

UNCC (AUG) Sub-Committee
Friday 02 July 2021
via teleconference

Attendees		
Alan Raper (Chair)	(AR)	Joint Office
Karen Visgarda (Secretary)	(KV)	Joint Office
Ben Armstrong	(BA)	Yorkshire Gas & Power
Carl Whitehouse	(CW)	Shell Energy
David Speake	(DS)	Engage Consulting (AUGE)
Fiona Cottam	(FC)	Correla on behalf of Xoserve
Gareth Evans	(GE)	Waters Wye Associates
Jonathan Kiddle	(JK)	Engage Consulting (AUGE)
Louise Hellyer	(LH)	Total Gas & Power
Neil Cole	(NC)	Correla on behalf of Xoserve
Sallyann Blackett	(SB)	E.ON
Sophie Dooley	(SD)	Engage Consulting (AUGE)
Steve Mulinganie	(SM)	Gazprom

Copies of all papers are available at: <https://www.gasgovernance.co.uk/aug/020721>

1.0 Introduction and Status Review

Alan Raper (AR) welcomed everyone to the meeting.

1.1. Approval of Minutes (13 May 2021)

The minutes were approved.

1.2. Approval of Late Papers

There were no late papers.

1.3. Review of Outstanding Actions

Action 0501: JK took a post meeting update action to show communicate the quadrant scoring for Potential Benefit vs Ease of Implementation shown on the Initial Assessment slides at the end of each group.

Update: JK confirmed the quadrant scoring had now subsequently been elaborated and a diagram was provided within the identified innovation scoring to provide clarity, and all agreed the action could then be closed. **Closed.**

2.0 AUG 2021/2022 Timeline

For a detailed update, please refer to the published slides on the meeting page via the link: <https://www.gasgovernance.co.uk/aug/020721>

Where discussions took place regarding a specific topic/area, these have been captured within the relevant section as detailed below.

David Speake (DS) advised attendees that Christian Hill had now moved on and that he was the new Service Delivery Lead for the AUGE. He provided a brief overview of his experience and said that if anyone wanted to contact him, they could do so via email: David.speake@engage-consulting.co.uk or via telephone: 07874 853305.

DS overviewed the purpose of this meeting and said it was to provide the Committee with insight of their proposed approach and overarching methodology for the Gas Year 2022/2023. He added this would also include an overview of the results of Engage's initial analysis and the UIG contributors they proposed to investigate this year, along with a summary of the innovation responses which they were recommending were carried forward to the business case for the investigation stage and a recap of their Advisory Service.

AUG Statement for Gas Year 2022/2023

Jonathan Kiddle (JK) was invited to present the AUG's approach to the AUG Statement for Gas Year 2022/2023 which encompassed an open, transparent and balanced two-way dialogue with the Industry participants.

Overarching Methodology

JK provided a high-level overview of the overarching methodology which included the following areas:

- "Polluter Pays", "Line in the Sand" and "Bottom-Up Determination" remain key principles and underpin Engage's methodology, as was the case last year.
- Polluter Pays – Engage interpret "fair and equitable" to mean that UIG should be allocated (to Matrix Positions) in the same proportions as it is created.
- Line in the Sand – Engage will only consider UIG that will exist at the Line in the Sand (the final Settlement position) and not UIG that exists temporarily prior to this.
- Bottom-Up Determination – Engage will quantify UIG for each identified contributor and add these together, rather than estimating overall UIG and apportioning it or using it as a means for differencing purposes.

Steve Mulinganie (SM) said in relation to the 'Polluter Pays', it would be very helpful if this term could be clarified and defined in more depth, as to which group of customers were targeted. JK said this information was included in the Matrix Positions, however that it could not be specifically targeted, although it was very similar to UIG and AQ Band and Read Submission. DS said that the wording would be amended to provide greater clarity and SM agreed that would help. JK added that this was included in Section 4 of the Statement.

