

# AUG Sub-Committee Meeting

12<sup>th</sup> March 2021



**engage** 

ELECTRICITY | GAS | INDUSTRY EXPERTS

# Introductions



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**Subject Matter Expert**

# Purpose of Meeting

- ▶ **The purpose of the meeting is to**
  - ▶ **Provide an overview of the proposed Final AUG Statement which incorporates our changes to the Draft AUG Statement based on consultation feedback received**
  - ▶ **Revisit our proposals for innovation and agree next steps**

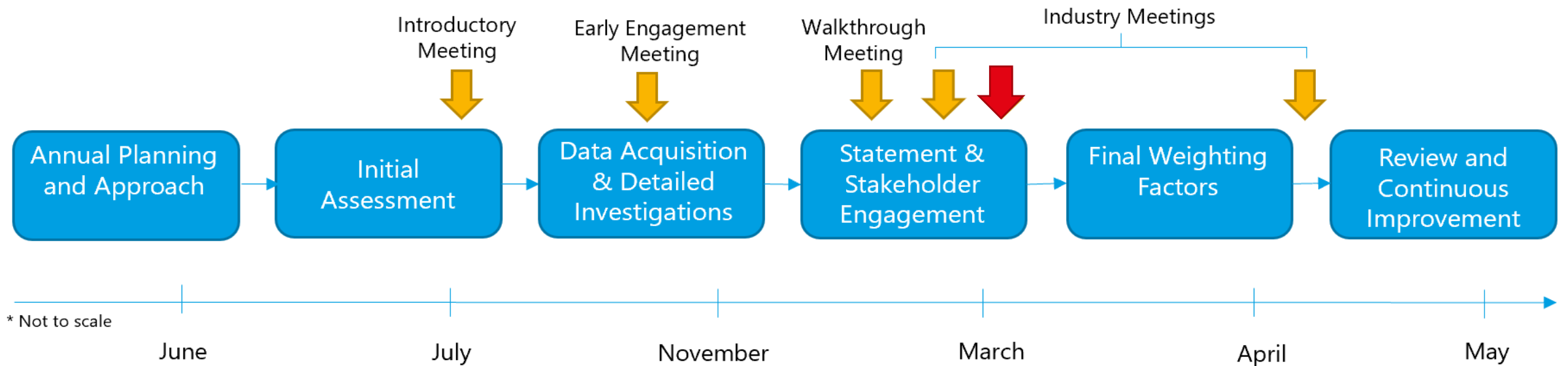
# Agenda

- ▶ **Overview of proposed Final AUG Statement**
- ▶ **Next Steps**
- ▶ **Innovation Service**
- ▶ **Industry Issues**
- ▶ **Future Considerations**

# Proposed Final Statement Introduction

- ▶ Following our presentation to the AUG Sub-Committee at the meeting on 12<sup>th</sup> February, we have revised the draft AUG Statement to incorporate the changes we discussed, based on consultation feedback received
- ▶ Our aim at this meeting will be to discuss the proposed Final AUG Statement published by the Joint Office on 5<sup>th</sup> March:  
<https://www.gasgovernance.co.uk/augenex2122>

# Delivery Timeline



# Consumption Forecast

## Updates from Draft Statement

- ▶ We received updated AQ reports which removed duplicate AQ records from multi metered sites
- ▶ We updated the forecasts based on AQ data from June 2017 to January 2021
- ▶ Following the initial run, we made the following updates to the consumption forecast after analysis of the initial results:
  - ▶ For EUC bands 01 and 02 we only used the trends from October 2019 to take account of recent changes between Classes 3 and 4
  - ▶ For Class 1 we ensured that the trends created as a result of Modification 0665 (Changes to Ratchet Regime) were identified and included in the forecast
- ▶ These results were then validated against observed consumption levels

# Consumption Forecast

## Updated Tables

Forecast Consumption in the Target Gas Year (GWh)

		CLASS			
		1	2	3	4
EUC BAND	<b>1ND</b>	-	-	44,271	257,317
	<b>1PD</b>	-	-	279	18,158
	<b>1NI</b>	0	0	1,810	10,118
	<b>1PI</b>	-	-	1	38
	<b>2ND</b>	-	-	206	5,487
	<b>2PD</b>	-	-	1	198
	<b>2NI</b>	0	3	5,197	13,161
	<b>2PI</b>	-	-	1	6
	<b>3</b>	0	16	6,161	13,330
	<b>4</b>	3	99	5,350	15,422
	<b>5</b>	44	313	2,802	11,122
	<b>6</b>	430	1,552	1,661	10,917
	<b>7</b>	628	2,934	1,738	9,437
	<b>8</b>	4,857	5,917	1,280	10,117
	<b>9</b>	58,683	2,664	203	2,306
<b>526,237</b>					

Forecast Number of Supply Meter Points in the Target Gas Year

		CLASS			
		1	2	3	4
EUC BAND	<b>1ND</b>	-	-	3,445,178	18,916,800
	<b>1PD</b>	-	-	23,466	1,854,498
	<b>1NI</b>	6	51	62,091	521,039
	<b>1PI</b>	-	-	36	3,188
	<b>2ND</b>	-	-	3,149	47,529
	<b>2PD</b>	-	-	-	1,859
	<b>2NI</b>	0	14	35,867	95,000
	<b>2PI</b>	-	0	87	160
	<b>3</b>	1	29	13,921	29,415
	<b>4</b>	1	75	4,646	12,941
	<b>5</b>	12	77	847	3,272
	<b>6</b>	40	160	191	1,208
	<b>7</b>	22	139	85	463
	<b>8</b>	97	147	31	252
	<b>9</b>	337	10	4	31
<b>25,078,472</b>					



# Investigation Topics

## Investigation Topics reminder

- ▶ **Four topics were identified for detailed investigation this year as part of our initial assessment**
  - ▶ Theft of Gas
  - ▶ Consumption Meter Errors
  - ▶ LDZ Meter Errors
  - ▶ No Read at the Line in the Sand
- ▶ **The following set of slides provides a summary of the changes from the draft Statement to the proposed final Statement and the updated results**

# 010 – Theft of Gas

## Action 0201 and 0104 – Total Theft Calculation Process Clarifications

- ▶ There is no definitive quantification of gas, electricity or water theft – reasoned estimating is required
- ▶ The authoritative estimates of electricity theft that we used average 1.65%
- ▶ We recognise that electricity theft is likely to be higher than gas theft
- ▶ This led us to conclude that gas theft is likely to be in the range 1.25%-1.75%
- ▶ The correct inputs to the previous top-down methodology used in previous Gas Years would give gas theft as 2.0% which we felt was too high
- ▶ We judged the mid-point in our range more appropriate and elected to use an estimate of 1.5%

