

UNCC (AUG) Sub-Committee
Friday 11 September 2020
via teleconference

Attendees		
Loraine O'Shaughnessy (Chair)	(LOS)	Joint Office
Helen Bennett (Secretary)	(HB)	Joint Office
Carl Whitehouse	(CW)	Shell
Chandima Dutton	(CD)	Waters Wye Associates
Chris Hill	(CH)	Engage Consulting
Fiona Cottam	(FC)	Xoserve
Jason Salmon	(JS)	Utility Warehouse
Jonathan Kiddle	(JK)	Engage Consulting
Louise Hellyer	(LH)	Total Gas & Power
Mark Jones	(MJ)	SSE
Mark Rixon	(MR)	Independent Contractor
Rhys Kealley	(RK)	British Gas
Sallyann Blackett	(SAB)	EON
Steve Mulinganie	(SM)	Gazprom

Apologies: Oorlagh Chapman - Centrica

Copies of all papers are available at: <https://www.gasgovernance.co.uk/aug/110920>

1.0 Introduction and Status Review

Loraine O'Shaughnessy (LOS) welcomed everyone to the meeting.

Following a recent request, LOS welcomed Mark Rixon who requested to join as an interested party.

1.1. Approval of Minutes (10 July 2020)

The minutes from the previous meeting were approved.

1.2. Approval of Late Papers

LOS advised the Committee there were no late papers provided.

1.3. Review of Outstanding Actions

Action 0903: Gazprom (SM) to facilitate conversation between AUGE and MAMs regarding meter maintenance and site-specific conversion factors

Update: Steve Mulinganie (SM) will forward the email exchange that confirms the action is complete. **Closed (pending copy of email exchange)**

Action 0701: Data Acquisition & Detailed Investigations - AUGE (Engage) to provide feedback and transparency in the Monthly Summary reports published.

Update: Chris Hill (CH) advised that two monthly reports have been published to date. No queries have been raised as yet. **Closed**

Action 0702: Advisory Service - Xoserve and AUGE to review and create a list of FAQ's; Points of Contact.

Update: CH advised this is ongoing, FC added that the first step is to review the Terms of Reference (TOR), this will be covered as part of agenda item 4.0. **Carried Forward**

Action 0703: Advisory Service - Joint Office (LOS/HB) to review how the Joint Office AUG web pages are organised and consider how the provision of new information will be supported.
Update: LOS advised the Joint Office Website that has been updated and shared with Workgroup the AUG web page. FC explained that AUG information is in two different places, AUG Sub Committee and AUG Information (Post Nexus), both pages are now cross referenced. FC advised that she has not reviewed the FAQs and that these are probably out of date. FC confirmed she will review the FAQs and provide an updated version. as part of this outstanding action. **Closed**

New Action 0901: CDSP (FC) to review and publish a revised FAQ document.

Action 0704: Advisory Service - Engage to put signpost to Joint Office on the Engage website.

Update: CH advised that Engage are liaising with their 3rd party that manages their website and will update accordingly once plans are in place to make this amendment. **Carried Forward**

Action 0705: Items Carried Over from Previous AUG - CDSP and Engage to look at the current TOR in terms of adding in how the Advisory Service would be managed. To consider at the next AUG Sub-Committee meeting in September 2020 in advance of seeking approval at UNCC.

Update: FC provided a draft of the suggested changes and this will be covered under Agenda item 4.0. **Closed**

Action 0706: UIG Potential Data Sources - SM to consider how to manage the relationship going forward between REC and Engage. In light of the first meeting issue of theft related data needs to be considered, relationship between REC; AUG Sub Committee and Engage.

Update: SM advised Andrew Wallace from REC is involved and suggested that if any issues are identified Andrew Wallace should facilitate. SM has not been approached. SM suggested to close the action on the basis that, if this is required in the future a new action will be opened. SM said that should the need arise, Engage can approach him to take any issues forward. **Closed**

2.0 AUG 2021/2022 Timeline

LOS advised that the timeline had been provided in the Minutes of July 2020, it was confirmed that the timeline has not been changed and CH advised that this will be reviewed as part of agenda item 3.0. It was agreed that the timeline will be incorporated into the minutes going forward for ease of viewing.