Model

JK noted the existing model would be used for this AUG Year and explained it was a contributor-based model, comprising of an overarching harness model, linked to the separate contributor sub-models. The Weighting Factors are calculated within the harness model which can be viewed on Page 7 of the Engage presentation via the link:

<https://www.gasgovernance.co.uk/aug/020721>

Consumption Forecast

JK provided an overview of the consumption forecast and explained it was an integral part of their model and was used in the calculation of certain contributors. JK said, as per last year, Engage would calculate a national forecast for the Line in the Sand based on historical AQ values for each Matrix Position. This would then be split into individual LDZ forecasts and, that where possible, they would take account of any COVID effects.

Comparison and Observed levels of UIG

JK explained that in order to validate their bottom-up approach, Engage would continue to compare the sum of the UIG calculated for the contributors with current observed values, as per last year and that this was likely to remain as the 18-month average of the rolling twelve-month percentage of throughput.

3.0 AUGE Approach and Considerations for 2021/2022

Background

JK provided the high-level background in relation to the Initial Assessment as detailed below:

- The Initial Assessment identified the contributors to UIG that warrant further investigation. Potential contributors can be identified by Engage, by the industry or by any other third party.
- The Initial Assessment scored the contributors based on their scale, Engage's uncertainty of the scale assessment and their ability to increase the certainty in the scale assessment.
- The top scoring contributors were taken forward to investigation stage. If no methodology existed, then a full investigation took place. If a methodology already existed, a refinement investigation focussing on part of the method would occur.
- For other contributors not subject to investigation their existing methodologies will be used to estimate the UIG using a recent data refresh.
- Any contributor that is not selected, and does not have an existing methodology, will be revaluated in future Initial Assessments.

Identified Contributors

JK explained that 20 contributors were identified for Initial Assessment this year, and the Consumption Meter Errors had been split into three separate contributors (40, 41 and 42) to better reflect the three distinct UIG contributors identified as part of the work undertaken on the 2021/2022 Statement. JK added there were six new potential contributors this year (130 to 180). These new contributors would be discussed in depth in subsequent slides

SM said that he had not found much evidence in regard to unidentified gas from meters with by-pass fitted and that he had only found two open regarding submitting the volume into the assessment. JK said that the initial assessment for meter by-pass was based on data from April 2021 and Engage subsequently now had more evidence to identify UIG and that there had been a data cleanse. He added that it was an initial assessment and that this area had been discussed within the Distribution Workgroup on 22 June 2021 and the following link would provide more information on Modification 0763R - Review of Gas Meter By-Pass Arrangements: <https://www.gasgovernance.co.uk/0763/240621>

AR said that this area of by-pass was also being discussed in other Workgroups, especially as already mentioned within the Distribution Workgroup. JK reiterated that the original data was being re-sensed checked with a more recent data set and that he had requested meter readings for these sites for him to be able to sense check the flags.

130 – Consumption Adjustments

JK provided an overview of the definition as detailed in the presentation.

A brief discussion took place regarding Modification 0746 - Application of Clarificatory change to the AQ amendment process within TPD G2.3 from 01 April 2020 and SM wanted to make sure that JK was aware of this Modification, which JK confirmed he was. He added that it was not likely to affect the 'line in sand' from Engage's perspective. AR confirmed the Modification would be discussed at the July 2021 Panel and then submitted to Ofgem for their decision.

Initial Findings

JK overviewed the initial findings as below:

- There have been almost 1.3 million Consumption Adjustments submitted since January 2018.
- The total volume of the Consumption Adjustments is 13 TWh.
- If there was a 1% error with the Consumption Adjustments, then the energy associated with this is 132 GWh.

Gareth Evans (GE) asked if there was any defined documentation in relation to how to do a Consumption Adjustment and Fiona Cottom (FC) provided the link below and confirmed this was the CMS User Guide on the Xoserve Website. <https://www.xoserve.com/media/1063/cm-shipper-user-guide-v3.pdf>

140 – Meters with By-Pass Fitted

JK provided a summary of the definition as detailed in the presentation.

