

**UNCC (AUG) Sub-Committee**  
**Friday 15 January 2021**  
**via teleconference**

<b>Attendees</b>		
Alan Raper (Chair)	(AR)	Joint Office
Karen Visgarda (Secretary)	(KV)	Joint Office
Andy Gordon	(AG)	DNV-GL
Carl Whitehouse	(CW)	Shell Energy
Chandima Dutton	(CD)	Waters Wye Associates
Christian Hill	(CH)	Engage Consulting (AUGE)
Fiona Cottam	(FC)	Xoserve
Gareth Evans	(GE)	Waters Wye Associates
Jason Salmon	(JS)	Utility Warehouse
Jennifer Wilson	(JW)	Crown Gas & Power
John Welch	(JWe)	Gemserv (PAFA)
Jonathan Kiddle	(JK)	Engage Consulting (AUGE)
Kirsty Dudley	(KD)	E.ON
Louise Hellyer	(LH)	Total Gas & Power
Luke Reeves	(LR)	EDF Energy
Naomi Anderson	(NA)	Utility Warehouse
Mark Jones	(MJ)	SSE
Neil Cole	(NC)	Xoserve
Ryan Stephenson	(RS)	Utility Warehouse
Rhys Kealley	(RK)	British Gas
Salmat Baoku	(SB)	Corona Energy
Sophie Dooley	(SD)	Engage Consulting (AUGE)
Steve Mulinganie	(SM)	Gazprom
Tony Perchard	(TP)	DNV-GL

Copies of all papers are available at: <https://www.gasgovernance.co.uk/aug/150121>

## 1.0 Introduction and Status Review

Alan Raper (AR) welcomed everyone to the meeting.

### 1.1. Approval of Minutes (11 November 2020)

The minutes from the previous meeting were approved.

### 1.2. Approval of Late Papers

There were no late papers.

### 1.3. Review of Outstanding Actions

**Action 0702: Advisory Service** - Xoserve and AUGE to review and create a list of FAQ's; Points of Contact and publish a revised FAQ document.  
**Update:** FC advised that a revised set of FAQ's were now on the website and that the Advisory Service was covered in the Terms of Reference (ToR) and so the action could now be closed. **Closed.**

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

**Update:** CH advised that Engage were still liaising with their 3rd party that manages their website and that he would provide the appropriate link in due course, hopefully in February and that this action needed to be carried forward. **Carried Forward**

**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.

**Update:** FC said that she had now had contact with DNV-GL and had liaised with Engage on this matter. She explained that DNV-GL had confirmed that their reports contained intellectual properties and so could not be shared, however the data used by DNV GL was in the public domain and Engage had had details signposting that. She added that Engage also had access to the same amount of data as DNV-GL had had previously and she confirmed that this action could now be closed. **Closed.**

**Action 1101:** Engage (JK) to amend the wording in the Type of Theft table in relation to Undetected Theft.

**Update:** JK confirmed the wording amendment had been addressed and so the action could be closed. **Closed**

**Action 1102:** Engage (JK) and Gazprom (SM) to liaise in relation to obtaining data for next year from SPAA and REC v1.1. consultation.

**Update:** JK said that this area would be discussed in relation to the data for 2022 and that he would be speaking with Gazprom in due course and so this action should be carried forward. FC had that she was aware that Electralink would complete one further data extract to the end of the current TRAS contract. **Carried forward**

**Action 1103:** Engage (JK) to provide the split of the AQ 650 GWh into the monthly reports.

**Update:** JK said that this information had been included in the November monthly report and so this action could be closed. **Closed**

**New Action 1104:** Xoserve (FC) to discuss with the Performance Assurance Committee (PAC) the review of the PARR Report to include sites with no meter read for 3 years and high AQs.

**Update:** FC said that the PARR Report already existed in a numerical format and that she had flagged this at PAC for it to be added to the agenda in relation to meter reads with the Shippers. She said the action could then be closed. **Closed**

**Action 1105:** Xoserve (FC) to engage with the Shippers/Advocates to investigate the lack of meter reads at sites with an AQ above 58.6m kWh and provide root cause data.