The current Indicative AUG Timeline for Analysis Year 2020/21 can be found here: www.gasgovernance.co.uk/augenex2122.

Summary of the Timeline and its progress is as follows:

10 July 2020 — Introduction meeting

11 September 2020 — Early engagement meeting

01 January 2021 Publication of the first draft AUG Statement

15 January 2021 Walkthrough of the draft AUGS

22 January 2021 Deadline for Industry feedback

12 February 2021 AUG Sub-Committee meet to discuss Industry feedback

5 March 2021 Publication of modified AUGS
12 March 2021 AUG Sub-Committee meet to discuss modified AUGS

1 April 2021 Publication of revised AUGS (if required)

06 April 2021 AUG Sub-Committee meet to discuss final AUGS

15 April 2021 Final AUGS is presented to UNCC

01 October 2021 Final AUGS effective date

3.0 AUGE Approach and Considerations for 2021/2022

3.1. Latest view of data sources and availability of data

CH and Jonathan Kiddle (JK) provided a high level overview of their approach and consideration on the Core Service and the Innovation and Advisory Service.

The presentation covered the following main topics, where there was interaction with 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/110920.

Delivery Timeline

CH highlighted that the AUG is now at the Early Engagement Meeting within the timeline and explained the next step will be provision and publication of the draft AUG Statement by 01 January 2021.

Overview of Progress

CH advised that the methodologies for the four contributors identified for detailed investigation are still in development and are:

- Theft of Gas
- Consumption Meter Errors
- Meter Errors at LDZ Input
- No Meter Read at Line in the Sand

Calculation Methodology Recap

JK provided a reminder that the calculation methodology will be a bottom up calculation of the forecasted energy associated with each UIG contributor.

Within this methodology there will be an estimated total UIG which will be compared with individual contributors.

UIG Initial Assessment Recap

JK provided a view of the table where the contributors to UIG are ranked by a score, to identify which will have detailed investigations carried out for, those that are not highlighted for investigation, out of the twelve listed, six do already have methodologies and the two that do not, (CV Shrinkage and Meter Exchanges), JK clarified the scale of UIG could be quite small on these and would be explained later during the presentation.

As part of handover, JK advised that Unregistered and Shipperless sites had over 1000 spreadsheets provided by the previous AUGE, and that Engage were looking to simplify that methodology.

SM said it would be helpful to highlight on the table where Engage are utilising previous methodology, he would like to understand how the Engage thinking is being applied.

New Action 0902: *UIG Initial Assessment Recap* - Engage (JK) to provide high level summary of which methodologies have changed. Will be incorporated in the September Monthly Report for visibility.

Existing Contributors

JK advised of the seven contributors identified by the previous AUGE (DNV-GL) that some did not score highly enough in the Engage initial assessment, the methodology previously used as been assessed and updated to include the effects of Modification 0711 - Update of AUG Table to reflect new EUC bands, these are:

- 020 - Unregistered Sites;

The UIG for Unregistered Sites is calculated by estimating the number of sites that will be off-taking gas while remaining unregistered on central systems and cannot be back billed. JK highlighted several scenarios that this could happen listed on the presentation.

Modification 0711 impacts the calculation of the matrix position that the UIG needs to be apportioned to.

- 025 - Shipperless Sites

Shipperless sites are identified when the relevant transporter finds a meter on site while trying to make the service secure as part of the GSR visit.

JK advised that Modification 0711 impacts the calculation of the matrix position that the UIG needs to be apportioned to.

- 030 - IGT Unknown Projects;

JK explained this was an issue identified by the previous AUGÉ (DNV-GL) and was created by rejections of new sites between the IGT and the CDSP. Prior to Project Nexus, IGTs registered new projects with Xoserve. The registration process changed as part of Project Nexus and these unknown projects are no longer created.

JK advised that Engage are not taking this topic any further, but they will include this topic in future initial assessments.

When SM asked if this can be removed from the scope, JK agreed to remove it at the end of this year. LOS sought agreement from Committee if they agreed that this topic is removed from the scope as suggested and no further comments provided.

