

UNCC (AUG) Sub-Committee
Friday 12 March 2021
via teleconference

Attendees		
Alan Raper (Chair)	(AR)	Joint Office
Karen Visgarda (Secretary)	(KV)	Joint Office
Andy Clasper	(AC)	Cadent
Andy Gordon	(AG)	DNV-GL (Observer)
Carl Whitehouse	(CW)	Shell Energy
Christian Hill	(CH)	Engage Consulting (AUGE)
Fiona Cottam	(FC)	Correla on behalf of Xoserve
Gareth Evans	(GE)	Waters Wye Associates
George MacGregor	(GMG)	Utilita
Guv Dosanjh	(GD)	Cadent
Jonathan Kiddle	(JK)	Engage Consulting (AUGE)
Lauren Jauss	(LJ)	RWE
Louise Hellyer	(LH)	Total Gas & Power
Mark Jones	(MJ)	SSE
Mark Rixon	(MR)	Independent Consultant
Neil Cole	(NC)	Xoserve
Robert Cameron-Higgs	RCH	Octoenergy
Robert Johnstone	(RJ)	Utilita
Robert Wynne	(RW)	Scottish Power
Ryan Stephenson	(RS)	Utility Warehouse
Rhys Kealley	(RK)	British Gas
Sallyann Blackett	(SB)	E.ON
Sally Hardman	(SH)	SGN
Samuel Dunn	(SD)	Interconnector
Sophie Dooley	(SDo)	Engage Consulting (AUGE)
Steve Blackler	(SBI)	Waters Wye Associates
Steve Mulinganie	(SM)	Gazprom
Tony Perchard	(TP)	DNV-GL (Observer)
Utkarsha Eknath Chavan	(UEC)	Gasnet

Copies of all papers are available at: <https://www.gasgovernance.co.uk/aug/120321>

1.0 Introduction and Status Review

Alan Raper (AR) welcomed everyone to the meeting.

1.1. Approval of Minutes (12 February 2021)

The minutes from the previous meeting were approved.

1.2. Approval of Late Papers

AR noted there was one late paper from Engage which was the presentation and it was agreed this should be accepted.

1.3. Review of Outstanding Actions

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

Update: Engage confirmed there has been no progress, the aim is to get this resolved before the next AUG. **Carried Forward.**

Action 0102: Engage (JK) to provide a view on the effect of COVID-19 on demand and the subsequent effect on AQs.

Update: This is covered in the presentation; although it was noted that the full effect of COVID-19 would not be seen for a while yet and needs to be further consider in the next AUG Statement. **Closed.**

Action 0103: Engage (JK) to provide the data and the methodology that was used to determine the range of Retail theft data of between 1.1% and 1.62%.

Update: Update provided and is included in the Engage presentation. **Closed.**

Action 0104: Engage (JK) to provide more detail and clarity on the assumptions and judgements used to determine how the figure of 1.5% (total network theft).

Update: Update provided and is included in the Engage presentation. **Closed.**

Action 0107: Engage (JK) to provide information on the use of the Energy UK Theft data and consider providing an anonymised summary of the data and, with due consideration to the statement production timeline, consider if further, similar information should be requested from ICoSS.

Update: Update provided and is included in the Engage presentation. **Closed.**

Action 0109: Engage (JK) to provide further information on how AMR meters are treated throughout this report.

Update: Update provided and is included in the Engage presentation. **Closed.**

Action 0110: Engage (JK) to provide information and rationale relating to the narrowing of the differences between the factors for Class 3 and Class 4.

Update: Update provided and is included in the Engage presentation. **Closed.**

Action 0111: Xoserve (FC) to provide anonymised backstory and narrative in relation to EUC Band 9 from a registered and un-registered perspective.

Update: FC confirmed Xoserve are in touch with the relevant network. **Closed.**

Action 0112: All to provide comments to Engage (CH) regarding the Identified Innovation proposal prior to the February meeting.