**Update:** FC said that Xoserve had engaged with the Shippers regarding 10 sites in bands 8 & 9 and the larger sites to offer support, and were rolling this approach out to the lower bands and so this action could be closed. **Closed**

**Action 1106:** Joint Office (LOS) to speak with PAC Chair and arrange to get a new agenda item added to the December 2020 meeting agenda: '*No Meter Read at Line in the Sand, 01BNP, 01BNI and 09B*'.

**Update:** AR confirmed that this action could be closed as the area had been added to the December 2020 agenda as requested. **Closed**

**Action 1107:** Engage (JK) to investigate consequences of reduced AQs and impacts on data for domestic and non-domestic in relation to Modification 0736/A - Clarificatory change to the AQ amendment process within TPD G2.3.

**Update:** JK made reference to the fact this area had been addressed within the presentation on Page 9/Slide 35 below, and so the action could be closed. **Closed**

**Action 1108:** Xoserve (FC) to submit the final Terms of Reference to the November 2020 UNCC for approval.

**Update:** FC confirmed the ToR had been revised and had been signed off at the November 2020 UNCC meeting, and was now published on the AUG Sub-Committee home page and so the action was now closed. **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](http://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

## 3.0 AUG Approach and Considerations for 2021/2022

### 3.1. Introduction

Christian Hill (CH), Jonathan Kiddle (JK) and Sophie Dooley (SD) introduced themselves and explained their approach. CH then provided a high-level overview of the agenda which encompassed the following areas:

- overview of the Consumption Forecast,
- update on the investigations and the results,
- update on the results from the other contributors,
- overview of the results from the benchmarking process,
- overview of the draft Weighting Factor Table, overview of the consultation process, and
- overview of identified and initial scoring of the innovations.

SM said that he wanted to propose a general comment in relation to terminology used in the Draft AUG Statement that implied that parties were not complying with their obligations. In the absence of documented evidence and, given that this document was in the public domain, he concerned that this could be misconstrued and requested that the terminology was examined and reviewed. CH agreed to investigate this area.

<b>New Action 0101:</b> Engage (CH) to examine and review the language, in the Draft AUG Statement relating to the compliance with parties' obligations.
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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/150121>

### **Delivery Timeline (Slide 7)**

AR provided an overview of the schematic timetable, as detailed on Slide 7 of the presentation that can be viewed at: <https://www.gasgovernance.co.uk/aug/150121>

Steve Mulinganie (SM) asked if any feedback was going to be supplied by Engage in relation to the consultation responses prior to the next meeting on 12 February 2021 and Christian Hill (CH) confirmed that a response would be submitted to the industry by 05 February 2021 in this regard.

Kirsty Dudley (KD) asked if someone proposed a new topic, could this still be included at this stage. CH said that a new contributor would be very hard to assess and include at this very late stage. Jonathan Kiddle (JK) added that it was unlikely that anything new could be added especially due to the consultation timeline. He said that any new suggestions would be evaluated and considered for next year.

Gareth Evans (GE) said that the whole landscape had now changed, from when the process was initially started and that there were concerns within the industry as to the confidence and assurance that the new process was robust and was an accurate assessment. He said previously there had been the option to roll-over using the previous statement, Fiona Cottam (FC) confirmed that this option was no longer available, due to the implementation of a new AUG Process and Framework as part of the Project Nexus suite of changes and so the version of the Table resulting from this process would be the one that was to be used, unless there is unanimous agreement to change it. GE added that substantial confidence and agreement would be required from the industry of the process due to the material impact.

CH said that Engage had adhered to the timeline within the complex process and he reiterated that any new contributor would cause extreme issues at this late stage in the process, but he did appreciate there would be challenges which would need due consideration. SM said that as this was a brand new and different approach, with no roll-over, there could be a suggestion that the new table should be rejected and, and in any event, the proposed new methodologies would be subject to challenge and scrutiny. Rhys Kealley (RK) concurred that the AUGE needed to inspire confidence in its work, but given there are commercial implications to parties the threshold for rejection is high and the Uniform Network Code Committee (UNCC) would need to unanimously decide to reject its table in favour of an alternative. GE noted that anyone within the industry had the right to raise a new Modification in this regard, if it was felt this was an appropriate action to take. AR proposed that Engage were to move through the presentation in the first instance and then further questions or discussions could be undertaken at applicable times.

### **Calculation Methodology Recap (Slide 8)**

JK provided a reminder that the calculation methodology was a 'bottom-up' calculation of the forecasted energy associated with each UIG contributors and that this forecast was the amount of UIG that would exist at the Line in the Sand, with the forecast UIG being allocated to the Matrix Position that then created the UIG.