Source	Percentage (Midpoint taken for ranges)	Link
Theft of Electricity (Illegal Abstraction)	2.50%	<a href="https://www.ofgem.gov.uk/about/other-publications/theft-of-electricity-illegal-abstraction">Theft of Electricity (Illegal Abstraction) (ofgem.gov.uk)</a>
Theft of Electricity and Gas - Discussion Document	1.25%	<a href="#">Theft of Electricity and Gas - Discussion Document</a>
Theft Detection and Smart Metering Practices and Expectations in the Netherlands	1.00%	<a href="#">Theft detection and smart metering practices and expectations in the Netherlands - IEEE Conference Publication</a>
Electricity theft: a comparative analysis	1.50%	<a href="#">Electricity theft: a comparative analysis - ScienceDirect</a>
Electricity Theft Detection Using Smart Meter Data	2.00%	<a href="#">(PDF) Electricity theft detection using smart meter data (researchgate.net)</a>
Average	1.65%	

# 010 – Theft of Gas

## Action 0103 and 0203 – Retail Theft Clarifications

- ▶ **The two sources for retail theft are provided within the Statement. They estimate retail theft as 1.06% and 1.21% respectively (after taking into consideration staff errors)**
- ▶ **The former estimates Organised Crime to be 13.34% of all theft**
- ▶ **We have taken a conservative estimate of half of the figure for organised crime in the broader retail sector, this being 6.67% of overall theft**
- ▶ **This conservative estimate is reflective of the fact that there are differences between the gas retail sector and the broader general retail sector**
- ▶ **It does not include any employee related crime (aside from employee crime which is within organised crime)**

# 010 – Theft of Gas

## Action 0204 – Clarity Regarding the Small Business Theft of Gas Figure

- ▶ The Theft associated with the 01NI band is the extrapolation of identified theft
- ▶ We do not weight any EUC band differently
- ▶ The below tables shows the number and scale of theft over the last 10 years and its associated percentage of population and AQ

EUC Band	Count of Thefts over 10 Years	Reported theft GWh (last 10 years)	Population (Jan 21)	Theft as Percentage of Population (count)	Theft as percentage of AQ
01ND	13,130	407,482,959	21,725,194	0.06%	0.14%
01NI	2,491	295,785,932	560,852	0.44%	2.44%
01PD	8,146	159,479,984	2,069,493	0.39%	0.81%
01PI	58	1,092,031	3,554	1.63%	2.66%

# 010 – Theft of Gas

## Other Actions

- ▶ **0107 (Energy UK Theft data) – This was provided on the Xoserve secure site**
- ▶ **0109 (AMR Treatment) – We have not treated AMR differently as, unlike smart meters, this proportion is not changing for any given matrix position**
- ▶ **0110 (rationale relating to the narrowing of the differences between the factors for Class 3 and Class 4) – The reason is due to us considering the meter type in our modelling (as the proportions are changing for matrix positions)**
- ▶ **0202 (reference to the full methodology use) – This has been updated in the final Statement. In applying the previous methodology, we used the close-out UIG value that was derived and used - and did not re-derive it**

# 010 – Theft of Gas

## Updates from Draft Statement

- ▶ **We have updated the total theft amount based on the updated consumption forecast**
- ▶ **Advanced theft percentage has been updated to 6.67%**
- ▶ **We have revalidated the sub-EUC bands used in the master dataset**
- ▶ **We have compared previous theft amounts with observed levels of UIG**

# 010 – Theft of Gas

## Updated Traditional Theft Percentage Splits

- ▶ **Following validation of the sub-EUC bands based on a meter data refresh the traditional theft percentage splits have been updated**

EUC	Traditional Theft percentage splits	EUC	Traditional Theft percentage splits
<b>1BND</b>	35.12%	<b>3</b>	2.32%
<b>1BNI</b>	25.33%	<b>4</b>	2.49%
<b>1BPD</b>	13.71%	<b>5</b>	1.70%
<b>1BPI</b>	0.09%	<b>6</b>	1.68%
<b>2BND</b>	4.12%	<b>7</b>	1.68%
<b>2BNI</b>	9.65%	<b>8</b>	2.06%
<b>2BPD</b>	0.05%	<b>9</b>	0.00%
<b>2BPI</b>	0.00%		

# 010 – Theft of Gas

## Comparison of Previous Methodology with Observed Levels of UIG

- ▶ We carried out analysis of the “top-down” differencing calculations used to determine theft in previous Gas Years
- ▶ We found that close-out UIG used/derived was underestimated significantly (by a factor of up to 3) and that this had a critical impact on the quantification of theft
- ▶ Had correct (observed) close-out UIG been used/derived in this methodology, theft quantification would have been greater than 2%

Gas Year	2017/18	2018/19	2019/20	2020/21
Forecast of Close-out UIG (GWh)	-	3,826	5,958	7,846
Observed Close-out UIG (GWh)	20,827	11,589	11,713	-
Observed Volume as a percentage of Forecast Volume	-	303%	197%	-

Gas Year	2017/18	2018/19	2019/20	2020/21
Top-down Methodology as applied - using the significant underestimate of Close-out UIG				
Theft (GWh)	3,000	3,769	5,393	7,159
Theft Percentage	-	0.70%	1.09%	1.43%
Top-down Methodology - using the correct (observed) Close-out UIG				
Theft (GWh)	-	11,401	11,230	-
Theft Percentage	-	2.2%	2.1%	-