Initial Findings

JK overviewed the initial findings as below:

- There were 107 sites with an open By-Pass and if, for example, they were open for a year then over 1 TWh would be consumed.
- Less than 25% have had a Consumption Adjustment at some point in the past therefore it is likely that some Consumption Adjustments are not being submitted.

GE wanted to know if the duration of these had been fully investigated and JK said that the meters with by-pass fitted was still presently being explored and evaluated.

150 – Meterless Sites

JK provided a summary of the definition as detailed in the presentation.

Initial Findings

JK explained that:

- There were 10,429 Meterless Sites with an associated AQ of 176 GWh however only 754 before the Line in the Sand with an associated AQ of 14 GWh.

160 – Isolated Sites

JK overviewed the definition, as described in the presentation.

Initial Findings

JK noted that:

There are 14,734 Isolated sites with an AQ of 335 GWh and commented that even if only 10% are consuming gas, then UIG will be 34 GWh.

GE said that JK was creating lots of good points, although he wanted to know why there were still isolated sites which had been like that for a 15-year time period, and he said he has concerns on safety regarding these. JK said that Engage unfortunately had no answer on this matter, as this area was not in their process.

A brief general discussion took place, and it was agreed that this matter should be raised at The Performance Assurance Committee (PAC) in the first instance to assess this from an energy perspective, for it then to be explored within the appropriate workgroup, if it was deemed to be a safety issue. FC agreed to take this to PAC for discussion.

New Action 0701: Correla on behalf of Xoserve (FC) to raise at PAC the accuracy over data in relation to isolated sites.

170 – Incorrect Meter Technical Details on UK Link

JK summarised the definition as detailed in the presentation.

Initial Findings

JK explained that:

- Engage investigated whether the meter details matched the allowable values for one LDZ.
- The matched were likely to be correct; the unmatched might be wrong.
- Only 86 sites were unmatched.

- Without individual assessment it would be very hard to validate the accuracy of the unmatched meter technical details.

180 – Unfound Unidentified Gas Contributors

JK summarised the definition as detailed in the presentation.

Initial Findings

JK confirmed that:

- The difference between the calculated UIG and the observed levels in the Statement for the 2021/2022 Gas Year was 1,753 GWh.
- Engage had not yet identified any Matrix Position or contributor which could be associated with this difference.
- Engage has not identified an indisputably more equitable methodology to apportion the difference between the two values for the 2022/2023 AUG Statement.

Existing Contributors

Refinement Investigations

JK provided an overview of the refinement investigations as detailed below:

- As part of the initial analysis, Engage assessed the existing contributors' methodologies to identify any areas that could be refined.
- If the potential improvements score highly enough within the Initial Assessment, then the contributor would be subject to a refinement in part of the methodology rather than a full re-investigation.
- Engage identified two contributors with existing methodologies which had a potential for improvement:
 - 010 Theft of Gas specific investigation into AMR; and
 - 090 No Read at the Line in the Sand

SM said that the existing contributors were a big concern and he had raised this in the consultation and directly with Ofgem, in relation to the figure that implied that 1 in 7 SMEs are stealing gas and his view was by such an inference and the whole area needed reconsideration. SM reiterated that the theft needed to be reinvestigated extensively. JK said that he did not have any new data for this area however it be impacted by the AMR investigation. Louise Hellyer (LH) concurred with SM about how concerning this area was, especially as this had to be explained to their customers. She understood that there was the need for the real data, but she added that clear and confirmed evidence as needed as the current assumptions should not be rolled into AMR. JK agreed to re-examine at this area and provide more clarity regarding the SMEs.

New Action 0702: Engage (JK) to supply further justification of the SME percentages, together with numbers; EUC Band 1NI.
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010 – Theft of Gas (Only AMR)

Initial Findings

JK explained that:

- As part of the initial analysis, Engage had requested details of the current AMR population.
- JK overviewed a schematic which provided a current snapshot, he added that they additionally requested the details of other sites with daily read equipment fitted which was not AMR or smart.
- Engage will use this data to investigate whether historical proportions of AMR sites are a suitable proxy for future proportions in the modelling of theft from AMR sites, or whether any adjustments are required.

