14th April 2023

AUG Sub-Committee Meeting

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Agenda

1. Welcome and recap
2. Confirmation of final Weighting Factors
3. Assessment process for Gas Year 2024-2025
    1. Assessment criteria
    2. Context for 2024-2025 AUGE activity
    3. Early thinking
4. Next steps

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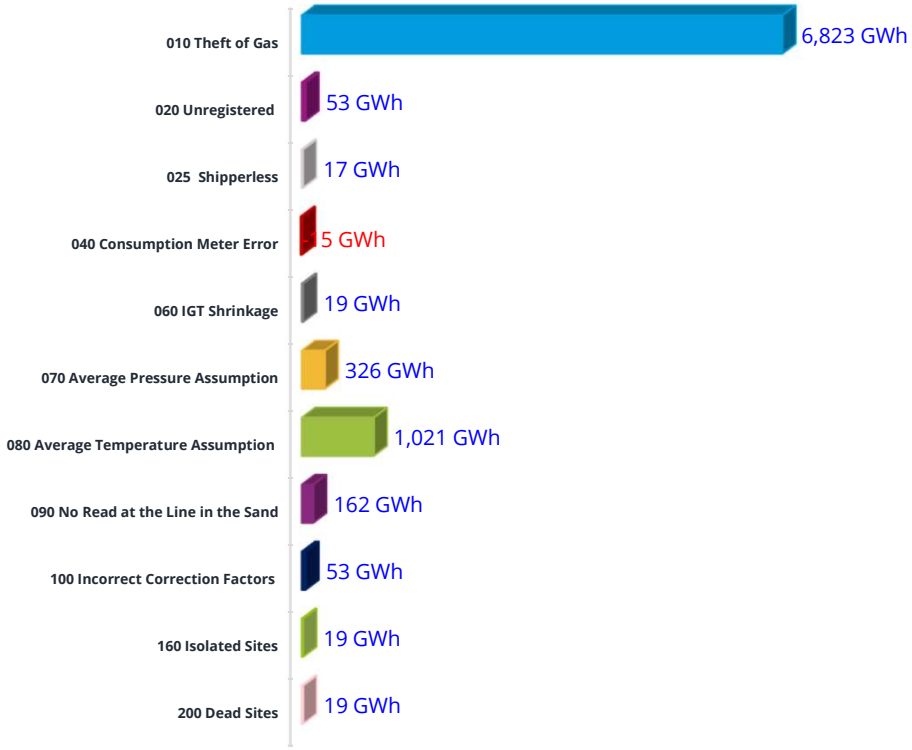
Recap

The final AUG Statement for Gas Year 2023 – 2024 has been published

- The draft AUG Statement was published on 29th December 2022 (with minor updates 6th and 16th January 2023)
- We consulted on the Weighting Factors and methodology between 31st December 2022 to 27th January 2023
- Based on the consultation responses and updated data extracts we have updated our UIG forecasts, our consumption forecast and hence our Weighting Factors
- The proposed final Statement was published on 3rd March 2023
- The final Statement was published on 31st March 2023
- These slides provide a summary of final statement results and the upcoming 2024-25 initial assessment

Total UIG Estimate 2023-2024

UIG by Contributor and Comparison with 2022-2023 Gas Year



Contributor	2022-2023 Gas Year UIG Volume	Change	2023-2024 Gas Year UIG Volume
Theft of Gas	7,602 GWh	↓	6,823 GWh
Average Temperature Assumption	1,220 GWh	↓	1,021 GWh
Average Pressure Assumption	359 GWh	↓	326 GWh
No Read at the Line in the Sand	861 GWh	↓	162 GWh
Incorrect Correction Factors	53 GWh	→	53 GWh
Unregistered Sites	35 GWh	↑	53 GWh
Isolated Sites	47 GWh	↓	19 GWh
Dead Sites	-	↑	19 GWh
IGT Shrinkage	18 GWh	→	19 GWh
Shipperless Sites	26 GWh	↓	17 GWh
Consumption Meter Error	432 GWh	↓	-15 GWh
Total	**10,652 GWh**	↓	**8,497 GWh**

- Total estimated UIG for the 2023-2024 Gas Year is **8,497 GWh**

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Proposed Final Weighting Factor Table

Proposed Final Weighting Factors for Gas Year 2023-2024

	CLASS			
EUC BAND	1	2	3	4
1ND	54.77	54.77	54.77	87.26
1PD	180.59	180.59	180.59	609.61
1NI	5.74	844.42	155.89	615.26
1PI	47.13	47.13	155.89	615.26
2ND	73.33	73.48	73.33	145.41
2PD	60.83	60.83	73.33	145.41
2NI	5.74	294.31	85.15	297.90
2PI	85.15	131.76	85.15	297.90
3	5.74	55.35	47.93	54.72
4	5.74	57.43	58.67	62.88
5	5.74	66.28	57.44	61.96
6	5.74	67.88	55.17	63.76
7	5.74	69.29	55.09	70.34
8	5.74	59.76	54.86	57.90
9	5.74	29.73	26.32	27.73