JK added that the seasonal normal forecasts of the consumption for the year for each LDZ were calculated, which were based on the Aqs and potential changes between Class and EUCs. He explained that the Weighting Factors for each matrix position would be calculated based on the aggregated forecasted UIG and the total forecasted consumption for that matrix position. He also made note that Modification 0711- Update of AUG Table to reflect new EUC bands had been catered for within the AUG methodology, together with the fact the impact of COVID-19 had also been taken into consideration within the methodologies. GE questioned the quoted the 2.5% level, especially as Xoserve had confirmed this to be 1.8% and he said this was a huge variance in the price cap. JK said the required bench marking process had been undertaken and that further information was supplied regarding this topic within a later stage of the presentation.

### **Consumption Forecast (Slide 9)**

JK explained that a key part of the Engage methodology relied on a forecast of the number of Supply Meter Points and of the consumption for the target year. He said that Engage had done this by applying an Exponential Triple Smoothing (ETS) algorithm to the historical number of Supply Meter Points and AQ data. He added that after the initial run, they had included some amendments to take account of the AQ changes related to COVID and to cap the number of Class 3 Supply Meter Points.

GE felt that was a big assumption given the recent migration to a profile Class 3, which he did not necessarily agree with. JK explained capping at 4million was a reasonable assumption. GE questioned what these numbers had been based on, and JK confirmed the numbers used were based on November 2019 onwards when it was observed that the rate to transfer to Class 3 had slowed. GE asked if JK thought the sites would revert to Class 4 . In response, JK confirmed that the view of the previous meeting was that Engage should not try to assume Shipper behaviour associated with commercial decisions.

SM said that this clearly involved significant changes in the overall arrangements in relation to increases and decreases, and JK said that some might stay the same. SM disagreed with this comment and added that he would include this area within his consultation response.

GE said he noticed that COVID-19 had not been qualified or quantified at all and JK said that it had been too early to look at this or include it into the analysis, however this was now being investigated to factor it into the table. GE noted this was an interesting point, especially as COVID-19 could have a permanent impact on demand within the hospitality sector, certainly for last year and this year, and that he found this strange that this element had been excluded. JK said that this aspect would be encompassed within the overall demand. He added this was the case for the domestic market and that the data had been used up until February 2020.

SM said that to add clarity it would be useful if JK could produce a communication with regards to COVID-19 explaining the Engage thinking on this topic, so that the industry was made aware that work was being undertaken. JK said that he would produce a document on this subject for the February meeting. Both SM and Louise Hellyer (LH) said that would be welcomed and LH added that COVID-19 had, and would, continue to have a huge impact and so the assumptions were needed to aid clarity and to crystalise Engage's thinking on this matter.

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

JK then provided an overview of output tables showing Supply Point count and associated consumption (Slide 10), and no comments were made.

### **Investigation Topics**

JK advised that the methodologies for the four contributors identified for detailed investigation this year as part of Engage's initial assessment were:

- Theft of Gas (Slides 12 – 22)
- Consumption Meter Errors (Slides 23 – 25)

- LDZ Meter Errors (Slides 16 – 28)
- No Meter Read at Line in the Sand (Slides 29 – 37)

JK explained some of the data, analysis and proposed methodology had now been updated and some specific detail was still in the evolving process.

JK reiterated that the analysis and initial results had provided at the previous AUG Sub Committee meeting in November 2020 and that the following slides within the presentation provided a summary of any additional analysis since the previous meeting, the methodology and the results.

- **010 - Theft of Gas (Slides 12 - 22)**

JK explained that the previous method of differencing results was too dependent on the accurate quantification of the total UIG and the accurate quantification of all other contributors to UIG. JK said Engage had opted to use a bottom-up approach to quantify theft, to thus enable them to calculate the total theft, and they had considered more qualitative ways to assess the scale and implemented a Fermi estimation technique using both empirical and non-empirical means.

**Calculation of Total Theft (Slide 13)**

JK explained that Engage had considered multiple sources of theft data and the key results were as detailed below:

- Electricity theft levels between 1% and 2.5%
- Water theft levels between 1% and 3%
- Retail theft between 1.1% and 1.62%

JK said that Engage had estimated total theft for the whole network at 1.5%. He noted that after removing network related theft, which was accounted for in shrinkage, the remaining amount was 1.48%. Based on this, JK said Engage then calculated total theft for the forecast year to be 8,454 GWh.