JK noted that the overall percentages were much lower than expected and they had asked for an additional report that was Class 3 & 4, he added that it would be helpful to know if any other party thought these percentages were correct or incorrect.

SM confirmed he would be able to assist JK by providing more detail and JK said he would supply a post meeting report regarding these percentages.

Post Meeting Report:

JK provide the populated table of the count of sites which have AMR devices fitted.

Count of Sites that have AMR fitted as below:

		CLASS			
		1	2	3	4
EUC BAND	1BND	0	0	3,348	17,726
	1BPD	0	0	8	55
	1BNI	0	2	25,847	112,448
	1BPI	0	0	4	63
	2BND	0	0	355	2,786
	2BPD	0	0	0	3
	2BNI	0	2	19,842	37,605
	2BPI	0	0	4	5
	3B	0	14	5,241	15,628
	4B	0	58	2,552	8,321
	5B	0	14	478	2,042
	6B	2	15	124	634
	7B	5	13	54	208
	8B	8	18	20	80
	9B	17	1	0	13

New Action 0703: All to consider the actual numbers /percentages of the count of sites which have AMR devices fitted.

FC said that this exercise was also likely to drive another area of data cleansing which would be beneficial.

090 – No Read at the Line in the Sand

Initial Findings

JK noted that:

- During the Initial Assessment Engage revisited the rejected read data and identified more reasons that could be used to calculate AQ error.
- Additionally, a change in the Line in the Sand had occurred for a date past 01 June 2017. This could result in a more accurate method of calculating the unreconciled allocation percentage.

Scoring

Scoring Mechanism

JK explained how the scoring mechanism was approached as detailed below:

- The Initial Assessment was based on the 2021/2022 AUG Statement and analysis of files requested in the Initial Assessment Data Request.
- The level of contribution was assessed on a scale of 1 to 5, where 5 was the highest and 1 was the lowest. The energy boundaries for the size were as follows:
1 - 0 to 10 GWh, 2 - 10 to 100 GWh, 3 - 100 to 500 GWh, 4 - 500 GWh to 2.5 TWh and 5 - Greater than 2.5 TWh.
- Uncertainty in the level and/or source of contribution was assessed against three different criteria based on the 2021/2022 AUG Analysis and available data sources. Each element of knowledge of issue, quality of data and strength of current assessment methodology was scored out of 5 where 1 was certain and 5 was uncertain. The results were then summed and divided by 3 to provide a certainty score out of 5.
- Credible and cost-effective means to increase certainty was assessed against the likelihood to improve in the next gas year. This was on a scale of 1 to 5 where 1 was lowest likelihood and 5 is highest.
- These scores were combined to identify the ones that should be investigated for the 2022/2023 Gas Year.

Initial Assessment

Results

JK said from a results perspective they had adopted the plotting of the highest scoring to the lowest scoring for each contributor using the existing methodology and this had been carried forward for this year.

Proposed Investigation

JK noted that the following contributors were proposed for detailed investigation:

- Meters with By-Pass fitted
- Isolated Sites

It was proposed the following existing contributors were subject to a refinement investigation:

- Theft of gas (AMR only)
- No Read at the Line in the Sand

Eight other contributors would have their existing methodologies used to estimate the UIG using a recent data refresh.

Eight contributors would remain on the list for Initial Assessment next year.

AR said that this was information would be further discussed at the preliminary engagement meeting on 30 September 2021.

Summary

JK overviewed the summary as detailed below:

- The Prioritised Data Request was submitted to Xoserve on 08 June 2021.
- The request to other industry parties was submitted w/c 07 June 2021.
- Updates on the progress of the delivery of the reports will be provided within the monthly industry update.

SM said that it seemed that the meter by-pass arrangements seem to be largely working and that this implied it was not a large issue, and so did this mean this was not going to be taken forward regardless of the energy aspect. JK explained that it should be quite easy to prove for this year and that this was the initial view of the data, although he wanted to investigate the data more to quantify it.

