

**UNCC AUG Sub-Committee Minutes**  
**Friday 10 March 2023**  
**via teleconference**

**Attendees**

Bob Fletcher (Chair)	(BF)	Joint Office
Helen Bennett (Secretary)	(HB)	Joint Office
Claire Louise Roberts	(CLR)	ScottishPower
Dan Stenson	(DSt)	Brook Green Trading
David Morley	(DM)	Ovo Energy
David Speake	(DSp)	Engage Consulting (AUGE)
Deborah Sherlock	(DSh)	Xoserve
Fiona Cottam	(FC)	Correla on behalf of Xoserve
Louise Hellyer	(LH)	TotalEnergies Gas & Power
Mark Jones	(MJ)	SSE
Neil Cole	(NC)	Correla on behalf of Xoserve
Phillipa Burton	(PB)	ScottishPower
Rhys Kealley	(RK)	British Gas
Sophie Dooley	(SD)	Engage Consulting (AUGE)
Steve Mulinganie	(SM)	Gazprom Energy

**Apologies**

James Hill		Engage Consulting (AUGE)
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Copies of all papers are available at: <https://www.gasgovernance.co.uk/aug/100323>

**1. Introduction and Status Review**

Bob Fletcher (BF) welcomed everyone to the meeting and explained the main emphasis of the meeting was to consider the revised AUG Statement.

**1.1. Approval of Minutes (17 February 2023)**

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**

No Outstanding Actions from previous meeting.

**2. Consideration of Revised AUG Statement**

David Speake (DSp) advised that based on consultation responses and updated data extracts the Unidentified Gas (UIG) forecasts; consumption forecast have been updated resulting in a revision to the Weighting Factors.

The proposed Final AUG Statement was published on 03 March 2023.

**Changes:**

In summary, the main changes to the AUG Statement, which will now form the Proposed Final Statement are as follows:

Area	Update
Consumption forecast Slides 5-6	New data shows accelerated drop in consumption, with some impact on estimated UIG and allocation to 1PD.
Refreshed datasets	The up to date snapshots of several datasets have been taken which have resulted in immaterial changes to contributors (Dead Sites, Isolated Sites, and No Read at the Line in the Sand), and the impact of consumption data.
Weighting Factors Slides 7-11	Weighting Factors are updated reflecting the changes made to Consumption forecast and refreshed datasets. Comparisons between these proposed Final Weighting Factors and those for Gas Year 2022 – 2023 are provided in the published presentation here: <a href="http://www.gasgovernance.co.uk/aug/100323">www.gasgovernance.co.uk/aug/100323</a> .
Smart Rollout theft investigation	Having now analysed the most recent Theft Risk Assessment Service (TRAS) data, the AUGE have provided their investigation into alternative ways to allocated undetected theft to SMART meter populations.  The result of the investigation did not require a change to the methodology.
Meter bypass	With no further meaningful inputs to the AUGE assumptions, the AUGE have recorded that this investigation remains inconclusive.

### Consumption Trends - Slide 5

Sophie Dooley (SD) explained the graphs shown on this slide and noted that the biggest month-on-month reduction seen in AQ, has been since the Draft AUG Statement was published.

### Consumption Forecast - Slide 6

SD explained this slide shows the Draft Statement vs the Proposed Final Statement which sees a general reduction in AQs across the board.

### Proposed Final Weighting Factor Table - Slide 7

SD explained the proposed final table reflects revisions made to Dead Sites, Isolated Sites and the No Read population and noted that the relative numbers are comparable with previous Statements, but the absolute numbers are not.

### Draft Statement Comparison - Slide 8

This slide shows the changes made between the Draft Statement and the Proposed Final Statement in % terms.

When SD explained that the 1PD class has seen a 24% reduction in its consumption forecast since the Draft Statement was published, leading to a larger relative share of the theft contributor for the Matrix Position. Steve Mulinganie (SM) commented that it could be a reaction of a quicker demand reduction for this particular class. He said that these sites, by their nature, have a more accurate view of consumption, therefore they are quicker to show the change due to recent market price changes. SD confirmed that in conjunction with the forecasting methodology has contributed to the change.

Fiona Cottam (FC) provided some context by adding that CDSP are calculating around 11million AQs every month. If a customer has a pre-payment meter, this is pay-as-you-go, which would see a more immediate change if pre-payment customers start to minimise their spend on Gas, as opposed to a credit meter customer that is billed quarterly, and would be more cushioned from the immediate spend.

### **Year-on-Year Comparison - Slide 9 & 10**

These slides show the difference from the Proposed Final Statement for 2023-2024 and the Final values from 2022-2023 in % form with the following commentary:

*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*

### **Total UIG Estimate - Slide 11**

This slide shows UIG by Contributor as well as a comparison with 2022-2023 Gas Year and shows a total estimated UIG for the 2023-2024 Gas Year is 8,497 GWh with Theft of Gas contributing 6,823 GWh of that total.