Update: CH confirmed no further comments received. **Closed.**

Action 0201: Engage (JK) to provide a step-by-step guide to show workings, assumptions, sources used and discounted and the working approach of the total theft amount overall analysis showing how the 1.5% figure was reached.

Update: Update provided and is included in the Engage presentation. **Closed.**

Action 0202: Engage (JK) to amend the reference to the full methodology to state just the balancing methodology was used.

Update: Update provided and is included in the Engage presentation. **Closed.**

Action 0203: Engage (JK) to provide greater clarity of the percentage number of staff or sophisticated theft within the retail sector.

Update: Update provided and is included in the Engage presentation. **Closed.**

Action 0204: Engage (JK) to provide clarity/evidence regarding the small business 14% theft of gas figure.

Update: Update provided and is included in the Engage presentation. **Closed.**

Action 0205: Engage (JK) to provide detail regarding the line in the sand data to include what data was used in relation to reconciliation.

Update: Update provided and is included in the Engage presentation. **Closed.**

2.0 AUG 2021/2022 Timeline

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
11 November 2020	Extraordinary Meeting requested by Engage.
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

Steve Mulinganie (SM), said, for the information of the Committee, it would be useful to understand how the UNCC process will work on 15 April if a proposal is put forward to displace this proposal and continue with the existing table.

GE clarified that new Modification 0758 - Temporary extension of AUG Statement creation process, does not impact this process, it simply says the output should not be used. The modification will not stop, change or alter this process.

Fiona Cottam (FC) advised she will confirm the process in a post meeting note.

Post-meeting note provided by FC (Correlá on behalf of Xoserve)

UNC E9.4.3 states:

In respect of each AUG Year ...:

- (g) such steps as are set out in the AUG Document shall be taken in relation to the proposed AUG Table, following which the AUG Expert shall submit a final AUG Table to the Committee for approval;*
- (h) the Committee shall approve the final AUG Table submitted by the AUG Expert pursuant to paragraph (g) unless by unanimous resolution the Committee determines:
 - (i) to approve a modified AUG Table; or*
 - (ii) to require any further iteration of any steps as referred to in paragraph (g), in which case paragraph (g) and this paragraph (h) shall further apply;**

In the past we have highlighted this obligation to the Committee and asked the Chair to give all parties the chance to state whether they wish to propose an alternative Table. We would suggest that any party wanting to propose an alternative Table should submit it in advance of the meeting to give attendees time to consider it, ideally in line with normal meeting guidelines. An accompanying explanation of the reason for the proposal would also be helpful.

The Chair would then proceed to a vote and it would require unanimous support to accept the proposal. It is feasible that there might be multiple proposals, each requiring a vote.

Likewise, the Chair would ask all parties whether they wanted to propose a further iteration of any of the steps relating to the proposed Table. Once again, it would be best if any such request was submitted in advance, specifying which steps to repeat and why. Again, the Chair would proceed to a vote and it would require unanimous support to accept the proposal. It is feasible that there might be multiple proposals, each requiring a vote.

If there were no proposals under steps (i) and (ii) above, or any proposals made failed to get unanimous support, then the Statement and Table are automatically approved.

For information, below is a link to the material provided by Xoserve in 2020 to support the discussions at UNCC. We would expect to provide similar material this year, and would also present a draft at the April AUG Sub-Committee meeting for awareness (see slides 8 and 9 in particular).

<https://www.gasgovernance.co.uk/sites/default/files/ggf/book/2020-04/198.4%20%28a%29%20UNCC%20AUG%20Table%20Approval%20Apr%2020.pdf>

3.0 AUG Approach and Considerations for 2021/2022

3.1. Introduction

Christian Hill (CH), provided a high-level overview of the agenda which encompassed the following areas:

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

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: <https://www.gasgovernance.co.uk/aug/120321>.