GE said the ranges were very wide especially in relation to Retail 1.1% and 1.62% and JK explained that this analysis was different to gas and that if the whole total network were used it would be more in the region of 1.5% which was fairest from a data perspective. He said that Engage had not simply used a mid-point value and reiterated that a value 1.5 % was appropriate for gas. GE said that he needed to know more detail on this analysis. JK said he would investigate this matter.

**New 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%.

SM also added that from a commercial impact aspect he had concerns in relation to the approach of determining the level of theft of gas and that more clarity was required so that confidence in the AUG's judgement would be preserved. SM added that more defined information was needed regarding this matter and that he was not reassured by the use of words such as 'estimate and fairest' in this context. He said the industry required exact terminology and defined data analysis to show how these figures had been produced. Naomi Anderson (NA) also wanted to provide some feedback that this report was more extensive than many others before and applied a degree of pragmatism not been seen previously. JK agreed to provide more information on the analysis regarding this area.

**New 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).

LH agreed that theft was a tricky area to quantify and wanted to know how confident Engage were that the electricity comparator figures were correct, as the same issues prevailed in determining the base values.

Jennifer Wilson (JW) said the “fair judgement” principle seemed like it needed careful consideration so not to set a precedent. SM concurred with this statement and agreed especially if there was a chance of further legal challenge and recourse. Following a short exchange in relation to legal challenges, CH refined the wording, in relation to a “fair judgement” to one of being the most equitable, based on the output of the models and the related analysis and informed by the polluter pays principle.

#### Methodology Summary (Slide 14)

JK then defined the methodology summary as below:

- *Estimate the total theft for the target year based on an assessment of the available information on retail theft in various like sectors.*
- *Determine the levels of detected theft, from TOG and TRAS data, and the proportion of this that is adjusted for in Settlement. Use this to determine a forecast for the detected theft that will be adjusted for in the target year and the detected theft that will not.*
- *Determine the level of undetected theft in the target year and the proportion of this that is typical (akin to detected theft) and the proportion that is advanced (more likely to be undertaken by organised criminals)*
- *Allocate these different categories of theft to the Matrix Positions using the selected allocation approach.*

#### Theft Characteristics (Slide 15)

JK explained that Engage had split theft into four distinct areas that were:

- *Detected theft adjusted for in Settlement.*
- *Detected theft not adjusted for in Settlement.*
- *Undetected theft which is similar in nature to detected theft.*
- *Undetected theft which is more advanced in nature to detected theft.*

#### Adjusted for Detected Theft (Slide 16)

JK said that Engage had combined the TRAS and TOG data to form a master set of theft data, which was used to forecast the adjusted energy associated with theft in the target year. He added that the updated value of adjusted for theft in Settlement for the target year was 58 GWh, which was less than 1% of their estimated total theft. He then provided a brief overview of the schematics which showed the combined theft by reported year and the forecast detected theft.

A few general discussions took place regarding this area and JK agreed to provide further information to aid clarity and understanding.

**New Action 0105:** Engage (JK) to investigate if it is possible to provide the categories of theft split into EUC bands as part of the summary.

**New Action 0106:** Engage (JK) to explain how smart meter theft and traditional meter theft assumptions impact the final AUG table and Engage to provide a more detailed explanation of the calculation.

#### Unadjusted for Detected Theft (Slide 17)

JK provided an overview of the Unadjusted for Detected Theft slide and explained unadjusted proportion was estimated to be 34.7% of the reported theft for the forecast year. He added that from the Energy UK Theft Data, Engage considered that a further 25% of all detected theft would not be adjusted for in Settlement. He said therefore, Engage had estimated the final unadjusted for theft in Settlement for the target year to be 53 GWh. JK said again this was less than 1% of their estimated total theft. GE wanted more information in relation to the Energy UK data and JK said he was not able to provide this, as it was in relation to individual sites. GE subsequently requested a summary in that case and JK said he would investigate this matter.