# 010 – Theft of Gas

## Updated Results by Theft Type

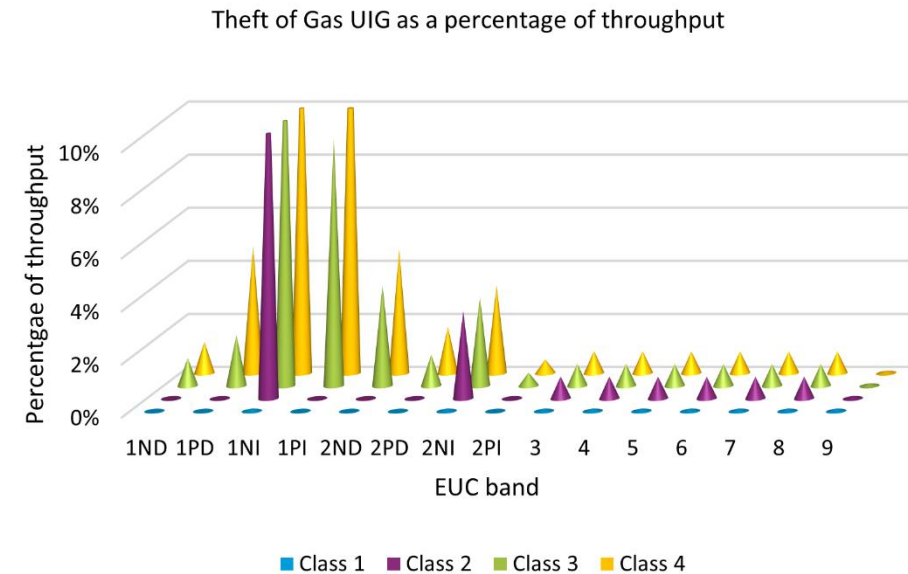
- ▶ **Total Theft – 7,788 GWh**
- ▶ **Reported Theft – 58 GWh 0.75% of Total Theft**
- ▶ **Unreported Theft – 53 GWh 0.68% of Total Theft**
- ▶ **Undetected Advanced Theft – 519 GWh 6.67% of Total Theft**
- ▶ **Undetected Theft similar to Detected Theft – 7,157 GWh 91.90% of Total Theft**
  - ▶ **Traditional Theft – 6,084 GWh**
  - ▶ **Smart Theft – 1,074 GWh**

# 010 – Theft of Gas

## Updated Results

► **UIG associated with Theft of Gas has been calculated to be 7,730 GWh**

		CLASS			
		1	2	3	4
EUC BAND	1ND	-	-	467	3,042
	1PD	-	-	5	873
	1NI	0	0	233	1,330
	1PI	-	-	0	6
	2ND	-	-	8	256
	2PD	-	-	0	3
	2NI	0	0	174	435
	2PI	-	-	0	0
	3	0	0	51	111
	4	0	1	45	128
	5	0	3	23	92
	6	0	13	14	90
	7	1	24	14	78
	8	5	49	11	83
9	58	3	0	2	



# 040 – Consumption Meter Errors

## Updates from Draft Statement

- ▶ **The results have been updated based on the updated consumption forecast**
- ▶ **No changes were made to the methodology or any other input to the calculation**

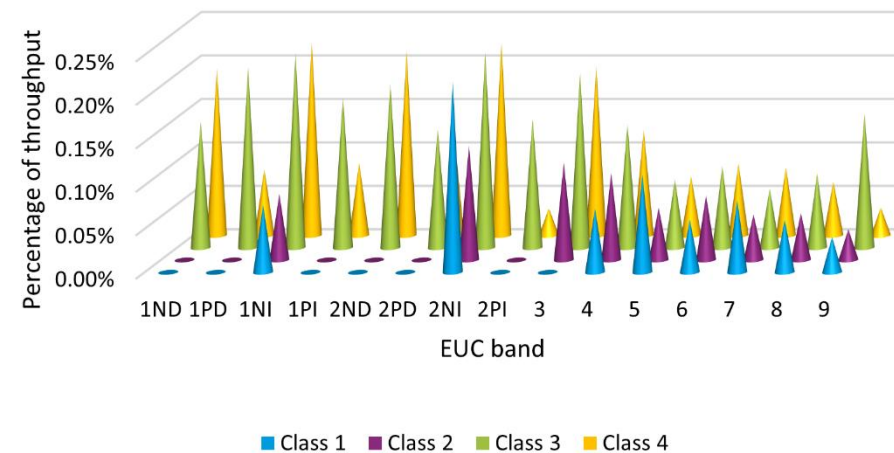
# 040 – Consumption Meter Errors

## Updated Results

► **UIG associated with Consumption Meter Error has been calculated to be 789 GWh**

		CLASS			
		1	2	3	4
EUC BAND	1ND	-	-	64	494
	1PD	-	-	1	14
	1NI	0	0	4	23
	1PI	-	-	0	0
	2ND	-	-	0	12
	2PD	-	-	0	0
	2NI	0	0	12	29
	2PI	-	-	0	0
	3	-	0	12	26
	4	0	0	8	19
	5	0	0	2	8
	6	0	1	2	9
	7	1	2	1	7
	8	3	3	1	6
	9	24	1	0	1

Consumption Meter Errors UIG as a percentage of throughput



# 050 – LDZ Meter Errors

## Updates from Draft Statement

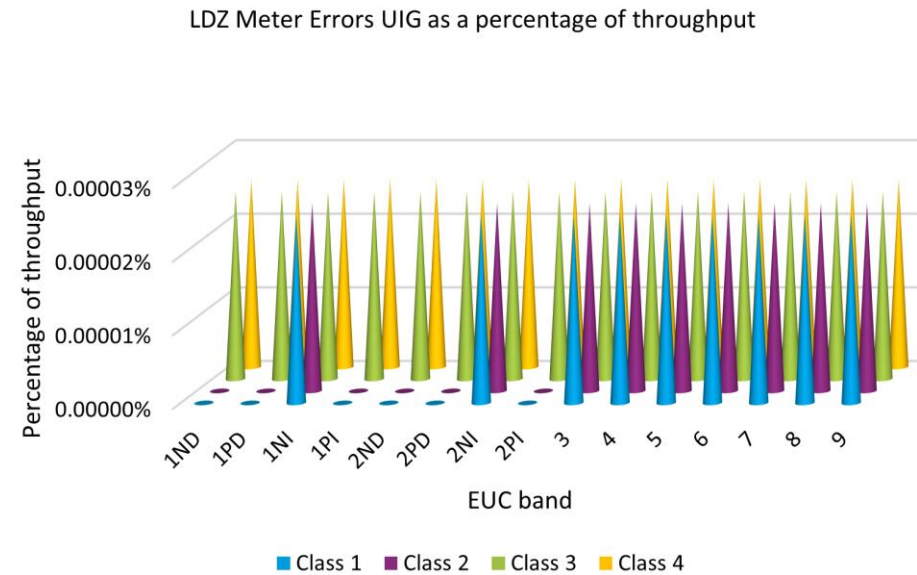
- ▶ **There have been no updates to the inputs or the methodology from the draft Statement but we have updated the wording of the existing assurance processes**