Proposed Final Statement Introduction (Slide 5)

CH advised that Engage have revised the draft AUG Statement to incorporate the changes discussed at previous committee meetings and consultation feedback. The proposed Final AUG Statement was published by Joint Office on 05 March 2021 and can be found here: <https://www.gasgovernance.co.uk/augenex2122>.

Delivery Timeline (Slide 6)

CH provided an overview of the schematic timetable, as detailed on Slide 6 of the presentation.

Consumption Forecast (Slide 7)

CH informed the Committee of the updates that have been made to the Draft Statement and advised that Engage received updated AQ reports which removed duplicate AQ records from multi-metered sites; the forecasts have been updated based on AQ data from June 2017 to January 202. Following the initial run, Engage made the following updates to the consumption forecast after analysis of the initial results:

- For EUC bands 01 and 02, Engage have only used the trends from October 2019 to take account of recent changes between Classes 3 and 4.

- For Class 1, Engage 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 (Slide 8)

JK provided an overview of the updated tables which show the forecast consumption in the target Gas Year and the Forecast Number of Supply Meter Points in the Target Gas Year providing an annual consumption of 526 TWh.

Gareth Evans (GE) noted that many of the numbers moved considerably compared to previous data and asked if the Committee should expect any further iterations.

JK advised that the previous assumptions of a slight impact of COVID-19 were temporary and the assumption of returning to normal is not valid anymore for EUC Bands 3 to 9 and that EUC bands 1 and 2 need a few more months data. He added that originally this was presented at an LDZ level which showed a small number of sites have quite an impact, now this is presented at a national level it has taken away any trends.

GE asked if COVID-19 has been considered as previously it was excluded from EUC Bands 3 to 9. JK explained that trend analysis, by its nature, smoothes out the data and that Engage have not taking anything out because of COVID-19, he confirmed, based on different scenarios, this is their best estimate.

GE said that the range is quite large. JK advised that by using different periods the trends for short periods are not replicated long term.

GE said that EUC Bands 8 and 9 are showing large movements in terms of AQ. JK advised that is because previously there was some double counting some Aqs.

Rhys Kealley (RK) expressed a view that JK had provided a reasonable explanation and he was not sure how these concerns could arise at this stage.

GE clarified that he is having difficulty understanding the calculations being used and assessing why Engage feel it is the best way forward when there are such big swings in the data being presented and GE advised that the cause of his lack of confidence was due to not being able to replicate the results. RK added that JK said that certain stages of the process required judgement and that could not be replicated. RK confirmed he is comfortable with the assessment.

GE noted that previous statements have had lots of information provided, which had also included judgement, therefore he could understand of how the results had been derived. He added that he might not have agreed with the results, but at least he understood the derivation method.

RK questioned how transparent the data could be, and in response GE advised that duplicate sets of the data used have previously been provided.

FC advised that under the pre-nexus contract the line-by-line data was shared, post-nexus that was not required, she confirmed that Xoserve publish the data on the secure area of the website and she is happy to publish the 20/21 snapshots at Engage's request.

AR concluded that the data presented will be used in the final AUG Statement, it seemed it was the level of data manipulation that the AUG has applied to get to these data tables that had given risen to concerns. Given there are very few remaining days left to do a detailed assessment of the data, AR clarified that the timeline was very short for major revisions.

Investigation Topics (Slide 9)

JK provided a reminder of the topics that were identified for detailed investigation this year:

- Theft of Gas (Slides 10 – 18)
- Consumption Meter Errors (Slide 19 - 20)
- LDZ Meter Errors (Slide 21 - 22)

- No Meter Read at Line in the Sand (Slides 23 - 25)

010 - Theft of Gas (Slides 10 - 18)

Theft of Gas (Slide 10)

JK provided an update to the following actions:

Action 0201: Engage (JK) to provide a step-by-step guide to show workings, assumptions, sources used and discounted and the working approach of the total theft amount overall analysis showing how the 1.5% figure was reached.

