

# UNCC AUG Sub-Committee Minutes

## Friday 01 July 2022

### via teleconference

#### Attendees

Alan Raper (Chair)	(AR)	Joint Office
Helen Bennett (Secretary)	(HB)	Joint Office
David Speake	(DS)	Engage Consulting (AUGE)
Fiona Cottam	(FC)	Correla on behalf of Xoserve
James Hill	(JH)	Engage Consulting (AUGE)
Jen Byrne	(JB)	Gazprom Energy
Louise Hellyer	(LH)	TotalEnergies Gas & Power
Phillipa Burton	(PB)	ScottishPower
Mark Field	(MF)	Sembcorp
Mark Jones	(MJ)	SSE
Mark Rixon	(MR)	Independent Observer
Sallyann Blackett	(SB)	E.ON Energy
Sophie Dooley	(SD)	Engage Consulting (AUGE)

Copies of all papers are available at: <https://www.gasgovernance.co.uk/aug/010722>

#### 1. Introduction and Status Review

Alan Raper (AR) welcomed everyone to the meeting and explained the main emphasis of the meeting was to provide industry with an initial view of the AUGE's considerations for the 2023 – 2024 Allocation of Unidentified Gas (AUG) Statement.

##### 1.1. Approval of Minutes (08 April 2022)

The minutes from the previous meeting were approved.

##### 1.2. Approval of Late Papers

There were no late papers to consider.

##### 1.3. Review of Outstanding Actions

**Action 0204:** *UIG at Allocation* - Committee participants to consider UIG at Allocation and provide comments at the next meeting which will be late June / early July.

**Update:** It was confirmed the update for this action would be covered under agenda item 2.3.  
**Closed**

**Action 0304:** *Allocation of Unidentified Gas Expert (AUGE) Management document* - FC to review the AUG Framework to see if any reference needs to be made in this document and bring back recommendations to the next AUG meeting (June / July) along with the method of implementation.

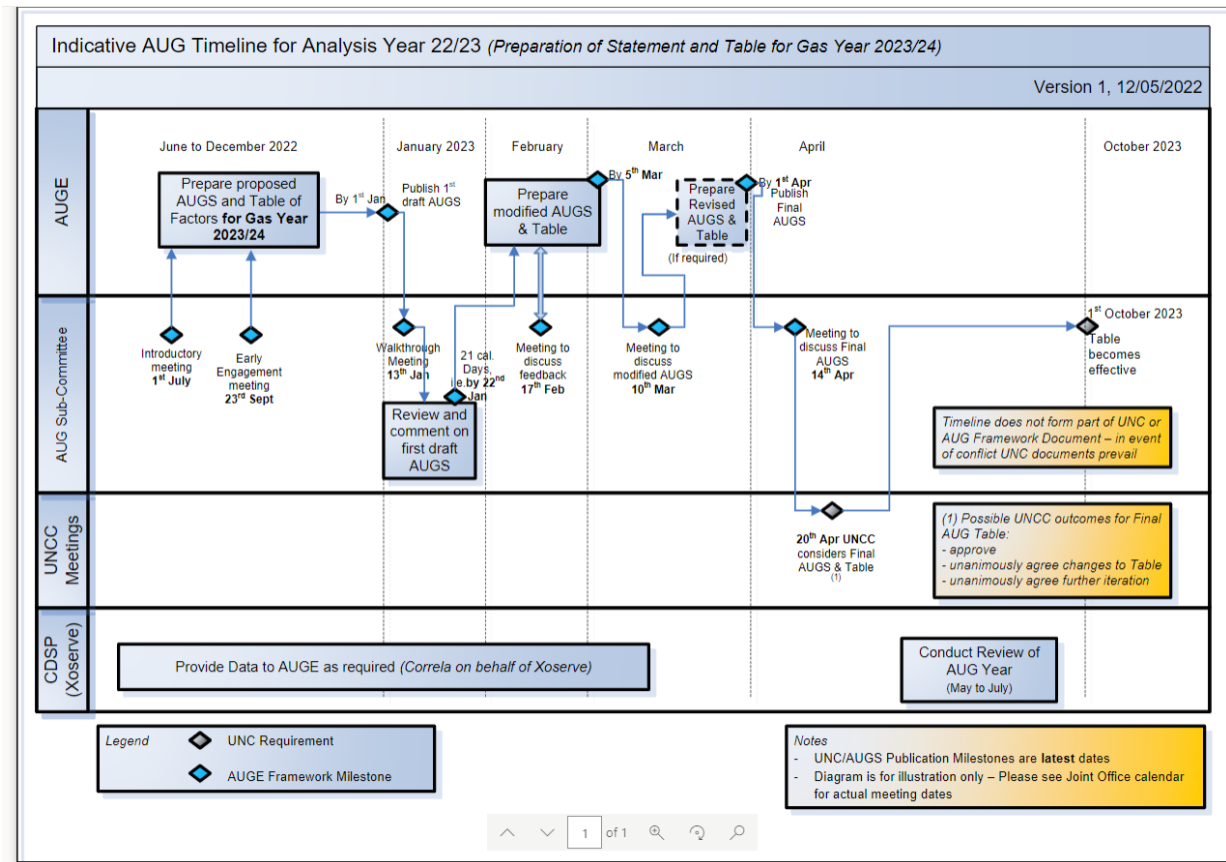
**Update:** It was confirmed the update for this action would be covered under agenda item 3.1  
**Closed**