**New 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.

#### Undetected Theft (Slide 18)

JK explained that to calculate the undetected theft, the detected theft was subtracted from the estimated total theft amount. He added from the values of total theft and detected theft, undetected theft was calculated as follows; 8,454 GWh, 58 GWh and 53 GWh respectively, and by subtraction resulted in 8,343 GWh of undetected theft. He explained that previously all theft was split according to non-supplier identified TRAS theft. JK said that Engage had decided that this should be split in two parts; theft that is similar in nature to detected theft and theft that is more advanced in nature than detected theft.

GE enquired what was the more advanced area of theft in that case. JK said it was in the scenario of an extreme or deemed to be impossible event, and drew an analogy with the Hatton Gardens robbery, where the accepted view was it could never occur. GE said that in the case of theft there were ways that this could happen downstream of the ECV and the industry might not be aware of this. JK said this was correct and GE said that he needed to know how this could take place downstream of the meter.

JK said it was all downstream of ECV only and that the upstream theft was not included in the Engage's scope. GE did not agree and said that he thought, feasibly, upstream theft could fall into this category as well. Kirsty Dudley (KD) said that there were Best Practice Guidelines to be adhered to but no one knew every way a meter could be tampered with and she felt this area was a valid point for discussion.

#### Undetected Theft which is more advanced in Nature than detected Theft (Slide 19)

JK explained that Engage believed that there was a subset of theft which was more advanced and very difficult to detect happening across the market. He said that Retail Crime Costs in the UK Centre for Retail Research estimated organised crime as 21.97% of all theft across the retail sector and employee related crime as 22.10%. He then added that Engage believed that it was reasonable to assume that the levels of advanced, and very difficult to detect theft, exists across the gas sector, and these equated to at least half of the organised crime theft percentage, which was 10.98%. JK explained that based on this figure, Engage had estimated undetected theft which was more advanced in nature to detected theft to be 928 GWh, as this theft was operating across the market. Therefore the UIG would be split into the Matrix Positions proportionately based on the forecast consumption. GE said that he found the figure of 10.98% to be a very bold statement and that it needed more information to give the required context and enable clarity, as, currently, he not convinced by some of the assumptions.

**New Action 0108:** Engage (JK) to provide further information regarding the 10.98% in relation to the organised crime theft.

#### Undetected Theft similar in Nature to Detected Theft (Slide 20)



JK provided an overview and said the remaining amount of theft was undetected theft similar in nature to detected theft. This was 7,414 GWh or 87.70% of the estimated total theft. He said that Engage had concluded that using ten years' worth of theft data would be a more accurate way to split the theft between Matrix Positions. He added that EUC bands 03-08 were combined to get a valid set and that no theft had yet been identified for EUC band 09. He noted that this was split further between traditional and smart meters, and that the traditional meter theft was split, which he overviewed with in the schematic that can be viewed at: <https://www.gasgovernance.co.uk/aug/150121>

JK noted from historical theft from smart meters, Engage had calculated that the smart meter theft percentage would be 15% in the target year and this was split between Supply Meter Points with smart meters.

GE wanted to know more information regarding AMR sites and JK said AMR sites had not been specifically investigated. GE said that AMR and traditional meters did not have the same exposure to theft and SM added, more generally, that he was not clear how advanced metering was treated throughout the report. JK said he would investigate this area.

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

NA wanted more information to be provided by Engage regarding the rationale relating to the narrowing of the factors for Class 3 and Class 4. JK said he would investigate and provide more detail in due course.

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

#### Theft Proportion Summary (Slide 21)

JK provided an overview of Slides 21 and the Results Slide 22 with no comments made.

- **040 – Consumption Meter Errors (Slides 23 – 25)**

- Summary of Data Analysis (Slide 23)

- JK explained that Engage had received in service testing data from which they were able to assess inherent accuracy bias and calculate UIG for Ultrasonic and Diaphragm meters. JK said that they could not identify a source for testing data for rotary and turbine meters. He noted that they had identified that faulty meters were likely to be creating UIG and that very little was going back into Settlement via consumption adjustments. JK added, however, they were unable to quantify this and they were recommending that this should issue be taken forward by the industry and that it would be added to the Engage industry issues log. He confirmed that Engage had assessed the previous method which calculated UIG associated with flows at extremes of meter capacity. They concluded this provided a broad-brush approach and had not included this in this year's assessment, but plan to use a sampling approach to quantify this in the future.