Action 0104: Engage (JK) to provide more detail and clarity on the assumptions and judgements used to determine how the figure of 1.5% (total network theft).

- 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%.
- Engage recognise that electricity theft is likely to be higher than gas theft.
- This led Engage 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 Engage felt was too high.
- Engage judged the mid-point in their range more appropriate and elected to use an estimate of 1.5%.

GE advised he was hoping to have an understanding of weightings and the form of calculation used, however, as this has not been provided, he does not feel discussions will get any further from the previous meeting.

Rhys Kealley (RK) asked if there is a case to move back to 2%, JK confirmed that is a possibility but Engage decided not to.

GE advised he is finding it hard to see why Engage believe it is best and noted that this was discussed at length at the last meeting and it appears not to have moved any further forward.

Action 0104 and 0201 can be closed.

Theft of Gas (Slide 11)

JK provided an update to the following actions:

Action 0103: Engage (JK) to provide the data and the methodology that was used to determine the range of Retail theft data of between 1.1% and 1.62%.

Action 0203: Engage (JK) to provide greater clarity of the percentage number of staff or sophisticated theft within the retail sector.

- *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.*
- *Engage 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).*

Action 0104 and 0201 can be closed.

Theft of Gas (Slide 12)

Action 0204: Engage (JK) to provide clarity/evidence regarding the small business 14% theft of gas figure.

- *The Theft associated with the 01NI band is the extrapolation of identified theft.*
- *Engage 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.*

Referring to the data table provided on this slide, JK clarified that EUC Band 1ND has the highest number of thefts due to it having the largest population but that the average theft identified for 1NI is a lot higher compared to 1ND.

JK clarified this provided the detail as requested at last meeting and should ratify the related actions.

Louise Hellyar (LH) noted that although she can see the difference in % levels and scale, she still justify the 14% as she does not believe that there is that much theft in that sector.

JK clarified that he did agree that 14% seemed quite high at the last meeting, however, the data shows there is more theft in that sector.

GE said that property sites in the 1NI are industrial and that using different levels between small and large sites, the rate of theft at small sites would be much higher because the weighting would be different. He added that the information provided is not robust enough to be able to understand how the process and methodology has been used.

Sallyann Blackett (SB) asked if there is an option to avoid this level of granularity and aggregate to one value for these EUCs even though template from Modification 0711 – Update of AUG Table to reflect new EUC bands is now operational.

New Action 0301: Theft of Gas – Action 0204: JK to consider using further aggregation of the lower EUC bands into single allocation factor.

Slide 13

JK provided an update to the following actions:

Action 0107: Engage (JK) to provide information on the use of the Energy UK Theft data and consider providing an anonymised summary of the data and, with due consideration to the statement production timeline, consider if further, similar information should be requested from ICoSS.

Update: (Energy UK Theft data) This was provided on the Xoserve secure site

Action 0109: Engage (JK) to provide further information on how AMR meters are treated throughout this report.

Update: (AMR Treatment) Engage have not treated AMR differently as, unlike smart meters, this proportion is not changing for any given matrix position

JK clarified with regards to AMR, Engage have not assumed that AMR is fitted everywhere.

GE advised it is a reasonable assumption that most sites installed AMR and for EUC Bands 1 to 3, the proportion of AMR is increasing at those sites probably at a higher rate than SMART meters.

Action 0110: Engage (JK) to provide information and rationale relating to the narrowing of the differences between the factors for Class 3 and Class 4.

Update: (rationale relating to the narrowing of the differences between the factors for Class 3 and Class 4) The reason is due to Engage considering the meter type in their modelling (as the proportions are changing for matrix positions).

SM advised of his concern that the asset may be of common type but utilisation varies by class.

GE noted that going forward, at what point does it change over time, given the revision to the factors he suspects Class 3 will move back to Class 4.

Action 0202: Engage (JK) to amend the reference to the full methodology to state just the balancing methodology was used.