- 060 - IGT Shrinkage

JK advised that Shrinkage from IGT sites is not currently accounted for within the settlement process unlike shrinkage from the NTS and LDZs. He went on to explain that IGT Shrinkage creates positive UIG and explained how IGT Shrinkage is calculated advising that the IGT Shrinkage volume, the leakage rates from the National Leakage Test are multiplied by the length of mains that will be live for the forecast year and the total energy volume is multiplied by the CV for the whole network.

Engage are obtaining the mains length directly from the IGTs and their forecast, rather than the DN mapping system.

SM wondered why DNV-GL operated as they did, by not asking the IGTs directly for their mains length? JK advised he was unsure why and this was not asked as part of the handover from DNV-GL to Engage.

CH clarified there have been a number of meetings with DNV-GL and there is still some time left to meet with them, for the transition and he will attempt to clarify this.

Rhys Kealley (RK) asked if IGTs have any incentives, JK advised that this process will not affect the IGTs directly, although they may have to pay for the Shrinkage themselves.

JK added that the system DNV-GL used needed a licence, which had quite a high cost associated to it, therefore, approaching IGTs directly is more cost effective.

JK advised that the impact of Modification 0711 is within the splitting of the total volume to matrix position.

New Action 0903: Engage to discuss with DNV-GL with regards to Topic 060 - IGT Shrinkage, as to why they operated as they did and chose not to approach IGTs directly for their individual mains length.

- 070 - Atmospheric Pressure Assumption

JK explained the methodology for this topic is similar to what DNV-GL were using. The Engage methodology has one additional area which is altitude and its effects as it seems to have quite a large impact on UIG.

Following a short discussion JK clarified that there is an impact on pressure if altitude is being used as part of the methodology and that at the moment, he is unsure of the full affects.

Chandima Dutton (CD) mentioned that DNV-GL had access to a temperature study and asked if that was shared as part of the handover to Engage. JK clarified that DNV-GL could only share the temperature output and there was no altitude data.

JK advised that Modification 0711 impacts the number of matrix positions that the UIG is split between and the proportion of sites with corrective equipment installed.

SM suggested the Committee request (Xoserve) to establish the Temperature Study Report data.

New Action 0904: *Atmospheric Pressure Assumption* - On behalf of the Committee, Xoserve (FC) to request more information to be shared from DNV -GL with regards to the Temperature Study they had access to.

- 080 - Average Temperature Assumption

JK advised that Temperature is assumed to have a static value of 12.2°C within the standard national conversion factor. If the temperature is lower than the static value, it will create positive UIG. If the temperature is higher than the static value, negative UIG is created.

Domestic temperatures are taken from the Domestic Meter Temperature Survey and non-domestic temperatures from the I&C Temperature Study (ICTS). The internal or external meter location is required for domestic sites, due to the effect this has on temperature. JK advised that the 'temperature error' is the difference between the applicable study temperature and the assumed temperature.

JK further clarified that the study chosen for the matrix position to take forward is different to the one that DNV-GL chose.

JK advised that Modification 0711 simplifies the selection of the appropriate study to be used in the calculation.

- 100 - Large Sites with Incorrect Correction Factors

Sites with an AQ of greater than 732,000 kWh are meant to have a site-specific correction factor based on the altitude of the site and the pressure of the gas at the meter.

It is assumed that any site falling into the above category and using the default correction factor of 1.02264 will be incorrect and if the factor is too low it will create positive UIG and if the factor is too high negative UIG will be created. JK advised that this will be affected with the implementation of Modification 0681 – Improvements to the quality of the Conversion Factor values held on the Supply Point Register.

SM questioned if Modification 0681 – Improvements to the quality of the Conversion Factor values held on the Supply Point Register, is implemented.

As part of a post meeting update FC clarified that as a result of the implementation of Modification 0681 and XRN5027 all correction factors were cleansed in July 2020.

FC suggested that Engage will need regular refreshes of the data.

JK advised that there is no impact from Modification 0711 on this contributor as it only applies to sites in EUC04 and above.

Investigation Topics

JK advised that four topics were identified for further assessment this year as part of their initial investigations:

- Theft of Gas;
- Consumption Meter Errors;
- LDZ Meter Errors; and

- No Meter Read at Line in the Sand.

- 010 - Theft of Gas

Theft of gas is intended to cover a scenario whereby a person tampers with the relevant metering equipment so that the volume of gas off-taken is not correctly recorded by that equipment.