Change between Final for 2023 - 2024 and Final 2022 – 2023

	CLASS			
EUC BAND	1	2	3	4
1ND	0.0%	-1.4%	-0.3%	-0.3%
1PD	0.0%	0.0%	2.0%	2.9%
1NI	-0.1%	-2.9%	-1.0%	-5.6%
1PI	0.0%	0.0%	-1.0%	-5.6%
2ND	0.0%	0.0%	-0.2%	-0.1%
2PD	0.0%	0.0%	-0.2%	-0.1%
2NI	0.0%	3.3%	0.2%	1.1%
2PI	0.0%	0.0%	0.2%	1.1%
3	0.1%	-0.2%	-0.2%	-0.2%
4	0.0%	-0.3%	-0.1%	-0.1%
5	0.0%	0.0%	-0.1%	-0.1%
6	0.0%	0.0%	-0.2%	-0.4%
7	0.0%	-0.1%	-0.3%	-0.1%
8	0.0%	0.0%	-0.3%	0.1%
9	0.0%	-0.1%	0.0%	-0.1%

- Note that the relative numbers are comparable with previous Statements, but the absolute numbers are not

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Year-on-Year Comparison

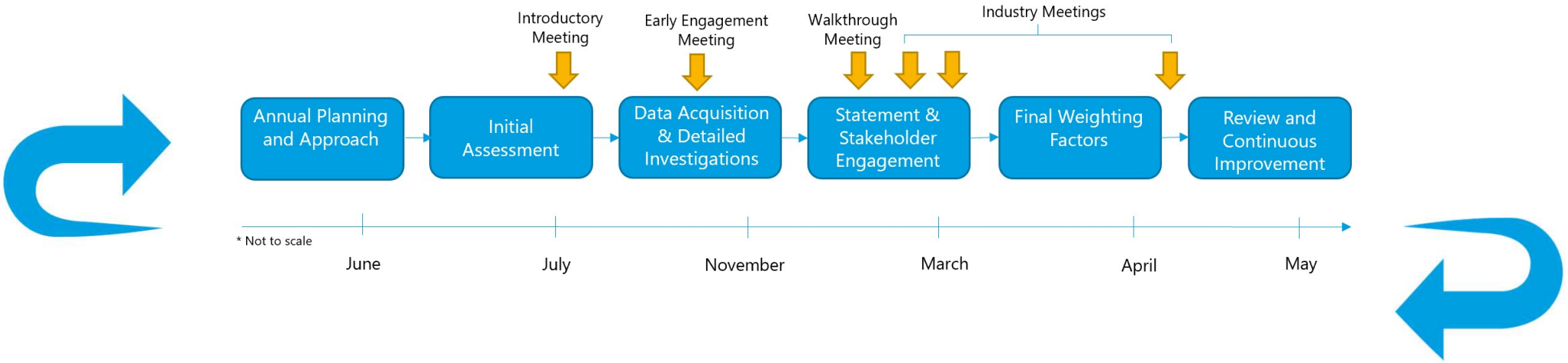
Changes between 2022-2023 values and this year's final values

- **Practically all movements in these percentages are attributable to changes in detected Theft data, due to the high relative proportion of all UIG coming from this contributor, feeding into this a range of consumption reduction rates**

- Matrix Positions in EUC **1PD** have seen an upwards shift, due to a more rapid reduction in consumption compared to the general population, equating in a greater relative theft contribution.
- Matrix Positions in EUC **1ND** have seen a downwards shift, with a relative increase in **1PD**. This is mainly due to movements in the traditional and smart proportions attributed to each of these bands and how much theft is assigned to those populations
- Matrix Positions in EUCs **1NI and 1PI** have seen a downwards shift, with a commensurate upwards movement in **2NI and 2PI**. This is due to movements in the theft proportions driven by our methodology's validation process for thefts EUCs (particularly those before 2019 when the sub-bands were created), along with the shift in the 10-year rolling theft dataset (gaining an extra year of recent data and losing the earliest year)
- For No Read at the Line in the Sand, the refreshed data included a proportionally larger number of industrial sites with no accepted read. This had a very minor impact on pushing more relative UIG towards **2NI and 2PI**
- There have been material changes to UIG calculated for Consumption Meter Errors; and the LDZ Meter Error contributor has been discounted completely. However, the relative scale of these contributors means that there has been no meaningful impact on Weighting Factors

Annual assessment - process

With final Weighting Factors determined, we review the year to inform our approach to next year



Annual Assessment - reasons

- The first step each year is to consider areas of focus for improving existing methodology
- We also review all potential contributors that have been identified but have no calculation methodology
- This is because the landscape and available data may have changed, as well as industry priorities