Update: (reference to the full methodology use) This has been updated in the final Statement. In applying the previous methodology, Engage used the close out UIG value that was previously derived and adopted; that had not re-derived it.

GE advised he feels uncomfortable pointing at other company's work and this exercise should just be to review the present methodology.

CH clarified that references were indicators to previous work: there is no criticism directed at DNV's methods.

Theft of Gas (Slide 14)

JK provided summary of the updates relating to Theft of Gas from the Draft Statement:

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

Theft of Gas (Slide 15)

JK provided an overview of Slide 14 of the Updated Traditional Theft Percentage Splits with no comments made.

Theft of Gas (Slide 16)

JK provided a Comparison of Previous Methodology with Observed Levels of UIG and advised:

- *Engage carried out analysis of the "top-down" differencing calculations used to determine theft in previous Gas Years.*
- *Engage 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%.*

Theft of Gas (Slide 17)

JK provided the 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*
- *Updated Results by Theft Type*

Theft of Gas (Slide 18)

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

Louise Hellyar (LH) noted, as mentioned at the last meeting held on 12 February 2021, the small business theft figure of 14%, which she previously commented seemed extremely high for the percentage of gas stolen by small businesses, is not highlighted very clearly on the graph shown on slide 18 and feels it is important that the values should be clear. JK advised it is a scaling issue, he tried to get the best balance to show and will take the point on board and look to show it going forward.

Consumption Meter Errors (Slide 19)

JK provided an overview of Slide 19 of the Consumption Meter Errors and confirmed that no changes have been made to the methodology or any other input to the calculation.

Consumption Meter Error (Slide 20)

JK provided an overview of Slide 20 of the UIG associated with Consumption Meter Error and confirmed this has been calculated to be 789 GWh.

LDZ Meter Errors (Slide 21 - 22)

JK advised there have been no updates to the inputs or the methodology from the draft Statement but the existing assurance processes wording has been updated.

No Meter Read at Line in the Sand (Slide 23)

Action 0205: Engage (JK) to provide detail regarding the line in the sand data to include what data was used in relation to reconciliation.

Update: JK provided details of the forecast number of sites that will not have a read in June, (based on the trends), and this shows that the number is likely to increase slightly. JK further stated that it was unlikely that there would be a dramatic increase in the number of sites with reads in the higher EUC bands.

GE said that this does not really get to the point where it can be proved or disproved and highlighted there is a big difference in the number from the previous statement to this statement.

JK commented that it was found in Shipper validation that some sites were incorrectly accounted for as some had been incorrectly recorded as never having had a read.

Action 0205 Closed

No Meter Read at Line in the Sand (Slide 24)

JK provided a summary of the updates from the Draft Statement:

- *Engage have received updated reports which removed some erroneous sites.*
- *Engage have updated their trend forecast based on these reports.*
- *Engage 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.*

No Meter Read at Line in the Sand (Slide 25)

JD showed the updated results for UIG associated with No Read at the Line in the Sand and advised this has been calculated to be 643 GWh.

Detailed Investigation Key Points (Slide 26)

JK summarised the 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 (Slide 27)

JK then provided a high-level overview of Slides 28 - 34 (no specific discussions or general comments took place) regarding these slides which encompassed:

- Unregistered Sites (Slide 28)
- Shipperless Sites (Slide 29)
- IGT Shrinkage (Slide 30)
- Average Pressure Assumption (Slide 31 - 32)
- Average Temperature Assumption (Slide 33)
- Incorrect Correction Factors (Slide 34)

JK explained the following slides provide details of any updates since the draft Statement and updated results.

Unregistered Sites (Slide 28)

UIG associated with Unregistered Sites is unchanged at 101 GWh.

Shipperless Sites (Slide 29)

UIG associated with Shipperless Sites is unchanged at 32 GWh.

IGT Shrinkage (Slide 30)

The average main length has been updated to 8.6m.

UIG associated with IGT Shrinkage has been re-calculated to be 18 GWh.