#### 2. 2023/24 AUG Statement Development

##### 2.1. Indicative Timeline

Fiona Cottam (FC) provided an overview of the indicative timeline for Analysis Year 22/23 which has been provided to help to visualise the process, the dates are set out in the AUG Framework Document and for completeness, the Timeline is also published on the main AUG Sub-Committee webpage here: [www.gasgovernance.co.uk/AUG/](http://www.gasgovernance.co.uk/AUG/).

The Timeline shows clarifies that the AUG Statement and Table will be presented to the April 2023 UNCC for approval.



## 2.2. Introduction: Approach and Methodology

David Speak (DS) was invited to introduce his team and advised:

- James Hill – Senior Consultant – New Methodology Lead has been welcomed to the team and replaces Jonathan Kiddle.
- Sophie Dooley – Analyst – Data and Modelling Lead

DS advised that during the meeting it was his intention to provide an overview of the proposed approach and overarching methodology for the Gas Year 2023/24 Statement and clarified the approach is intended to be open, transparent, collaborative and to be impartial and balanced in judgment.

The presentation covered the following main topics. Where there was specific interaction regarding particular slides with the Committee members, this has been captured within the minutes for each section of the presentation, and full details can be found on the published presentation here: [www.gasgovernance.co.uk/aug/010722](http://www.gasgovernance.co.uk/aug/010722).

### Approach – Slide 6

Sophie Dooley SD further confirmed how the approach for Gas Year 2023/24 would be founded on principles of openness and transparency.

### Methodology Principles – Slide 7

It was explained there are three methodology principles:

*Polluter Pays* – best approach is to allocate UIG in the same proportions it is created.

*Line in the Sand* – only UIG that will exist at Line in the Sand will be considered.

*Bottom-up Determination* – this is where quantify UIG is quantified for each identified contributor and add them together, rather than estimating overall UIG.

**UIG Contributor Model - Slide 8**

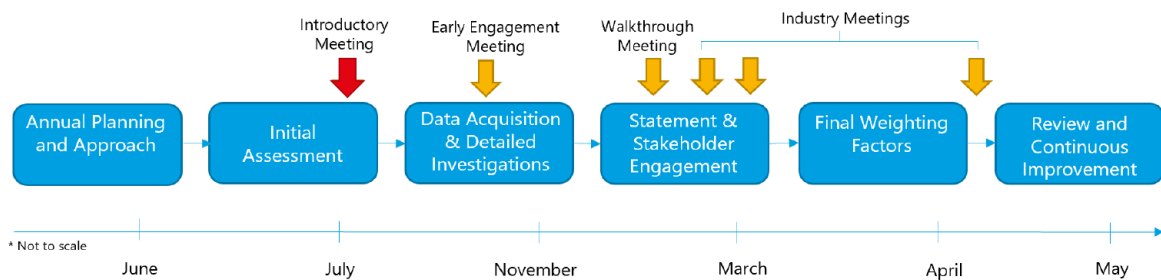
**Consumption Forecast - Slide 9**

It was confirmed that the AUGGE will forecast a seasonal normal consumption nationally for the target yea, by EUC and class and then split by LDZ.