Next Steps

JK confirmed the next steps as detailed below:

- Initial analysis from their investigations would be shared with the industry at the early engagement meeting on 30 September 2021.
- Monthly updates would be provided to the industry via the Joint Office
- Engagement with stakeholders would continue throughout the process. Engage can be contacted at: AUGE@engage-consulting.co.uk

4.0 Potential Innovations Feedback

Innovation Service

Identified Innovation Assessment

JK overview the high-level summary as below:

- At the AUG Sub Committee meeting on 13 May 2021 Engage presented the 27 innovations that they had identified.
- Their scoring of the potential benefit to the industry and a high-level assessment of the ease of implementation from the perspective of the central system was provided
- Engage asked Shippers to provide them with their scores, based on their assessment of the UIG benefit and their ease of implementation.
- Engage were provided with five varying responses from a mix of Shippers.
- The scoring was combined and then averaged over the five responders.

Top 5 Combined Scores

JK explained they had plotted the average Shipper scores and potential benefits to UIG (as detailed on the schematic) that can be viewed via:

<https://www.gasgovernance.co.uk/aug/020721>

JK noted the top scoring innovations on the graph were 10 LDZ Specific Factors; and 90 Changing the residual reconciliation redistribution process (UGR) and he explained the scores had been average out.

Recommendation

JK then overview Engage's recommend that the innovations taken forward to business case for investigation stage were:

- 10 LDZ Specific Factors; and

- 90 Changing the residual reconciliation redistribution process (UGR)

Subject to approval at the meeting held on 02 July 2021 the chosen innovation(s) will be recommended to be progressed at the July 2021 UNCC.

Once approved Engage would commence drafting of the business case(s) for investigation and these will be provided in advance of the Early Engagement meeting in September 2021.

SM said in relation to 10 that he thought this had been explored previously and there had been systems implications highlighted and so it was not that easy to open up systems and that it would require a Modification. He added that 10 and 90 would both require a Cost Benefit Analysis. JK agreed that they all needed a specific Cost Benefit Analysis and GE said that these were required as soon as possible.

GE said he questioned 90 as it too had been discussed in the past in relation to when Nexus was going live, in 2013/2014. FC said this was correct and that there had been some systems implications that were challenging.

AR reiterated that both 10 and 90 would require a Modification to be raised regardless and all agreed. JK said as Engage could not raise a Modification as they were not a Code Party then a sponsor would be required, with a Business Case for each one.

Advisory Service

Remit

JK provided a brief overview of the Advisory Service as detailed below:

- Engage's Advisory Service is designed to provide stakeholders, including relevant industry groups, with expert advice from the AUGÉ.
- Last AUGÉ year, the Advisory Service was used once to participate in a fact-finding Workshop with RECCo on reporting and use of theft of gas data.
- One potential use for the Advisory Service requested by the industry is to provide a forecast of the monthly breakdown of UIG for a Gas Year. This is outside of the terms of the Core Service; however, Engage could define the scope of this work subject to committee approval.
- Engage could also provide additional analysis of other areas which do not fall under the Core Service or the Innovation Service.

AR said he appreciated that the AUG Sub-Committee was a non-voting Committee, and that from the Terms of Reference in relation to the area of innovation, and that there needed to be a majority consensus of agreement to move the two innovations areas to the next stage. When AR asked, no one present disagreed with a proposal that Engage should investigate and move forward with Innovation 10 and 90, for them to be considered at the July UNCC Panel meeting.

New Action 0704: Engage (JK) and Correla on behalf of Xoserve (FC) to produce a one-page summary document to overview the two innovations; 10 LDZ Specific Factors; and 90 Changing the residual reconciliation redistribution process (UGR) for submission to the UNCC on 07 July 2021.

SM said that a draft Modification would need to be produced for both innovations, to include the key sections; why, solution and a Rough Order of Magnitude (ROM). SM proposed that Engage should provide the basis of the Modifications and DS agreed.