Average Pressure Assumption (Slide 31 - 32)

- *Engage have updated the average altitude figure.*
- *Engage 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.*
- *Engage updated the results based on the updated volume convertor fitted proportions.*
- *UIG associated with Average Pressure Assumption has been calculated to be 371 GWh.*

Average Temperature Assumption (Slide 33)

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

GE noted the updated consumption forecast has gone up, JK advised this is due to the average assumed temperature going down.

Incorrect Correction Factors (Slide 34)

- *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.*

Summary of Changes from Draft Statement (Slide 35)

JK provided a high-level summary of the changes in the UIG calculated between the draft Statement and the proposed final Statement.

GE noted there are big differences between each step of the bottom up of the calculation which could impact on future calculations.

JK commented that there is still an amount not found yet and provided an example that if every shipper submitted a read for every site, No Read at Line in the Sand would go away, there is no real definitive answer. GE said the results are reliant on good data and that good data should show trends.

Contributor	Draft AUG Statement (GWh)	Proposed Final AUG Statement (GWh)	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 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	-
Total	11,143	10,982	

Total UIG Estimate (Slide 36)

JK advised the total UIG figure calculated for the target year is 10,982 GWh and advised that Engage validated this value against previous UIG calculations and carried out a benchmarking process against current observed UIG levels.

Results Validation (Slide 37)

JK explained the benchmarking percentage has been updated to 2.42% based on updated data. Based on this and the consumption forecast the benchmarking figure is 12,735 GWh, 86% of which has been calculated using this bottom-up approach.

It is anticipated 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 (Slide 38)

JK then provided a high-level overview of the updated table and explained that 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.

GE said that Engage might want to consider combining some of the EUC Bands. JK advised that Engage are looking the different options of combining would consider if this option was possible for future years, the only ones with sizable populations are EUC Bands 1NI and 2NI and, noted it is impossible for domestic sites to be a Class 1 site. SM noted that the outcome of the modifications was that Engage could apply a constant factor across the bands, even using the new Table template.

JK clarified that Engage would look at amalgamating some of the Factors in the Table, but was not committing to merge values.

Next Steps (Slide 39)

CH then provided an overview of the next steps as detailed below:

The final AUG Statement will be provided to the AUG Sub Committee by 31 March and presented at the 6 April AUG Sub Committee Meeting, prior to consideration at the UNCC Meeting on 15 April.

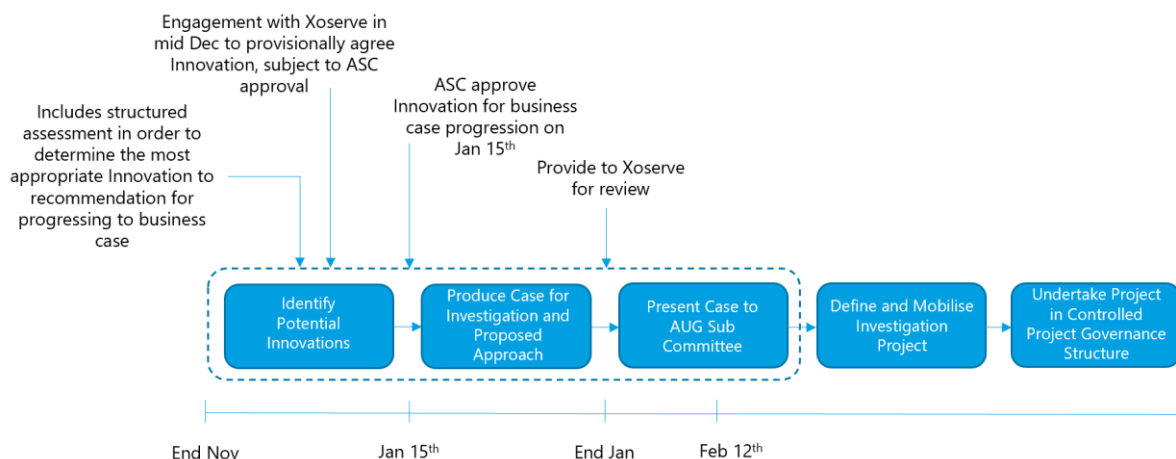
Engagement with stakeholders will continue throughout the process. Engage can be contacted at auge@engage-consulting.co.uk.