- John Welsh (JWe) said in relation to the faulty meters he would get PAC to consider this area and JK said that would be helpful. JWe said he would raise this as a topic at the February 2021 meeting.

JK then provided a high-level overview of Slides 23-37, which encompassed the following contributors, (with relatively little discussion, except for that noted below):

- **050 – Meter Errors at LDZ Input (Slides 26 - 28)**

- **090 – No Meter Read at Line in the Sand (Slides 29 - 37)**

- AQ Corrections and Must Reads (Slide 35)

JK explained there had been a significant reduction in AQ of 68 GWh in 2020 for Supply Meter Points without a read and advise they could not determine if the old or revised AQs were correct without a read. JK said that Engage were suggesting that the rules around this were considered to avoid any incorrect corrections without an associated read. He added for must reads, they had initially thought they could identify data issues if there was a significant number of successful must reads were not going into Settlement. JK said that as this report only contained 2 reads, they could little top attribute UIG from this data. It was noted that there were still a significant number of monthly read Supply Meter Points that did not have a read. JK said that this was the aspiration of Engage to re-investigate this area for 2022.

JK then provided a high-level overview of Slides 38 - 42 (no specific discussions or general comments took place) regarding these slides which encompassed:

- **060 – IGT Shrinkage (Slides 40 - 41)**
- **020 – Unregistered Sites (Slide 42)**
- **025 – Shipperless Sites (Slide 43)**

JK provided an overview of the Shipperless Sites and explained the forecast UIG associated with Shipperless Sites for the target year was 32 GWh compared to 29 GWh for the previous settlement. GE questioned how much detail was included for EUC Band 9 from a registered and un-registered perspective. JK said he did not know the specifics of the issue but he did know that it was creating UIG.

A general discussion took place in relation to what could be causing this, especially as it was clearly one site that was having a material impact from a commercial perspective. JK said it was not an AQ error as he had checked this, and GE said there were already many stringent controls in place from a monitoring and adherence aspect. FC said that Xoserve had been looking into this area, once it had been highlighted, and she said it transpired that it had been unconfirmed for 12 months, that the AQ had been changed at the Shipper's request but that it had not been back billed. She added that judging by the name, she could confirm it was not a power station, but she could not divulge the further confidential information.

SM said that an anonymised backstory and narrative was required regarding this matter.

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

JK then provided a high-level overview of Slides 44 - 48 (no specific discussions or general comments took place) regarding these slides which encompassed:

- **070 – Average Pressure Assumption (Slide 44)**
- **080 – Average Temperature Assumption (Slide 45)**
- **100 – Incorrect Correction Factors (Slide 46)**

#### **Total UIG Estimate (Slide 48)**

JK presented a summary slide showing a pie chart of the relative amount of UIG from each of the contributors.

#### **Results Validation (Slide 49)**

Benchmarking Against Observed UIG

JK explained that Engage had compared their results with observed levels of UIG since June 2017 for benchmarking purposes, and he noted that over the latest 18 months, the average 12 months rolling UIG percentage was 2.47%. JK said that Engage use this 2.47% and their Consumption Forecast, they had calculated the benchmark UIG close to be 14,109 GWh. He then explained this was 3 TWh more than their calculation and was to either underestimation within their values, unidentified contributors or an overestimate of the benchmark. JK added that Engage had looked at these percentages as a rolling 12-month value and they had also carried out sensitivity checks on these values and had excluded June 2018 as the markets had settled down.

A brief general discussion took place, some participants queried these figures as they looked very different to the published Xoserve figures, and JK reiterated that Engage were using a 12-month rolling, whereas Xoserve used month by month.

Both FC and GE provided the following links with regards to the UIG tracking reports.

<https://www.xoserve.com/media/40679/uiq-tracking-23-sept-2020.pdf>

<https://www.xoserve.com/media/4068/uiq-tracking-20210113.pdf>

### **Weighting Factor Calculation Process (Slide 50)**

#### **Methodology**

JK talked through the methodology and said that Engage had calculated the Weighting Factors as a proportion of UIG relative to throughput in their Consumption Forecast for each Matrix Position within the AUG Table. He explained some cells had a very small number or no Supply Meter Points so Engage had substituted values and smoothed the values in EUC bands 03 to 09 for Classes 2 to 4 to dampen any spikes across like groups with similar characteristics. JK said after these processes, the factors were normalised so that no UIG was created by the substitution or smoothing process. JK added that Engage scaled these factors such that the average of all the Matrix Positions was 100, and that this was undertaken to standardise the factors so that the values would be comparable year on year.