The effects of COVID-19 are still being monitored.

**Delivery Timeline – slide 10**

DS provided an overview of the condensed engagement process as shown below:



**Initial Assessment – Slide 12**

Mark Field (MF) enquired if generators would be expected to contribute towards UIG and noted that if generators are identified as a generator of UIG he expects this would be very little. He added the effect may be further compounded given the large quantities of gas that generators consume giving them high AQ and a correspondingly relatively high weighting of UIG. He concluded by saying that, in all reality, he doubted that generators have any theft of gas.

DS noted there is no view in UK Link of usage types or separate profiles of contributors, therefore, the business rules apply equally within all sites for end user category.

DS clarified the allocation methodology and that this would require a change in the UNC in order to distribute allocations differently to that set out in the table of factors.

**Assessment Process: scoring – Slide 13**

DS provided an overview of the assessment process and the scoring that is allocated and explained once the assessment process has completed, this then produces a list of contributors which are shown on Slide 14.

**Contributors Assessed – Slide 14**

DS explained the two Theft of Gas contributors (011 and 012) both have existing methodologies that impacted last year’s output and have been suggested by Shippers to be considered as part of this Gas Year’s investigations.

**Initial Assessment Results – Slide 15**

DS explained that the four contributors with the highest score are the ones that will be taken forward for further investigation, which are:

Contributor ID	Contributor	Score
012	Theft of Gas (Allocation -Quality of Read History)	59

<b>011</b>	Theft of Gas (Allocation -Smart Rollout)	50
<b>140</b>	Meters with By-Pass Fitted	38
<b>200</b>	Dead Sites	32

**Recommended investigations**

**2023 - 2024 Recommended Investigations – Slide 17**

DS advised of the following new investigation and refinement investigations; these are further explained from Slide 18 to 21:

**New Investigation**

Identification of new UIG 200 – Dead Sites

**Refinement Investigations**

Potential reallocation of UIG 011 – Theft of Gas (Quality of Read History)

Potential reallocation of UIG 012 – Theft of Gas (Smart Rollout)

Identification of new UIG 140 – Meters with By-Pass Fitted

**200 - Dead Sites - Slide 18**

DS explained there are some sites that are registered as Dead but have been found to be consuming gas. This consumption will potentially create UIG due to allocation not taking place for sites registered as Dead.

When AR asked what the evidence is that gas is being consumed at these sites, DS confirmed that 25% of the sites where meter reads have been submitted, show an advancement of reads.

**012 – Theft of Gas (Quality of Read History) - Slide 19**

DS explained that sites where there is good read history recorded are less likely to have been subject to theft than sites for which there is little or no read history.

DS advised that, as the AUGE, he wants to progress an investigation in this area by getting as much read data as possible, look at the read activity, and, once determined, apply this as a way to allocate detected theft.

Phillipa Burton (PB) noted that during the last couple of years there has been a struggle to get meter readings and currently with the pricing situation, customers are reluctant to provide meter readings. DS agreed that is a good point to make and that Engage will have to consider the effect of COVID-19 and the fluctuation in gas prices in their analysis.

**011 – Theft of Gas (Smart Rollout) - Slide 20**

DS provided some background and advised that there is a requirement to know the breakdown of the meter type that sits in the matrix positions, for example: SMART; AMR etc. He advised that the first year this was looked at, there were two meter types, Traditional and SMART. When, in the second year the AMR meter type was included, it showed a marked difference in terms of the profile used to allocate UIG.

DS explained that the SMART data shows nothing in terms of impact, but the AMR shows a considerable variation, and the view was that the SMART rollout should be having a similar impact.

With this in mind, DS suggested there would be some merit in seeing if there is an alternative way of approaching the SMART meter population on the allocation of theft to those supply points other than the baseline data.