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- 10 July 2020 — Introduction meeting
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- 11 November 2020 — Extraordinary Meeting requested by Engage.
- 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

Innovation and Advisory Service (Slide 41)

CH overviewed the proposed timeline for the Engage Innovation Service as detailed below and advised that 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 timetable.



Identified Innovations (Slide 42)

CH provided a brief overview of the identified innovations and as was agreed previously with the Committee members, who would provide comments on the proposed innovations as detailed below:

- Investigation into the Temperature of Gas in the Meter

- Audit of the Correction Factors
- LDZ-Specific Weighting Factors

GE advised that LDZ Specific Weighting Factors has been looked at in the past.

CH clarified that any of the three options would not lead to any direct reduction in UIG and that he is not expecting a huge amount of interest, he is just seeking views.

SM suggested it is preferable to complete the AUG process and then start looking at the suggested innovations.

CH agreed, as this is a new aspect he accepts, accept the point regarding focusing on the main issue which is the statement.

AR agreed, and suggested this is progressed via a targeted consultation or a workshop and suggested impact assessments could be undertaken to determine metrics; scope and scale.

New Action 0302: Identified Innovations - Joint Office to discuss with Engage to consider how best to take this forward.

Industry Feedback (Slide 43)

Please see discussions held from the previous slide.

Industry Issues Log (Slide 45)

CH provided an overview of the Issues Log and advised:

Issue Number 2 - COVID

This issue remains open. Potential impacts assessed and included in the 2020/21 draft Statement where appropriate. Engage will continue to consider the impact of COVID-19 for forecasts in subsequent years.

Issue Number 3 - Changes to theft arrangements due to REC v1.1

There is no immediate impact on Engages existing methodology. However, Engage will await further information as to RECCo's progress in the development of a Theft Reduction Strategy and theft methodology.

SM asked if AUGÉ is attending the meeting with RECCo for this issue. FC advised that she was also involved in the meeting with RECCo which was more exploratory looking at the generic principle of having as much theft in central systems as possible so that settlement is right.

SM asked, in the context of the Issues Log, is the role of the AUGÉ at the workshop looking at theft as an expansion of its role and he asked if it is appropriate for the AUGÉ to be party to those discussions as all AUGÉ activities should be visible to the committee.

It was confirmed that CH and JK did attend the meeting, as the AUGÉ and that FC has no concern from a contractual scope of work perspective as it was more a fact-finding exercise relating to AUGÉ activities. FC confirmed she does not think AUGÉ are required to attend at future meetings.

SM said, going forward, there should be a requirement to record areas of interest and log where AUGÉ are going to attend such meetings and maybe an approval process needs to be in place, he added it would be helpful to have discussion ahead of meeting attendance to identify any concerns.

Issue Number 4 - Faulty Meters

Potential issue around energy associated with faulty meters not entering Settlement. Identified as part of the 2020/2021 Investigation.

SM said it would help if there was a next steps column. JK agreed to add the detail to future version of the matrix.

Issue Number 5 – Must Reads

The investigation into must reads provided very limited results. Therefore, Engage 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.

GE asked regarding monthly read sites for must reads, why not all sites. JK advised annual read sites are not part of the must read process.

FC added the Transporter does not make the visit, but that shippers are advised when a site would be due for a reading in the must read process.

SM suggested splitting the issues into monthly must reads and annual must reads. JK agreed to include annual read sites if the view is that they are a potential contributor.