SM, GE and Jason Salmon (JS) all commented that the checks and balances were extremely important in relation to creating certain increases in values as these would then have a material impact, and then create significant amounts of energy in different positions on the matrix, and so the rationale needed to be understood to provide confidence across the industry.

JS asked if it was possible to see the reports and the models that were used. JK said that it was not possible to share the model itself, but there was sufficient information provided for each sub-model calculation with the UIG values for parties to be able to create the final factors themselves. He added the AQ's used were from June 2017 up until January 2021.

### **Consultation Process (Slide 52)**

CH provided an overview of the next steps with regards to the consultation process, as detailed below:

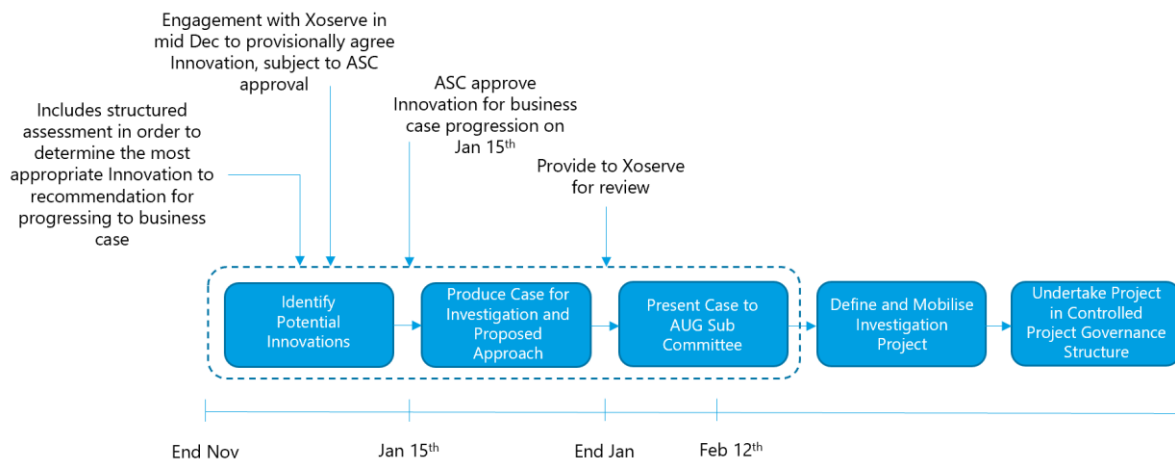
- The draft AUG Statement was provided to the industry via the Joint Office on 30 December 2020, following prior review by the CDSP.
- The draft AUG Statement was accompanied by a consultation document.
- Responses to the draft AUG Statement consultation will be required by 22 January 2021.
- Please send these to [analytical.services@xoserve.com](mailto:analytical.services@xoserve.com) copying Engage at: [auge@engage-consulting.co.uk](mailto:auge@engage-consulting.co.uk)
- Engage will provide a summary of responses by 05 February 2021.

- The Engage assessment of responses received will be presented at the AUG Sub Committee Meeting on 12 February 2021

FC said once the table was approved and finalised then it would be approved at the April UNCC and voted on. SM again asked what course of action was available if the table was not approved. FC said there was no option to reject it outright, only an option to change it, but that could only happen with the unanimous agreement by UNCC.

### **Innovation and Advisory Service (Slide54)**

CH overviewed the proposed timeline for the Engage Innovation Service is detailed below:



CH provided a brief overview of the identified innovations and it was agreed that Committee members 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

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

#### **4.0 Next Steps (Slide 53)**

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

- Any revision of the draft AUG Statement following consideration of those responses will be provided to the AUG Sub Committee by 05 March 2021.
- An updated explanation of the Weighting Factors methodology, including sources of data and quantification of any changes to the draft AUG Statement (if required) will be presented at the 12 March 2021 AUG Sub Committee Meeting.
- The final AUG Statement will be provided to the AUG Sub Committee by 31 March 2021 and presented at the 06 April 2021 AUG Sub Committee Meeting, prior to consideration at the UNCC Meeting on 15 April 2021.
- Engagement with stakeholders will continue throughout the process. We can also be contacted at [auge@engage-consulting.co.uk](mailto:auge@engage-consulting.co.uk)