When Louise Hellyer (LH) asked how comfortable AUGGE are with UIG dropping in the Proposed Final Statement vs the Draft Statement. DSp clarified that without a full methodology overall, with the bottom up approach, the UIG value has to go down. He added that this is listed in the Future Consideration log (22/4a) shown on Slide 12 but has not yet been taken forward as there will be work required to work out how to share it out.

SM commented that he agrees, this is a challenge and suggested AUGGE might want to consider working out theft as a value and the remainder could be considered in a review of model error.

### **Future Considerations – Slide 12**

DSp explained the four considerations shown and advised these will be considered in the next phase of the AUG Timetable.

AUGE Action		
23/1	We will review all Matrix Positions for out of the ordinary historical consumption patterns given five full years' data since Project Nexus Implementation Date	DSp noted that consumption patterns have a huge impact on results for this year (2023-2024)
23/2	We will continue to work with industry to consider changes to the methodology and approach to determining Weighting Factors in Matrix Positions in EUC Band 01PD, in recognition of the historically increasing differential between these UIG for domestic credit and prepayment customers.	
22/2d	We will continue to monitor closely any output from other research and analysis being undertaken in the area of energy theft, and specifically the outcome of the current RECCO review.	DSp advised that AUGE have looked at this and understand how RECCO have come to their output. AUGE will liaise with RECCO to see if there is anything that could be considered for theft methodology.
22/4a	We will assess the scaling up of our UIG estimate under contributor '180 Unfound UIG Contributors'.	As discussed in Total UIG – Slide 11

David Morley (DMs) asked about unfound contributors and Shrinkage but did appreciate that AUGE are not allowed to comment on Shrinkage. DSp advised that Shrinkage remains firmly outside the scope of Shrinkage, although he did understand the reason why it is referred to be some parties. It was agreed that DMO will contact AUGE outside of this meeting.

### Initial Assessment – Process - Slide 13

DSp explained the process beyond the end of March 2023 and provided a reminder of last year's outcomes:

- *First step each year is to consider areas of focus for improving existing methodology*
- *This will happen this year in the context of:*
  - *Modification 0831 - Allocation of LDZ UIG to Shippers Based on a Straight Throughput Method*
  - *Increasing relative impact of theft contributor*
  - *Industry focus on theft prevention and detection*
  - *if implemented, Modification 0840 (Urgent) - Equalisation of prepayment and non-prepayment AUG factors*
- *Industry views will be more important than ever*

DSp noted that the AUGE will, and can, go through the same process of looking for new UIG factors and asked industry to consider whether there is a consequence for the AUGE in identifying other UIG factors and is there a focus that parties would like in their approach for this year.

SM asked that Model Error in UIG calculation is considered as he believes this has huge commercial impacts and consequences. DSp agreed with this and asked if this would fall into UIG or something for DESC to consider.

LH advised that the DESC modelling tends to look at a post reconciliation position, where as data should be available due to the increased use of SMART Metering for models to be update with current data.

SM also mentioned the meter reading process that PAC are considering and where there might be a breakdown in the hand-off from the Data Communications Company (DCC) issues mentioned at the Performance Assurance Committee meetings. This would bring a more broader role of the AUGS and work to do in slightly different fields.

D Stenson (DSt) highlighted the Alternative Modification to 0831 - Allocation of LDZ UIG to Shippers Based on a Straight Throughput Method which proposes an alternative solution of Allocation of LDZ UIG to Shippers (Class 3 and 4) Based on a Straight Throughput Method.

DS highlighted that there is an opportunity to increase the availability and use of data as some consumption bands have limited DNO sample data points and this could be improved with a wider adoption of SMART Metering data.

### 3. Next Steps

The next steps were highlighted as follows:

The Final AUG Statement will be provided to the AUG Sub-Committee by 31 March 2023 and presented at the 14 April meeting, prior to consideration at the UNCC Meeting on 20 April 2023.

### 4. Any Other Business

#### 4.1 UIG Reconciliation Costs (Bulb)

SM asked for clarification of how the UIG reconciliation costs for (Bulb) will be distributed. He noted the circumstances are unique, and if anything different is going to happen he will need to know, if the BAU process is followed, he would be happy with that.

FC clarified she will investigate and provide a post meeting not for the minutes of this meeting.

#### Post-Meeting Note

FC confirmed after the meeting that according to the Scheme Document and CDSP colleagues, all historic and future liabilities relating to UNC charges were transferred to Octopus, so the sale does not create any additional market exposure.

Documents relating to the Scheme can be found via the BEIS website announcement: <https://www.gov.uk/government/publications/bulb-energy-notification-of-energy-transfer-scheme/energy-transfer-scheme-notification-bulb-energy>

### 5. 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 14 April 2023	10:00 Wednesday 05 April 2023	Microsoft Teams Meeting	Review Final AUGS Meeting