# 050 – LDZ Meter Errors

## Results

► **UIG associated with LDZ Meter Errors is unchanged at 134 MWh**

		CLASS			
		1	2	3	4
EUC BAND	1ND	-	-	0	0
	1PD	-	-	0	0
	1NI	0	0	0	0
	1PI	-	-	0	0
	2ND	-	-	0	0
	2PD	-	-	0	0
	2NI	0	0	0	0
	2PI	-	-	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	



# 090 – No Read at the Line in the Sand

## Action 0205 - Detail Regarding Reconciliation and the Line in the Sand Data

- ▶ The below provides details of the forecast number of sites that will not have a read in June based on the trends. This shows that the number is likely to increase slightly, and it is unlikely that there will be a dramatic increase in the number of sites with reads in the higher EUC bands

Period	1ND	1NI	1PD	1PI	2ND	2NI	2PD	2PI	3	4	5	6	7	8
Pre April 2017 (June snapshot)	184,281	17,439	67,685	284	326	936	16	-	116	50	50	26	11	5
April 2017 - March 2018 June Snapshot	243,200	10,275	42,572	122	541	1,101	10	2	154	80	66	26	21	13
Pre April 2017 (January snapshot)	144,500	14,090	57,129	246	230	683	14	-	88	42	34	22	7	2
April 2017 - March 2018 January Snapshot	169,134	7,472	31,987	98	388	720	9	2	96	55	50	20	12	4
Change Percentage (Pre 2017)	22%	19%	16%	13%	29%	27%	13%	0%	24%	16%	32%	15%	36%	60%
Change Percentage (April 2017 - March 2018)	30%	27%	25%	20%	28%	35%	10%	0%	38%	31%	24%	23%	43%	69%
Pre April 2017 (June 2021 Forecast)	113,307	11,384	48,219	213	162	498	12	-	67	35	23	19	4	1
April 2017 - March 2018 (June 2021 Forecast)	117,625	5,434	24,034	79	278	471	8	2	60	38	38	15	7	1
Total Forecast June 2021	230,931	16,818	72,253	292	441	969	20	2	127	73	61	34	11	2
Comparison with June 2020	125%	96%	107%	103%	135%	104%	127%	0%	109%	146%	122%	131%	103%	41%

# 090 – No Read at the Line in the Sand

## Updated from Draft Statement

- ▶ **We have received updated reports which removed some erroneous sites**
- ▶ **We have updated our trend forecast based on these reports**
- ▶ **We have identified a further rejection reason to include in the error percentage – Outside Lower Tolerance**
- ▶ **The results have also been updated based on the updated consumption forecast**

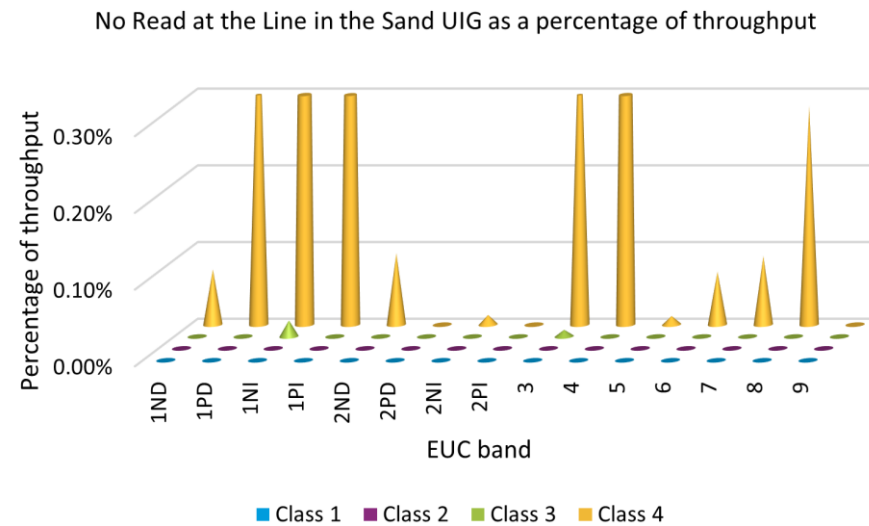


# 090 – No Read at the Line in the Sand

## Updated Results

► **UIG associated with No Read at the Line in the Sand has been calculated to be 643 GWh**

		CLASS			
EUC BAND		1	2	3	4
	1ND	-	-	0	186
	1PD	-	-	0	79
	1NI	-	-	0	110
	1PI	-	-	-	0
	2ND	-	-	-	5
	2PD	-	-	-	-
	2NI	-	-	0	2
	2PI	-	-	-	-
	3	-	-	1	57
	4	-	-	-	157
	5	-	-	-	1
	6	-	-	-	8
	7	-	-	-	8
	8	-	-	-	29
	9	-	-	-	-



# Detailed Investigation Key Points

## Key Points

- ▶ **Theft has been adjusted based on the consultation feedback and is still the largest contributor**
- ▶ **Consumption Meter Errors and No Read at the Line in the Sand represent approximately 13% of the calculated UIG which was not previously considered by the previous methodology**

# Other Contributors

## Other Contributors

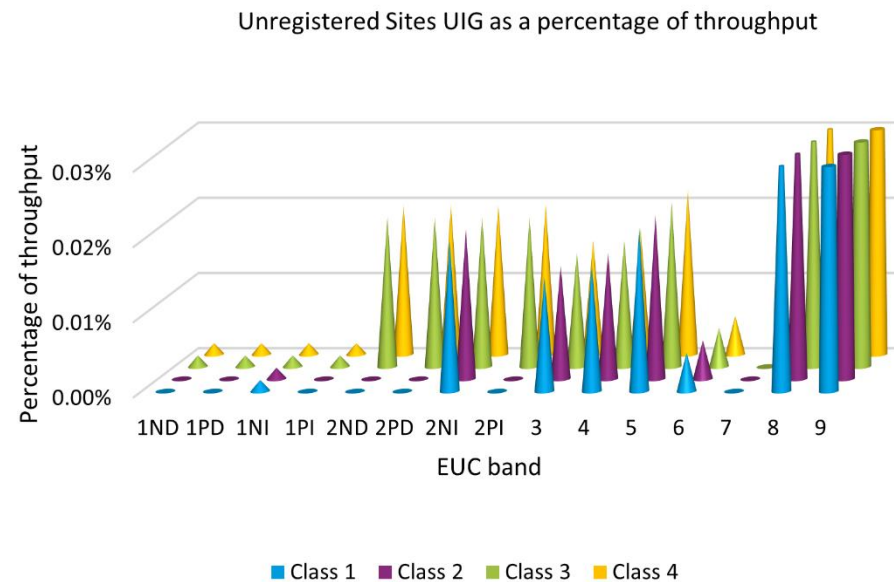
- ▶ **The other contributors are**
  - ▶ **Unregistered Sites**
  - ▶ **Shipperless Sites**
  - ▶ **IGT Shrinkage**
  - ▶ **Average Pressure Assumption**
  - ▶ **Average Temperature Assumption**
  - ▶ **Incorrect Correction Factors**
- ▶ **The following slides provide details of any updates since the draft Statement and updated results**