MF asked if it is possible that the rollout of SMART meters would not have an effect on theft of gas, given that consumers do not have to have a SMART meter fitted and those that do, probably are not engaging in theft. DS advised he is mindful of this; in terms of the way the SMART rollout will probably go and noted the program is now getting to a point where the installation of SMART

meters has to be more aggressively approached to those that do not have or want a SMART meter.

It was commented that, if a customer was stealing gas and they had an appointment to install a SMART meter, they would likely refuse the installation.

DS noted that the data does not reflect there is much difference overall between SMART and traditional meters and it could be, at this stage in the rollout, maybe SMART has no impact at all on theft.

PB agreed with the comments made and added that the Supplier has the obligation to install the SMART meter, but the customer can refuse.

When Louise Hellyer (LH) asked if most traditional style meters would have more theft, DS confirmed.

DS said, if it turns out the quality of read history is strong indicator and he could justify using that as a means to allocate theft across the time, then there needs to be a decision to made as to how to do that:

- Layer on top an additional profile to the breakdown of SMART/AMR and traditional meter profile
- Just use read history

#### **140 – Meter with a By-pass Fitted - Slide 21**

JH advised this was examined in considerable detail last year in terms that if a By-Pass is fitted and the meter is used, it creates UIG.

There was a methodology last year, but quality data was not available. AUGE want to pick this up again this year as it feels like it is a contributor to UIG, but the data did not justify that conclusion last year.

JH made reference to *Request 0763R – Review of Gas Meter By-Pass Arrangements*, which is looking at the lack of governance around the Meter By-Pass process.

MF suggested it might be helpful to contact Distribution businesses to understand how many By-Passes are in operation. DS clarified that assumptions will be founded on discussions, operational activities, and obligations. Hence the requirement to reach out to the operations behind these devices. He added there appears to be a clear disconnect in what is being reported and what is physically happening.

#### **Prioritised Data Request - Slide 22**

DS provided an overview of a Prioritised Data Request that was submitted to Xoserve on 17 June 2022. The Request includes 47 datasets in total.

#### **Next steps – Slide 23**

DS confirmed that initial analysis from the Engage investigations will be shared with the industry at the Early Engagement meeting on 23 September 2022 and clarified that monthly updates on progress will be provided to the industry via the Joint Office.

DS noted that engagement with stakeholders will continue throughout and that Engage can be contacted at [auge@engage-consulting.co.uk](mailto:auge@engage-consulting.co.uk).

When MF asked if the allocation of UIG is charged via AQ, Fiona Cottam (FC) advised that the AUGE has no role in calculating or making charges for UIG on a daily basis. It is part of contributors allocation within Gemini, therefore, each day when determining how much gas is needed, the User also needs to be satisfying the amount of gas assigned to you included in your energy balancing system and provided a link to the Xoserve website which explains this: [www.xoserve.com/help-centre/demand-attribution/unidentified-gas-uig/](http://www.xoserve.com/help-centre/demand-attribution/unidentified-gas-uig/).

### **2.3. Advisory Service**

#### **Advisory Service - Slide 25**

DS advised this service is designed to provide stakeholders with expert advice from the AUGE. This service can be used to provide additional analysis of other areas which do not fall under the Core Service or the Innovation Service.

18 days per year is allocated to this service.

#### **Ongoing and Proposed Advisory Services - Slide 26**

DS advised that regular formal insights provided to the Performance Assurance Committee has been established, this was well received and will be repeated each October and April.

MR asked if there is seasonal fluctuation in UIG and suggested this might be a worthwhile investigation.

PB agreed with this approach and advised that, internally, she is being asked for a prediction of what UIG produces.

FC worked through some examples of the UIG Interactive Data, specifically UIG as a % of total throughput, which can be found here: <https://www.xoserve.com/uig-charts/uig-as-of-total-throughput/>.

The chart shows monthly UIG as a percentage of total throughput at allocation and after reconciliations processed to date. The allocated UIG % is D+5 allocated UIG.

FC explained this graph attempts to layer subsequent allocation on top of UIG allocation and it evolves as more reconciliations take place.