Future Considerations (Slide 46)

CH confirmed:

Action 2c - Engage will consider splitting the theft calculation to treat Supply Meter Points with AMR meters as a separate population as part of their theft investigations next year.

Action 2f - Engage will consider the potential impact of flow rates on Consumption Meter errors for subsequent years.

Action 3d - Engage will consider the use of newly available AQ data for unregistered Supply Meter Points that have since been registered for subsequent years.

Action 3e - Engage 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.

Action 3f - Engage will consider the potential inclusion of Shipperless sites awaiting their GSR visit in their data and analysis for subsequent years.

SM asked for the issue around the meter type, and not looking at the nature of the usage, to be added for future considerations. His view was that the meter type should be the basis of any differentiation, and not the reading frequency that influences the level of risk.

4.0 Next Steps

AR confirmed the next steps:

- AUGE to consider today's meeting and provide the final statement.
- AR to confirm the arrangements for attending UNCC next week.

Post meeting note: for anybody wishing to attend UNCC, please submit a request to the JO and the JO will make the necessary arrangements with the Chair.

- FC to confirm how discussions proceed at UNCC in a post meeting note.

5.0 Any Other Business

None

6.0 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 06 April 2021	Via Microsoft Teams	Discuss modified AUG Statement

Action Table (as at 12 March 2021)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
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
0102	15/01/21	3.1	Engage (JK) to provide a view on the effect of COVID-19 on demand and the subsequent effect on AQs.	Engage (JK)	Closed
0103	15/01/21	3.1	Engage (JK) to provide the data and the methodology that was used to determine the range of Retail theft data of between 1.1% and 1.62%.	Engage (JK)	Closed
0104	15/01/21	3.1	Engage (JK) to provide more detail and clarity on the assumptions and judgements used to determine how the figure of 1.5% (total network theft).	Engage (JK)	Closed
0107	15/01/21	3.1	Engage (JK) to provide information on the use of the Energy UK Theft data and consider providing an anonymised summary of the data and, with due consideration to the statement production timeline, consider if further, similar information should be requested from ICoSS.	Engage (JK)	Closed
0109	15/01/21	3.1	Engage (JK) to provide further information on how AMR meters are treated throughout this report.	Engage (JK)	Closed
0110	15/01/21	3.1	Engage (JK) to provide information and rationale relating to the narrowing of the differences between the factors for Class 3 and Class 4.	Engage (JK)	Closed
0111	15/01/21	3.1	Xoserve (FC) to provide anonymised backstory and narrative in relation to EUC Band 9 from a registered and un-registered perspective.	Xoserve (FC)	Closed
0112	15/01/21	3.1	All to provide comments to Engage (CH) regarding the Identified Innovation proposal prior to the February meeting.	ALL	Closed
0201	12/02/21	3.1	Engage (JK) to provide a step-by-step guide to show workings, assumptions, sources used and discounted and the working approach of the total theft amount overall analysis showing how the 1.5% figure was reached.	Engage (JK)	Closed
0202	12/02/21	3.1	Engage (JK) to amend the reference to the full methodology to state just the balancing methodology was used.	Engage (JK)	Closed
0203	12/02/21	3.1	Engage (JK) to provide greater clarity of the percentage number of staff or sophisticated theft within the retail sector.	Engage (JK)	Closed
0204	12/02/21	3.1	Engage (JK) to provide clarity/evidence regarding the small business 14% theft of gas figure.	Engage (JK)	Closed

Action Table (as at 12 March 2021)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0205	12/02/21	3.1	Engage (JK) to provide detail regarding the line in the sand data to include what data was used in relation to reconciliation.	Engage (JK)	Closed
0301	12/03/21	3.1	<i>Theft of Gas – Action 0204</i> JK to consider using further aggregation of the lower EUC bands into single allocation factors.	Engage (JK)	Pending
0302	12/03/21	3.1	<i>Identified Innovations</i> Joint Office to discuss with Engage to consider how best to take this forward	Joint Office (AR)	Pending