# 020 – Unregistered Sites

## Results

► **UIG associated with Unregistered Sites is unchanged at 101 GWh**

		CLASS			
		1	2	3	4
EUC BAND	1ND	-	-	1	4
	1PD	-	-	0	0
	1NI	0	0	0	0
	1PI	-	-	0	0
	2ND	-	-	0	1
	2PD	-	-	0	0
	2NI	0	0	1	3
	2PI	-	-	0	0
	3	0	0	1	2
	4	0	0	1	3
	5	0	0	1	2
	6	0	0	0	1
	7	-	-	-	-
	8	2	2	1	4
	9	66	3	0	3

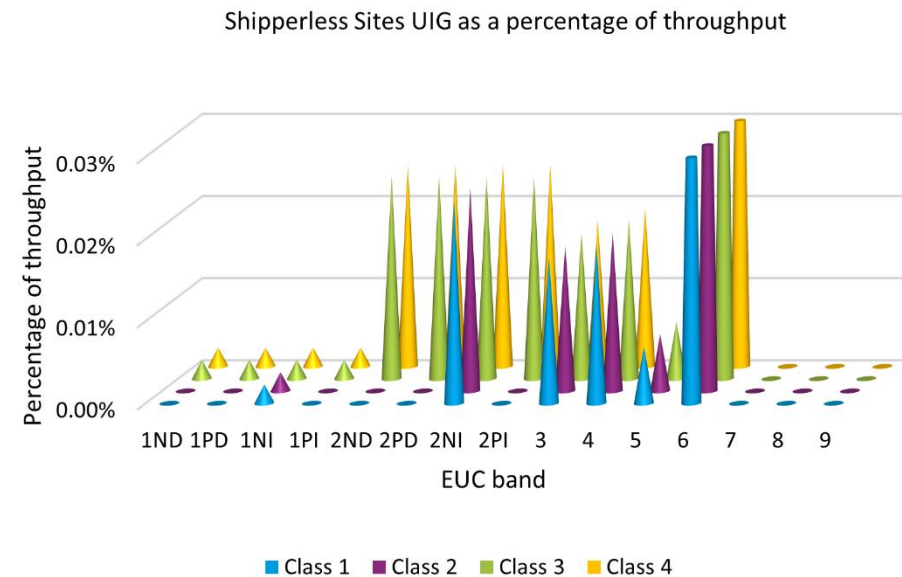


# 025 – Shipperless Sites

## Results

► **UIG associated with Shipperless Sites is unchanged at 32 GWh**

		CLASS			
		1	2	3	4
EUC BAND	1ND	-	-	1	6
	1PD	-	-	0	0
	1NI	0	0	0	0
	1PI	-	-	0	0
	2ND	-	-	0	1
	2PD	-	-	0	0
	2NI	0	0	1	3
	2PI	-	-	0	0
	3	0	0	1	2
	4	0	0	1	3
	5	0	0	0	1
	6	0	1	1	8
	7	-	-	-	-
	8	-	-	-	-
	9	-	-	-	-

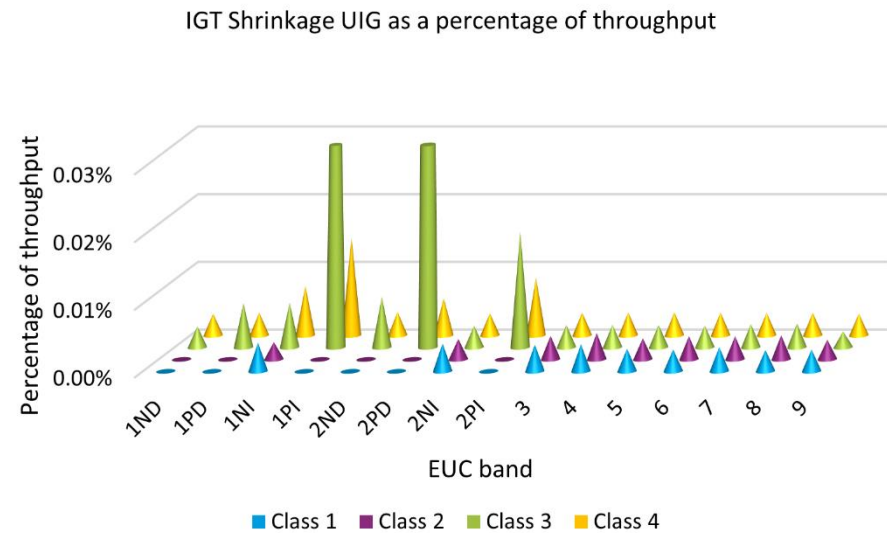


# 060 – IGT Shrinkage

## Updated Results

- ▶ The average main length has been updated to 8.6m
- ▶ UIG associated with IGT Shrinkage has been calculated to be 18 GWh

		CLASS			
		1	2	3	4
EUC BAND	1ND	-	-	1	8
	1PD	-	-	0	1
	1NI	0	0	0	1
	1PI	-	-	0	0
	2ND	-	-	0	0
	2PD	-	-	0	0
	2NI	0	0	0	0
	2PI	-	-	0	0
	3	0	0	0	0
	4	0	0	0	1
	5	0	0	0	0
	6	0	0	0	0
	7	0	0	0	0
	8	0	0	0	0
	9	2	0	0	0