#### **Summary of the Timeline 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

## 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 12 February 2021	Via Microsoft Teams	Discuss Industry feedback
10:00 Friday 12 March 2021	Via Microsoft Teams	Discuss Modified AUGS
10:00 Tuesday 06 April 2021	Via Microsoft Team	Discuss final AUGS

### Action Table (as at 15 January 2021)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0702	10/07/20	4.0	<i>Advisory Service</i> - Xoserve and AUGS to review and create a list of FAQ's; Points of Contact and publish a revised FAQ document.	CDSP (FC and Engage (CH)	<b>Closed</b>
0704	10/07/20	4.0	<i>Advisory Service</i> - Engage to put signpost to Joint Office on the Engage website.	Engage (CH)	<b>Carried Forward</b>
0901	11/09/20	1.3	CDSP (FC) to review and publish a revised FAQ document	Xoserve (FC)	<b>Closed</b>

**Action Table (as at 15 January 2021)**

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
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 DNV-GL with regards to the Temperature Study they had access to. SM suggested the Committee request (Xoserve) to establish the Temperature Study Report data.	Xoserve (FC)	<b>Closed</b>
1101	11/11/20	3.0	Engage (JK) to amend the wording in the Type of Theft table in relation to Undetected Theft.	Engage (JK)	<b>Closed</b>
1102	11/11/20	3.0	Engage (JK) and Gazprom (SM) to liaise in relation to obtaining data for next year from SPAA and REC v1.1. consultation.	Engage (JK)	<b>Carried forward</b>
1103	11/11/20	3.0	Engage (JK) to provide the split of the AQ 650 GWh into the monthly reports.	Engage (JK)	<b>Closed</b>
1104	11/11/20	3.0	Xoserve (FC) to discuss with the Performance Assurance Committee (PAC) the review of the PARR Report to include sites with no meter read for 3 years and high AQs.	Xoserve (FC)	<b>Closed</b>
1105	11/11/20	3.0	Xoserve (FC) to engage with the Shippers/Advocates to investigate the lack of meter reads at sites with an AQ above 58.6m kWh and provide root cause data.	Xoserve (FC)	<b>Closed</b>
1106	11/11/20	3.0	Joint Office (LOS) to speak with PAC Chair and arrange to get a new agenda item added to the December 2020 meeting agenda; 'No Meter Read at Line in the Sand, 01BNP, 01BNI and 09B'.	Joint Office (LOS)	<b>Closed</b>
1107	11/11/20	3.0	Engage (JK) to investigate consequences of reduced AQ's and impacts on data for domestic and non-domestic in relation to Modification 0736/A - Clarificatory change to the AQ amendment process within TPD G2.3.	Engage (JK)	<b>Closed</b>
1108	11/11/20	4.0	Xoserve (FC) to submit the final Terms of Reference to the November 2020 UNCC for approval.	Xoserve (FC)	<b>Closed</b>
0101	15/01/21	3.1	Engage (CH) to examine and review the language, in the Draft AUG Statement relating to the compliance with parties' obligations.	Engage (CH)	<b>Pending</b>
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)	<b>Pending</b>
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)	<b>Pending</b>

**Action Table (as at 15 January 2021)**

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
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)	<b>Pending</b>
0105	15/01/21	3.1	Engage (JK) to investigate if it is possible to provide the categories of theft split into EUC bands as part of the summary.	Engage (JK)	<b>Pending</b>
0106	15/01/21	3.1	Engage (JK) to explain how smart meter theft and traditional meter theft assumptions impact the final AUG table and Engage to provide a more detailed explanation of the calculation.	Engage (JK)	<b>Pending</b>
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)	<b>Pending</b>
0108	15/01/21	3.1	Engage (JK) to provide further information regarding the 10.98% in relation to the organised crime theft.	Engage (JK)	<b>Pending</b>
0109	15/01/21	3.1	Engage (JK) to provide further information on how AMR meters are treated throughout this report.	Engage (JK)	<b>Pending</b>
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)	<b>Pending</b>
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)	<b>Pending</b>
0112	15/01/21	3.1	All to provide comments to Engage (CH) regarding the Identified Innovation proposal prior to the February meeting.	ALL	<b>Pending</b>