Opened	Date Closed
<b>2c</b>	We will consider splitting the theft calculation to treat Supply Meter Points with AMR meters as a separate population as part of our theft investigations next year	To be considered in 22/23 AUG Year	Live	05/02/2021	
<b>2f</b>	We will consider the potential impact of flow rates on Consumption Meter errors for subsequent years	To be considered in 22/23 AUG Year	Live	05/02/2021	
<b>3d</b>	We will consider the use of newly available AQ data for unregistered Supply Meter Points that have since been registered for subsequent years	To be considered in 22/23 AUG Year	Live	05/02/2021	
<b>3e</b>	We will consider for subsequent years the comparison of Requested AQs and actual AQs where data is available. This consideration will be made for the Unregistered Sites and Shipperless Sites Contributors	To be considered in 22/23 AUG Year	Live	05/02/2021	

# Future Considerations (2)

Action Number	Future Consideration	Latest Update	Status	Date Opened	Date Closed
<b>3f</b>	We will consider the potential inclusion of Shipperless sites awaiting their GSR visit in our data and analysis for subsequent years	To be considered in 22/23 AUG Year	Live	05/02/2021	
<b>3h</b>	We will try again to obtain mains length data from the IGTs next year for consideration in estimating IGT Shrinkage UIG	To be considered in 22/23 AUG Year	Live	05/02/2021	
<b>4a</b>	We will consider UIG caused by Meter Bypass Arrangements in line with our initial assessment procedure, for subsequent years	Added to contributor log	Live	05/02/2021	
<b>4b</b>	We will consider UIG attracted by Consumption Adjustment Errors in line with our initial assessment procedure, for subsequent years	Added to contributor log	Live	05/02/2021	



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