# 070 – Average Pressure Assumption

## Updates from Draft Statement

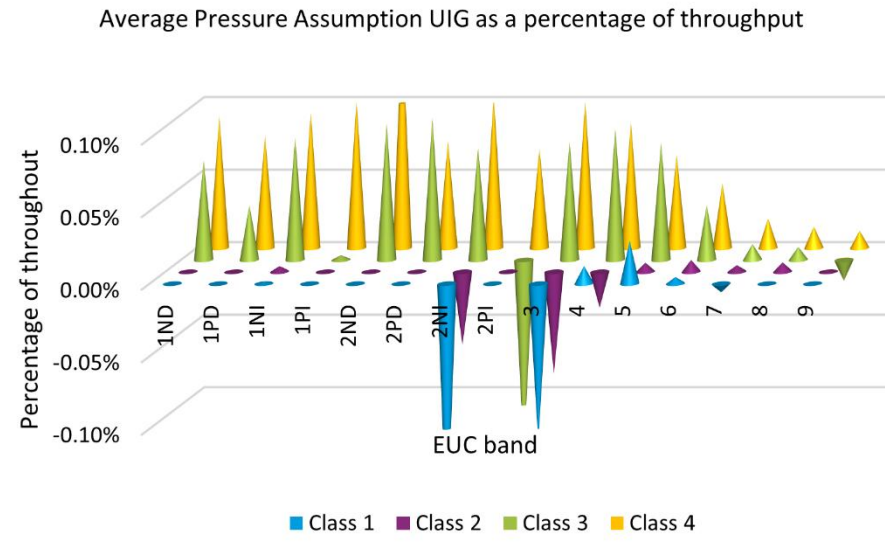
- ▶ **We have updated the average altitude figure**
- ▶ **We have validated the volume correction data and have updated as required**
- ▶ **The results have been revised based on the altitude update and the updated consumption forecast**

# 070 – Average Pressure Assumption

## Updated Results

- ▶ We updated the results based on the updated volume convertor fitted proportions
- ▶ UIG associated with Average Pressure Assumption has been calculated to be 371 GWh

		CLASS			
		1	2	3	4
EUC BAND	1ND	-	-	30	233
	1PD	-	-	0	14
	1NI	0	0	2	9
	1PI	-	-	0	0
	2ND	-	-	0	8
	2PD	-	-	0	0
	2NI	-0	-0	4	14
	2PI	-	-	-0	0
	3	-0	-0	5	14
	4	0	-0	5	13
	5	0	0	2	7
	6	0	0	1	5
	7	-0	0	0	2
	8	-0	0	0	1
9	0	0	-0	0	



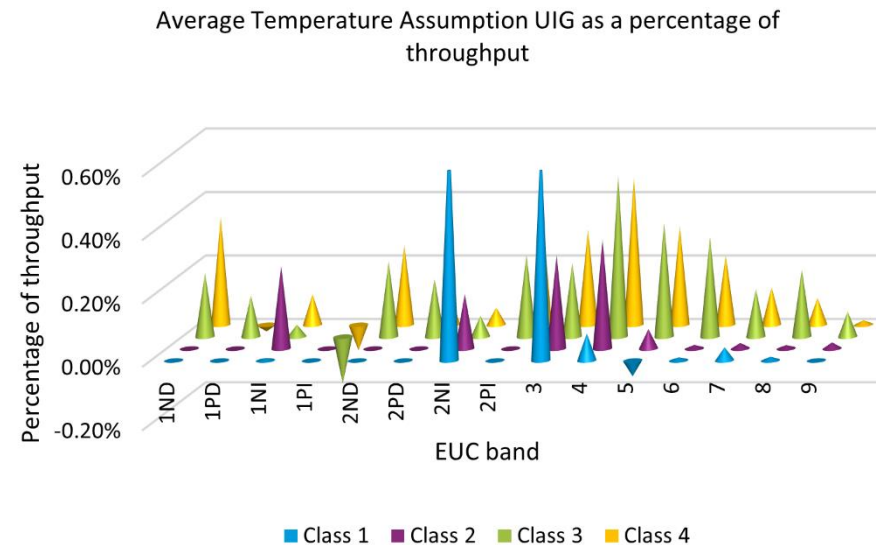


# 080 – Average Temperature Assumption

## Updated Results

- ▶ The results were updated based on the updated consumption forecast
- ▶ UIG associated with Average Temperature Assumption has been calculated to be 1,249 GWh

		CLASS			
		1	2	3	4
EUC BAND	1ND	-	-	89	872
	1PD	-	-	0	-4
	1NI	0	0	1	10
	1PI	-	-	-0	-0
	2ND	-	-	0	14
	2PD	-	-	0	0
	2NI	0	0	3	7
	2PI	-	-	0	0
	3	0	0	14	40
	4	0	0	27	72
	5	-0	0	10	35
	6	0	0	5	24
	7	0	1	3	11
	8	1	1	3	9
9	0	1	0	0	

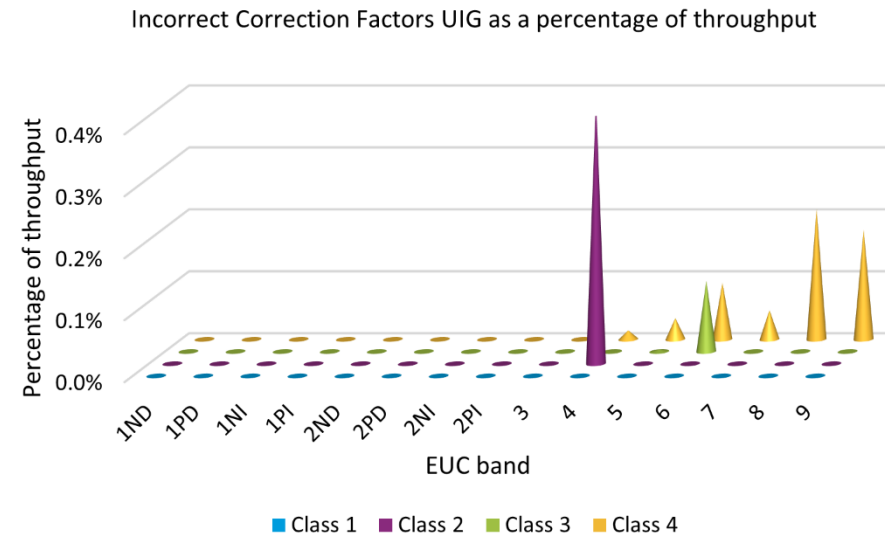


# 100 – Incorrect Correction Factors

## Updated Results

- ▶ The results were updated based on the updated consumption forecast and updated volume convertor fitted proportions
- ▶ UIG associated with Incorrect Correction Factors has been calculated to be 48 GWh

		CLASS			
		1	2	3	4
EUC BAND	1ND	-	-	-	-
	1PD	-	-	-	-
	1NI	-	-	-	-
	1PI	-	-	-	-
	2ND	-	-	-	-
	2PD	-	-	-	-
	2NI	-	-	-	-
	2PI	-	-	-	-
	3	-	-	-	-
	4	-	0	0	2
	5	-	-	0	4
	6	-	-	2	10
	7	-	-	-	4
8	-	-	-	21	
9	-	-	-	4	