Reminder: last year's outcomes

Contributor ID	Contributor	Score
012	Theft of Gas (Allocation - Quality of Read History)	59
011	Theft of Gas (Allocation - Smart Rollout)	50
140	Meters with By-Pass Fitted	38
200	Dead Sites	32
130	Consumption Adjustments	22
160	Isolated Sites	19
170	Incorrect Meter Technical details on UK Link	18
041	Consumption Meter Errors (Faulty Meter)	18
010	Theft of Gas (Total Theft)	17
042	Consumption Meter Errors (Extremes of Use)	14
070	Average Pressure Assumption	13
180	Unfound Unidentified Gas Contributors	13
120	Meter Exchanges	12
080	Average Temperature Assumption	11
040	Consumption Meter Errors (Inherent Bias)	11
090	No Read at the Line in the Sand	10
150	Meterless Sites	9
100	Incorrect Correction Factors	9
110	CV Shrinkage	5
050	LDZ Meter Errors	4
060	IGT Shrinkage	3
020	Unregistered Sites	2
025	Shipperless Sites	2

Assessment criteria

We carry out a formal scoring process according to five criteria

Scale of UIG	What is the anticipated level of UIG to be identified?
Knowledge of issue	Our degree of confidence that we have the understanding to be able to define a methodology
Data availability	Our certainty of good quality data OR improvement in data since last time
Strength of methodology	How confident we are that the existing methodology is as robust as we can make it
Scope to improve	The extent to which we think we can improve what's there

Context for 2024-2025 assessment

Several adjacent and interrelated topics have been raised in recent AUGE discussions. There is a lot of industry activity related to AUGE, but our scope and deliverables are unchanged.

- Network shrinkage
- Model error
- Theft (Estimation Methodology)
- Prepayment costs and Mod 0840
- Unfound contributors
- Consumption trends
- Negative (and temporary) UIG
- Diminishing returns
- Increasing UIG share to Theft
- Mod 0831/A
- Cost of living

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Early thinking 2024-2025

We have taken an initial view on areas that are most applicable and relevant, and likely to score highly

Theft	• New information • Large scale UIG contribution • Potential implication for introduction **Unfound UIG** Contributor
Model error	• Closest equivalent area in our methodology is the **No Read** contributor which should also score highly on scope to improve
Consumption trends	• We have already committed to a keen focus on consumption trends (and acknowledging negative UIG patterns)

- Other specific contributors of early interest
  - Consumption adjustments (new UIG)
  - Meterless sites (new UIG)
- We will discuss data requirements for these (and others) with Xoserve during the assessment phase

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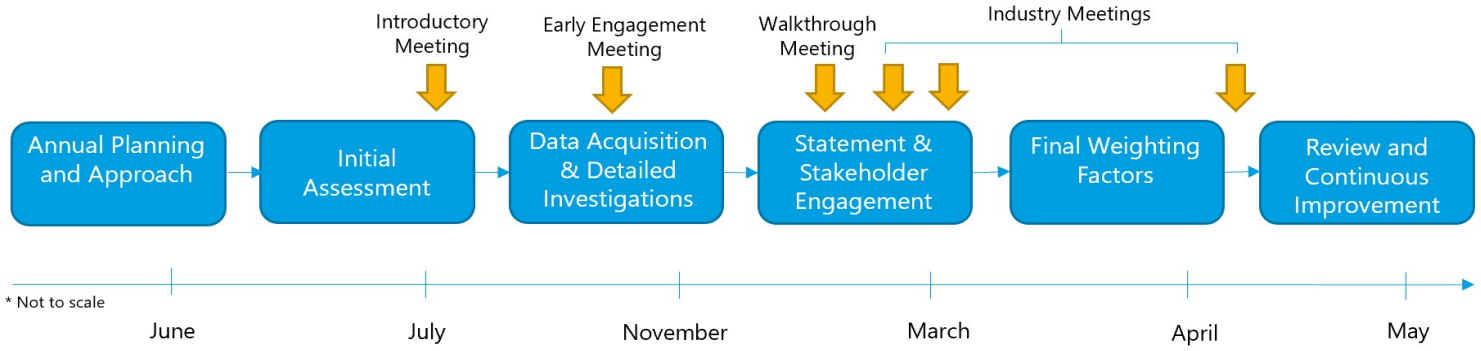
Next Steps

- The final AUG Statement will be published by 31st March 2023 and presented at the 14th April AUG Sub-Committee Meeting, prior to consideration at the UNCC Meeting on 20th April 2023
- We will lead a discussion on approach for next AUG year at the 14th April AUG Sub-Committee Meeting
- Engagement with stakeholders will continue throughout the process. We can be contacted at auge@engage-consulting.co.uk



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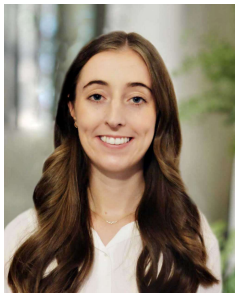

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