In most scenarios, the meter under-records which creates positive UIG.

JK explained that there are two scenarios, undetected and unreported (detected but not reported in settlement), which affect settlement at line in the sand.

Modification 0734 - Reporting Valid Confirmed Theft of Gas into Central Systems, which was recently raised will take account of undetected Theft of Gas, and there is potential evidence that theft is still detected but not reported.

Analysis

JK clarified that Engage are currently validating the methodology used by DNV-GL, as part of their methodology was to use the balancing factor (used by DNV), JK advised this is no longer required as Engage are using a bottom up calculation.

- 040 Consumption Meter Errors

JK advised that three potential sources of consumption meter error have been identified, Meter incorrectly recording at the extremes of use; Meter manufactured with a built-in bias; and Meter becoming faulty over time, leading to inaccurate recording of gas off-taken.

Analysis

JK asked committee members to advise if they are aware of any such scenarios where meter tests have been carried out when there is meter bias over time.

- 050 - Meter Errors at LDZ Input

JK explained that each DNO is responsible for measuring and determining the volume of gas entering its network.

If a meter is over-recording, positive UIG is created. If a meter is under-recording, negative UIG is created.

Initial findings

In showing the initial findings in graph format, JK clarified there is a clear high count of errors in 2009/10, and then over time it has decreased but it has still not got to zero.

Size of them is quite low – quantity of the error could be small.

SM advised that maintenance is completed more often now, and this area is a lot more transparent.

There was a large error at Aberdeen which is clearly shown on the analysis.

- 090 - No Meter Read at Line in the Sand

If any period has not been reconciled to an actual read, there is a risk that the energy that was allocated to a site based on its AQ will not match its actual use. If any of that period is prior to line in the sand, this will not be reconciled to actual usage and therefore has the potential to create UIG.

If no actual read there is a risk the AQ does not match actual use which has a potential to create UIG, and there is a high chance this may create sizable UIG.

Initial findings

JK explained that initial investigation shows that the majority of sites are in the 01 EUC Band and that EUC Band 9 sites have not been read since 2018.

LOS asked for this report to be labelled that it was reported as of June 2020.

When asked, JK advised that this topic is population based and that EUC Band 1 and 2 have low populations.

- **Prioritised Data Request**

JK advised he is planning to submit an updated data request to the CDSP; any changes will be shown within the monthly report.

- **Core Service Summary**

In summary, JK advised that:

- 4 Contributors are under investigation with varying levels of analysis.
- Updates on the progression of the analysis will be provided in the monthly industry reports.
- 6 Contributors have been taken on and Engage are in the process of generating output for their model based on updated industry information.
- Impacts of Modification 0711 have been analysed and are being taken into account for this year's statement.
- Most of the data within the prioritised data request has been received and validated. The updated prioritised data request will be provided to the CDSP before the end of the month.
- Industry Issues

JK showed the Committee the current view of the Industry Issues Log. The Committee suggested it would help if there is a COVID-19 section and how the impact to COVID-19 has been utilised.

New Action 0905: *Industry Issues - Engage (CH)* The Issues log is to be updated to include the joint Theft of Gas Modification 0734 and Modification 0711 and add in how the impact to COVID-19 has been handled.

The Committee agreed that this can be shown within the monthly report.

- **AUGE Meetings with Stakeholders**

CH advised that when a meeting is held with trade bodies, there will be a High level summary in the monthly report.

When there has been an individual meeting with a Stakeholder, a report is produced and will be published on the Joint Office website here: <https://www.gasgovernance.co.uk/aug/2021proupdate>

4.0 Draft Updates to Sub-Committee Terms of Reference

FC amended the wording live on-screen according to committee members suggestions, in summary the amendments required are as follows:

Section 2.1: This section only requires a small amendment to the wording (UNC terms)

Section 2.2: This section does not require any amendment.

Section 2.3: FC will attempt to describe in a bit more detail what the Sub-Committee is providing in terms of advice and guidance.

Section 2.4: This section requires amendment.

The Committee agreed to the aspiration to present the revised Terms of Reference to the October 2020 UNCC.