# Summary of Changes from Draft Statement

- ▶ A summary of the changes in the UIG calculated between the draft Statement and the proposed final Statement are provided below
- ▶ The table includes the reason behind the changes in UIG value

Contributor	Draft AUG Statement (GWh)	Proposed Final AUG Statement (GWh)	Change	Reason for change
Theft of Gas	8,396	7,730	↓	Updated Consumption Forecast
Average Temperature Assumption	1,263	1,249	↓	Updated Consumption Forecast and volume conversion proportions
Consumption Meter Errors	819	789	↓	Updated Consumption Forecast
No Read at the Line in the Sand	144	643	↑	Additional rejection reason in the AQ error percentage and Consumption Forecast
Average Pressure Assumption	307	371	↑	Updated Consumption Forecast, altitude value and volume conversion proportions
Unregistered Sites	101	101	→	-
Incorrect Correction Factors	64	48	↓	Updated Consumption Forecast and volume conversion proportions
Shipperless Sites	32	32	→	-
IGT Shrinkage	16	18	↑	Updated average main length
LDZ Meter Errors	0	0	→	-
<b>Total</b>	<b>11,143</b>	<b>10,982</b>	<b>↓</b>	

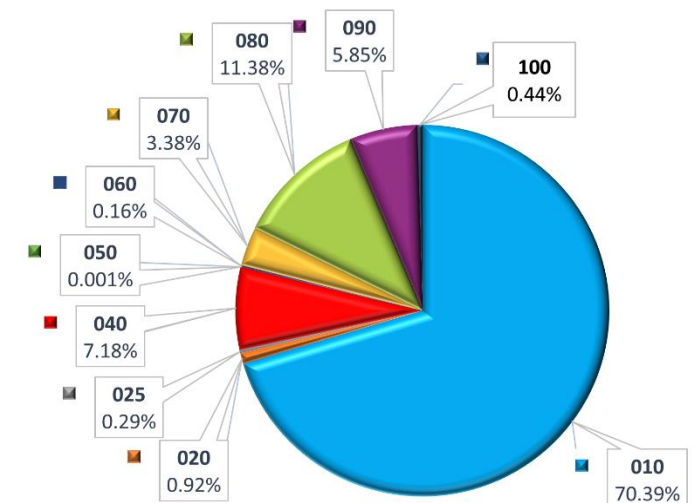
# Total UIG Estimate

- ▶ The total UIG figure calculated for the target year is 10,982 GWh
- ▶ We validated this value against previous UIG calculations and carried out a benchmarking process against current observed UIG levels

Contributor	Related UIG Volume (GWh)	Previous AUGÉ (GWh)	Change
Theft of Gas	7,730	7,159	↑
Average Temperature Assumption	1,249	555	↑
Consumption Meter Errors	789	25	↑
No Read at the Line in the Sand	643	-	↑
Average Pressure Assumption	371	55.3	↑
Unregistered Sites	101	2.2	↑
Incorrect Correction Factors	48	32	↑
Shipperless Sites	32	29	→
IGT Shrinkage	18	11.4	↑
LDZ Meter Errors	0	-	→
<b>Total UIG</b>	<b>10,982</b>	<b>7,846</b>	<b>↑</b>

UIG by Contributor

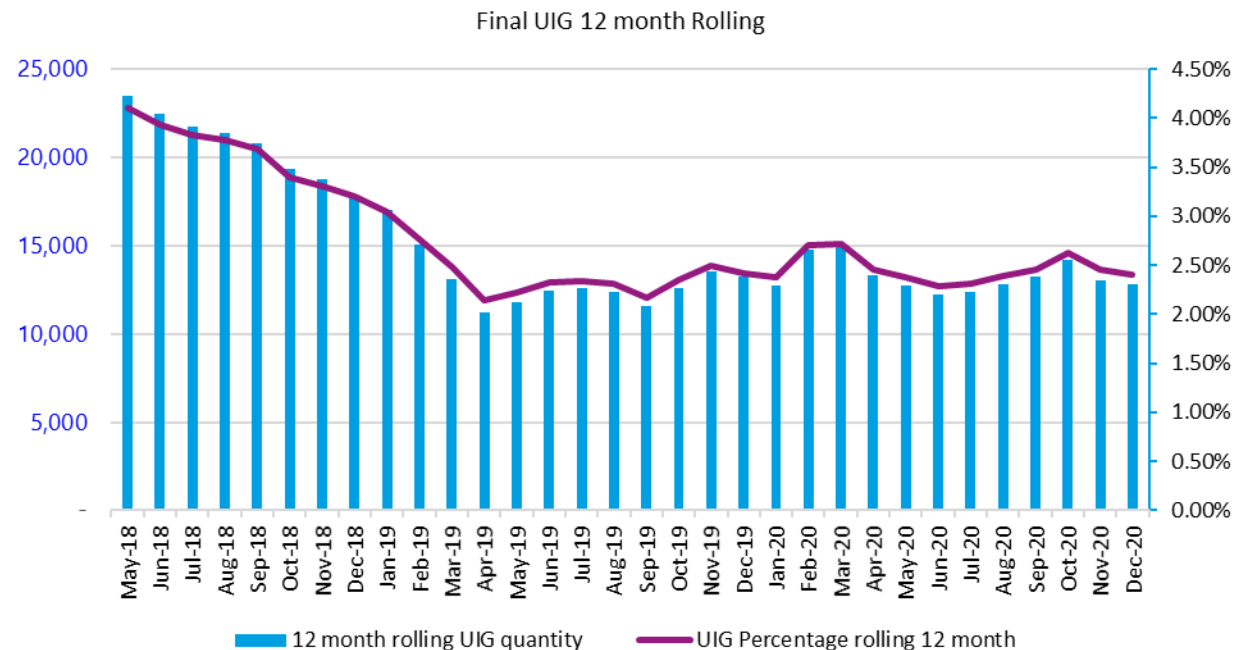
- 010 Theft of Gas
- 020 Unregistered Sites
- 025 Shipperless Sites
- 040 Consumption Meter Errors
- 050 LDZ Meter Errors
- 060 IGT Shrinkage
- 070 Average Pressure Assumption
- 080 Average Temperature Assumption
- 090 No Read at the Line in the Sand
- 100 Incorrect Correction Factors