FC also agreed that seasonal modelling would be useful and that once the material is finalised from the Unidentified Gas (UIG) webinar that was held on Wednesday 29 June, [www.xoserve.com/calendar/unidentified-gas-uig-webinar/](http://www.xoserve.com/calendar/unidentified-gas-uig-webinar/), the Q&As from that session will be available on the website.

DS asked if it is worth providing a write-up of summarising the next steps of this, then have an offline discussion with ScottishPower to help formulate what the ideal outcome might be. PB advised this would be very useful.

#### **Innovation Service – Remit – Slide 28**

DS explained that the Advisory Service is where Engage can help out as the AUGE but not related to how the analysis and the final weighting factors are arrived at, whereas Innovation is seeing if there are there ways that we could do this differently but would probably result in a change to the rules.

#### **Identified Innovations – Recap - Slide 29**

DS agreed to circulate the descriptions that align to each of the innovations that are shown on this slide.

**New Action 0107:** Engage (DS) to circulate the descriptions that align to each of the innovations shown on the Identified Innovations – Recap - Slide 29.

#### **Identified Innovations Top 5 - Slide 30**

DS provided an overview of the top 5 identified innovations which are:

- LDZ Specific Factors
- Changing the residual reconciliation redistribution process (UGR)
- Audit of the Correction Factors
- Investigation into the temperature of gas in the meter
- Investigation into the accuracy (bias) of all types of meters

DS explained that the identified innovations are currently on hold and would need a consensus from Shippers to say they are worthwhile taking forward and he will continue to provide a reminder as the AUG Timetable progresses.

When MR asked if there are any follow-on Modifications that are being raised as a conclusion from the 0781R - Review of the Unidentified Gas process FC clarified that Workgroup seemed to favour going back to more of a universal smear which would require a Modification to be raised and confirmed, as yet there is no Modification on the horizon.

### 3. Any Other Business

#### 3.1. Updated Xoserve Management Review Report

FC was invited to share the updated 2022 Allocation of Unidentified Gas Expert (AUGE) Management Report which is now in final status and is ready to be implemented.

FC confirmed she has reviewed the AUG Framework Document and clarified, that her view is that it does not require changing in relation to this report.

FC also noted that once the review is operational, it will be added to the Indicative Timeline for Analysis Year 22/23 and as part of the introduction of this management process, the chosen service provider would undertake a retrospective review of the 22-23 AUG Statement production process.

FC confirmed that the key milestones in the audit exercise are a statement of assurance to the Committee in January 2023, with a further report before the Statement is tabled at UNCC in April.

### 4. Next Steps and Diary Planning

Further details of planned meetings are available at: <https://www.gasgovernance.co.uk/events-calendar/month>.

Time/Date	Paper Publication Deadline	Venue	AUG Sub-Committee Agenda
10:00 Friday 23 September 2022	5pm Wednesday 14 September 2022	Microsoft Teams Meeting	Early Engagement Meeting
10:00 Friday 13 January 2023	10:00 Wednesday 04 January 2023	Microsoft Teams Meeting	Walkthrough Meeting
10:00 Friday 17 February 2023	10:00 Wednesday 08 February 2023	Microsoft Teams Meeting	Review Feedback Meeting
10:00 Friday 10 March 2023	10:00 Wednesday 01 March 2023	Microsoft Teams Meeting	Review Modified AUGS Meeting
10:00 Friday 14 April 2023	10:00 Wednesday 05 April 2023	Microsoft Teams Meeting	Review Final AUGS Meeting

**Action Table (as at 04 July 2022)**

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0204	08/04/22	3.1	<i>UIG at Allocation</i> Committee participants to consider UIG at Allocation and provide comments at the next meeting which will be late June / early July	Committee participants	<b>Closed</b>
0304	08/04/22	5.1	<i>Allocation of Unidentified Gas Expert (AUGE) Management document</i> FC to review the AUG Framework to see if any reference needs to be made in this document and bring back recommendations to the next AUG meeting (June / July) along with the method of implementation.	Correlá (FC)	<b>Closed</b>