New Action 0705: Engage (DS/JK) to provide the basis of the Modifications in relation to Innovations 10 and 90; why, solution and ROM.

SM wanted to know if the Advisory Service areas were included in the budget and what the impact would be. FC explained that the budget information was confidential. SM said that if the agreement was bi-lateral that he could then understand the confidential aspect, but as this was not the case, he felt it was important to assess the value of the report. FC agreed and said she would investigate this financial area in more detail with Engage to see what information could be shared. SM said it was not his intention to prevent progress but that his request was all about transparency. DS said that he would discuss this matter with FC and view to releasing further information.

SM also asked if more clarification could be provided in relation to the statement detailed: *“One potential use for the Advisory Service requested by the industry is to provide a forecast of the monthly breakdown of UIG for a Gas Year. This is outside of the terms of the Core Service; however, Engage can define the scope of this work subject to committee approval.”* He said it would be helpful to know more information on forecasting UIG for a gas year, and JK said that he would provide this information.

New Action 0706: Engage (JK) to provide information on the forecasting UIG for a gas year.

DS said that a standard proforma approach could be supplied and that the only question was the timing. FC said that she would talk to the party that initially raised the point and SM said if it proved to be a time critical matter then perhaps the timelines would have to be flexed so this could be accommodated.

Industry Issues Log

JK provided a high-level overview of the open and closed issues.

Future Considerations

JK summarised the future considerations and explained that some of these had been raised in the consultation process last year. He added that the initial 27 innovations were too unmanageable and that for next year, he would quantify and qualify the items with a view to condensing them down to between 5 and 10.

5.0 Review of AUG Year 2020/21

FC provided a summary of the AUG Year Review 2020/21 document that was presented to the UNCC meeting in June 2021 as per the link: <https://www.gasgovernance.co.uk/uncc/170621>

She explained the report encompassed all the responses and that ICoSS had submitted an additional document which requested an Xoserve Review Group to assess a number of possible changes to UIG Allocation processes. FC said Xoserve's view was that these changes would need to be assessed in UNC Forum to ensure proper visibility and governance, and that ICoSS had been advised that Xoserve would not be setting up a working group at that stage, and highlighted ScottishPower's representation in relation to monthly forecast of UIG which they had requested to assist with their own analysis.

6.0 Next Steps

AR confirmed the next meeting would be held on 30 September 2021.

7.0 Any Other Business

None

8.0 Diary Planning

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

Time/Date	Venue	AUG Sub-Committee Agenda
30 September 2021	Via Microsoft Teams	Standard Agenda

Action Table (as at 02 July 2021)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0501	13/05/21	3.0	JK took a post meeting update action to show communicate the quadrant scoring for Potential Benefit vs Ease of Implementation shown on the Initial Assessment slides at the end of each group	Engage (JK)	Closed
0701	02/07/21	3.0	Correla on behalf of Xoserve (FC) to raise at PAC the accuracy over data in relation to isolated sites.	Correla on behalf of Xoserve (FC)	Pending
0702	02/07/21	3.0	Engage (JK) to supply further justification of the SME percentages, together with numbers; EUC Band 1NI.	Engage (JK)	Pending
0703	02/07/21	3.0	All to consider the actual numbers /percentages of the count of sites which have AMR devices fitted.	ALL	Pending
0704	02/07/21	4.0	Engage (JK) and Correla on behalf of Xoserve (FC) to produce a one-page summary document to overview the two innovations; 10 LDZ Specific Factors; and 90 Changing the residual reconciliation redistribution process (UGR) for submission to the UNCC on 07 July 2021.	Engage (JK) & Correla on behalf of Xoserve (FC)	Pending
0705	02/07/21	4.0	Engage (DS/JK) to provide the basis of the Modifications in relation to Innovations 10 and 90; why, solution and ROM.	Engage (DS/JK)	Pending
0706	02/07/21	4.0	Engage (JK) to provide information on the forecasting UIG for a gas year.	Engage (JK)	Pending