# Results Validation

## Benchmarking Against Observed UIG

- ▶ We updated the benchmarking percentage to 2.42% based on updated data
- ▶ Based on this and our consumption forecast our benchmarking figure is 12,735 GWh
- ▶ We have calculated 86% of this via our bottom-up approach
- ▶ We anticipate that further contributors will be identified and the UIG associated with them will be quantified in future AUG years which will increase the calculated percentage



# Weighting Factors

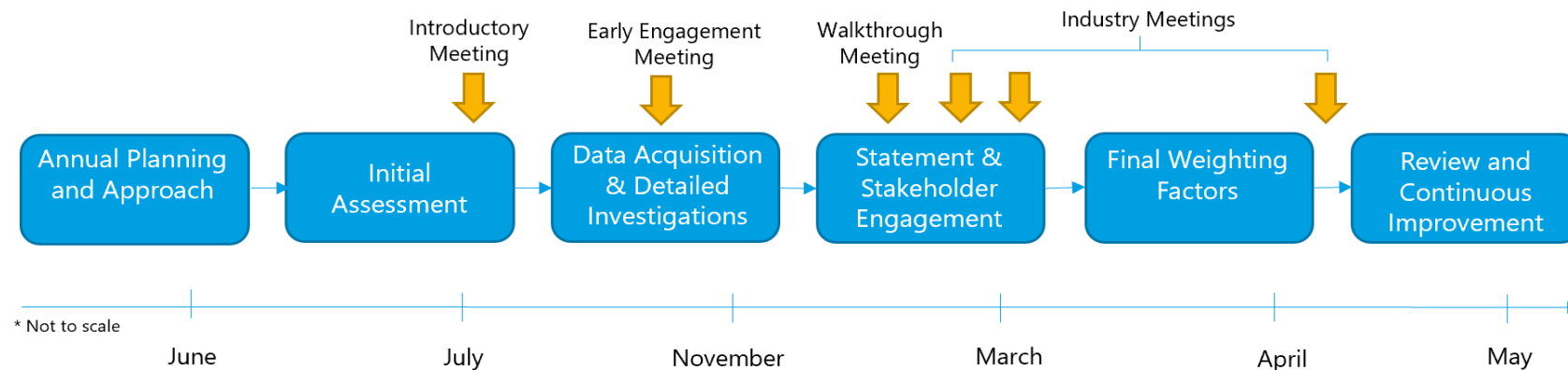
## Updated Table

- ▶ **The following bands have been combined**
  - ▶ **Class 3 EUC bands 01NI and 01PI**
  - ▶ **Class 4 EUC bands 01NI and 01PI**
  
- ▶ **The other factors have been updated based on the output of the consumption forecast and the UIG calculations**

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

# Next Steps

- ▶ The final AUG Statement will be provided to the AUG Sub-Committee by 31<sup>st</sup> March and presented at the 6<sup>th</sup> April AUG Sub-Committee Meeting, prior to consideration 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)



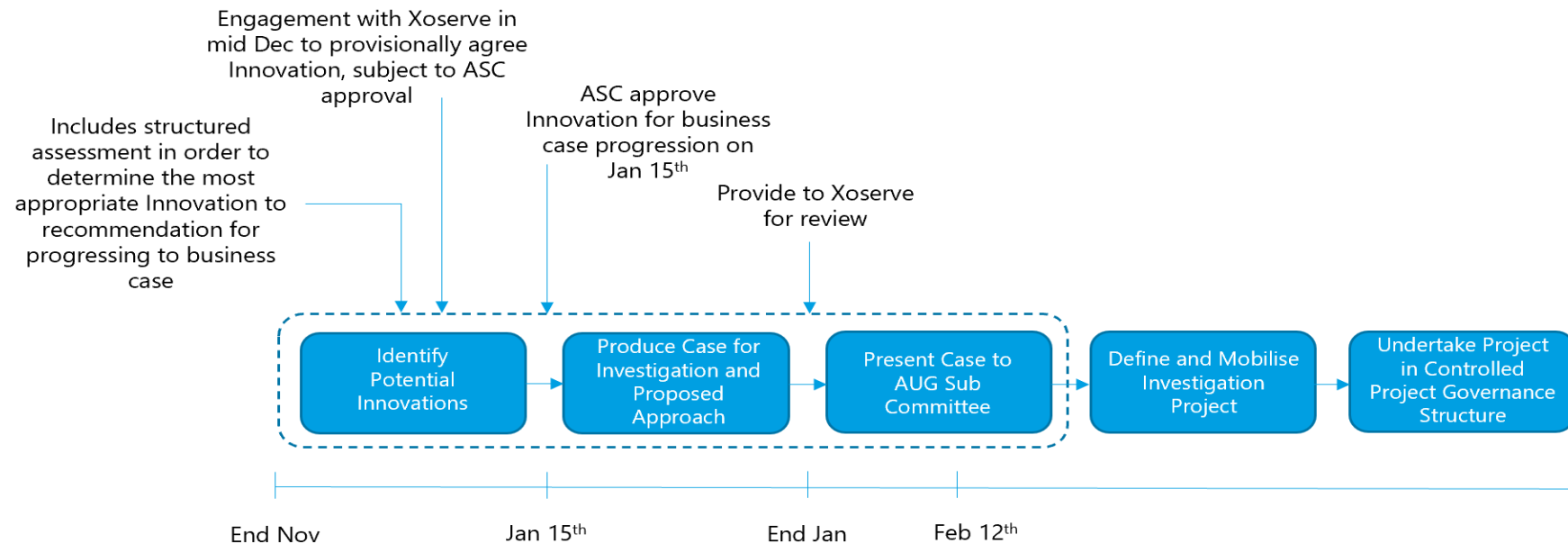
# Innovation Service





# 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

# 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.</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**
- ▶ **Although we have received views from a small number of stakeholders, we would like to take the opportunity to record additional views today**
- ▶ **We would also like to receive guidance from the AUG Sub-Committee as to whether the innovation receiving the most support can be referred to the UNCC for formal approval**
- ▶ **Should such approval be forthcoming, we will complete the investigation business case as soon as possible thereafter and present this at the next available AUG Sub-Committee meeting for discussion**

# 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	Approved by the CDSP, work to reflect this in the AUGS and Table is ongoing	Closed	01/06/2020	30/12/2020
2	COVID	Potential impacts assessed and included in the 2020/21 draft Statement where appropriate. We will 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. However, we will 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	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	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	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		Live	05/02/2021	
<b>2f</b>	We will consider the potential impact of flow rates on Consumption Meter errors for subsequent years		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		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		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		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.		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.		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.		Live	05/02/2021	





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