New Action 0906: *Draft Updates to Sub-Committee Terms of Reference - Xoserve (FC)* to provide an updated version of the AUG Sub-Committee Terms of Reference. This will then be published on the Joint Office website Committee feedback will be requested.

5.0 Next Steps

In summarising the next steps, CH advised the following:

- An updated prioritised data request will be provided to the CDSP by the end of this month.
- The draft AUG Statement, including the draft AUG Table, will be provided to the AUG Sub-Committee by the end of December following prior review by the CDSP. This will be formally presented to industry at the January AUG Sub-Committee Meeting.
- Responses to the draft AUG Statement will be required by the middle of February.
- Engagement with stakeholders will continue throughout the process, we can be reached at any time by contacting us at auge@engage-consulting.co.uk.

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5 March 2021	Publication of modified AUGS
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06 April 2021	AUG Sub-Committee meet to discuss final AUGS
15 April 2021	Final AUGS is presented to UNCC
01 October 2021	Final AUGS effective date

6.0 Any Other Business

None raised.

7.0 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
10:00 Friday 15 January 2021	TBC	Walkthrough of the draft AUGS
10:00 Friday 12 February 2021	TBC	Discuss Industry feedback
10:00 Friday 12 March 2021	TBC	Discuss Modified AUGS
10:00 Tuesday 06 April 2021	TBC	Discuss final AUGS

Action Table (as at 11 September 2020)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0903	30/09/19	3.0	Gazprom (SM) to facilitate conversation between AUGE and MAMs regarding meter maintenance and site-specific conversion factors.	Gazprom (SM)	Closed
0701	10/07/20	4.0	<i>Data Acquisition & Detailed Investigations</i> - AUGE (Engage) to provide feedback and transparency in the Monthly Summary reports published.		Closed
0702	10/07/20	4.0	<i>Advisory Service</i> - CDSP and AUGE to review and create a list of FAQ's; Points of Contact.	CDSP (FC and Engage (CH)	Carried Forward
0703	10/07/20	4.0	<i>Advisory Service</i> - Joint Office (LOS/HB) to review how the Joint Office AUG web pages are organised and consider how the provision of new information will be supported.	Joint Office (LOS/HB)	Closed
0704	10/07/20	4.0	<i>Advisory Service</i> - Engage to put signpost to Joint Office on the Engage website.	Engage (CH)	Carried Forward
0705	10/07/20	4.0	<i>Items Carried Over from Previous AUGE</i> - CDSP and Engage to look at the current TOR in terms of adding in how the Advisory Service would be managed. To consider at the next AUG Sub-Committee meeting in September 2020 in advance of seeking approval at UNCC.	CDSP (FC and Engage (CH)	Closed
0706	10/07/20	4.0	<i>UIG Potential Data Sources</i> - SM to consider how to manage the relationship going forward between REC and Engage. In light of the first meeting issue of theft related data needs to be considered, relationship between REC; AUG Sub Committee and Engage.		Closed
0901	11/09/20	1.3	CDSP (FC) to review and publish a revised FAQ document	Xoserve (FC)	Pending
0902	11/09/20	3.0	<i>UIG Initial Assessment Recap</i> - <i>UIG Initial Assessment Recap</i> - Engage (JK) to provide high level summary of which methodologies have changed. Will be incorporated in the September Monthly Report for visibility.	Engage (JK)	Pending
0903	11/09/20	3.0	<i>IGT Shrinkage</i> - Engage (CH/JK) to discuss with DNV-GL with regards to Topic 060 - IGT Shrinkage, as to why they operated as they did and chose not to approach IGTs directly for their individual mains length	Engage (CH/JK)	Pending
0904	11/09/20	3.0	<i>Atmospheric Pressure Assumption</i> - On behalf of the Committee, Xoserve (FC) to request more information to be shared from DNC-GL with regards to the Temperature Study they had access to. SM suggested the Committee request (Xoserve) to establish the Temperature Study	Xoserve (FC)	Pending

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0906	11/09/20	4.0	<i>Draft Updates to Sub-Committee Terms of Reference</i> - Xoserve (FC) to provide an updated version of the AUG Sub-Committee Terms of Reference. This will then be published on the Joint Office website Committee feedback will be requested	Xoserve (FC)	Pending